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PUBLIC PRIVATE PARTNERSHIP - A WAY OF OVERCOMING THE BUDGET PROCESS INVESTMENT RESTRICTIONS IN EUROPEAN TRANSPORT INFRASTRUCTURE

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Abstract

One of the ways to overcome, to some extent, the budgetary restrictions on the state's financial resources for investment in transport infrastructure is a public-private partnership. Thus, we considered it useful to express our own opinions as well as reiterating the presentation of world and European experiences by experts in the field of benefits and risks of public-private partnership, and the study which useful lessons can be drawn. We are not just for copying or taking of these experiences, due to the concrete conditions of each country, but certain aspects can be adapted creatively. Consequences of non-critical acquisition strategies developed by others in other circumstances can sometimes have unforeseen negative impacts. International comparisons are useful when account is taken with caution due to both their parts, namely comparisons over time and space comparisons. Some items may be useful but that some countries have common objectives with other countries, especially those related to European integration, and that certain processes may be concurrent in two different countries.

Keywords

- Public-Private Partnership
- Infrastructure Finanterea
- Funding Opportunities
- Lessons of the World and European experience
- Expertise in public infrastructure
- Risks arising from public-private partnership
- Competitive Management
- Quality of transport-size major effort and investment effects
- Quality of transport, means of mitigating the risk of investment generated by public-private partnership

Introduction

Although not a miracle solution, the use of public-private partnership is usually done when the power of collective public identified a need for road infrastructure, with important socio-economic returns for society as a whole, but for which public financial resources are insufficient and ability to direct input of users is large. Another reason for the appeal to public-private partnership is the desire to rule himself no longer provide maintenance of infrastructure, they want to delegate, and manage construction work, without requiring user involvement in infrastructure financing and maintenance of its own , with revenue split time,

traffic-related. We find three types of participation in this financing: financing in full (or near) the construction and maintenance partial financing of the construction and maintenance, financing only for maintenance. Remuneration for these types of partnerships is twofold: direct remuneration by the user, by collecting the tax; remuneration by the state. If the user pays a significant portion of the costs of construction and maintenance, we focused on a real toll concession. If the public believes that power users will not have to pay, for reasons of national policy or because its contribution is low power (low traffic) and infrastructure is a planning role, then we shift to the grant payment system remunerated public power fictional manufacturer (the holder), depending on traffic. The two systems can coexist or succeed each other.

Chapter I – Funding transport infrastructure. Public-private partnership. Useful lessons of World and European experiences.

Trans-European Transport Networks (TEN) have a crucial role in providing support and increase re-employment, creating conditions for a better functioning internal market, while leveraging substantial investments. The discrepancy that exists between infrastructure investment required to achieve these traditional means available and sometimes in some countries remains huge.

"Even if other sources of funding involved, such as the Cohesion Funds, the ERDF (European Regional Development Fund) and the European Investment Bank etc., the needs remain immense and only public funds, especially in the current budget restrictions, there are not enough. "[1] The need to find additional funding from the private sector, as new ideas and methods to develop infrastructure projects, led the European Commissioner Neil Kinnock in agreement with the Transport Ministers Council , set in September 1996 a High Level Group, [2] on the issue of financing of European transport network projects through partnerships between public and private sector. This group encompassed all media representatives interested in offering private transport infrastructure, and public sector representatives appointed by the Ministries of Transport of the member countries and representatives of EIB and the EIF (European Investment Fund). Mission High Level Group was to explore how partnerships between public and private sectors (PPP) could help accelerate the implementation of trans-European transport network, allowing, in particular, the release of additional funds and improving return on investment. Experience in some Member States of the European Union in public-private partnership has convinced the European Union of the important role they have these partnerships in transport infrastructure development. The European Union has become clear that the merger of public sector experience in managing infrastructure and practical spirit and a very good return on funds devoted to developing TENs would bear fruit. Partnerships such as "public-private" may help unlock some viable economic projects, reducing the amount of public aid necessary for their implementation. Because the success of public-private partnerships can not be limited only to a private equity contribution is needed and another set of factors to create an environment of it, namely: a) strong political support for achieving a project is a sine qua non condition for launching a public-private partnership (no private investor will not risk to engage in a project on which the uncertainty surrounding the political, government institutions remain responsible for making transport infrastructure and will not make any private investment if conditions are not clearly

defined source of income), b) collaboration between public and private sector should be set very early when starting a project, so that, in phase design, the project will benefit from the experience of the two sectors, legal and regulatory environment favorable. The public sector should be able to minimize the uncertainties of this nature to avoid increased costs and a disengagement of the private sector. New financing solutions related to pricing principles applied progressively staged at Community level, and thus benefiting from contributions from users, will allow better funding of various models. Although the problem is not the only financial uncertainty, it remains, however, a central aspect. It's that big infrastructure projects are mostly long-term cost, but suffers from weak financial inflows in the period immediately following their completion. Based on this finding, the High Level Group on Public-private partnerships planned use of structurally subordinated loans and grants or loans that can be upgraded, covering the initial operational phase of the design. These loans can be processed later in the medium and long term loans, to their redemption by the banks, once the project has achieved financial stability. In addition, the Group noted the weakness of the supply of securities or subordinated debt financing mezzanine European market. Developing transport infrastructure, which is based on the financing capacity of institutional investors as insurance companies or pension funds, remains very limited. The rules governing financial aid [3] have been integrated into the negotiations of Agenda 2000 and now provides a tool for risk capital participation of trans-European network projects. This new tool should enable us to attract investors and thus increase the resources available for making infrastructure. Un another tool that was included in the new EU funding rules should also facilitate the creation of public partnerships -private transport. It's Multi-Annual Indicative Programme. This instrument of TEN budget aims to increase the visibility of European funding for new projects RTE. He will be removed, at least some of the uncertainties related to funding and thus will more easily attract private investors.

European Investment Bank (EIB) and she brings a substantial aid and financial policy measures that encourage the EU to intervene. European Investment Fund (EIF), even if it focuses on the financing of Small and Medium Enterprises (SMEs), is also able to provide strong safeguards to help fund public-private partnership in infrastructure sector RTE. It is also possible that the introduction of the euro have a negligible impact on the future development of public-private partnerships. The financial support of EU institutions for investment in transport totaling tens of millions of euros, which constitutes a "substantial and lasting contribution" to the EU in this field. Part of this aid, particularly that coming from the EIB, EIF and TENs budget, has the stated goal of public-private partnerships.

Cohesion Fund was also very well used to support operations such public-private partnership, like the bridge over Tago or Spata airport. "Between 1990 and 1997, more than 64 billion U.S. dollars were used in the operation of the transfer of assets, operation and maintenance contracts or to initiate investments in transport infrastructures and developing states in transition, 95% of this amount was invested in East Asia and Latin America 60% of which were devoted drumurilor.Deși World Bank Group actively supports the development of public-private partnerships to fund transport infrastructure, it is important to note that its support is only slightly more than 0.1% of annual GDP of countries developing and that the

vast majority of transport infrastructure are still under direct financing from the public sector [4]. The forms of public-private partnership to finance transport infrastructure varies from one property and the total private management without restrictions, to a private management of public infrastructure. Between the two forms is an area that includes infrastructure privatized, but controlled, and public facilities to be returned to the public sector but private sector leased. To determine the position of a sector or country in this area and to understand what are the prospects for increased private participation is necessary to understand the motivations of public and private sector for development of such partnerships. The private sector (which means, for many countries, international capital) seeks to achieve benefits for which you need a currency revenue stream strong enough to shelter from market volatility and any political interference. Usually, the public sector trying to achieve a higher rate of investment in infrastructure that could be obtained through national budget resources, but without creating negative effects of social, environmental or redistribution. These reflections allow a deduction for the incremental form of the likely prospects and private participation in financing. Purely private financing of roads was successful. Important toll programs conducted by private companies in Mexico and Brazil, were misleading because they were made on the basis of significant contributions or guarantees from the government. Ensuring the maintenance of the private sector sometimes proved easier, while maintenance and operation of concessions that allow current infrastructures are becoming increasingly common in Latin America, for example. Size of private participation for highway taxes should not be limited by the ability to make private financing schemes "pure." There, a priori, very pertinent reasons for public assistance or because an increase in efficiency due to the introduction of private sector, either because of positive externalities offered to those who do not use the toll motorways, by reducing congestion or environmental impacts. This may take the form of capital grants, a grant in kind by land or existing infrastructure or additional payments by introducing a fictitious (shadow Fell). In all these cases, the government should evaluate this contribution by the collective benefits. For many middle and low income countries in Africa and Latin America, primarily the thorny issue of road funding is dependent on sufficient funding existing networks rather than their extensions. "In 70-80 years of last century, an estimated \$ 45 billion road capital funding was lost due to insufficient maintenance [5]. The reason lies in the fact that during the fiscal crisis, the governments and administrations are roads seems reasonable to defer maintenance because of high opportunity cost of capital can find much better uses apparently, socially speaking, reduced public funding . The error of this thinking is that it does not take into account only the maintenance costs of roads and ignore the impact on road users who would benefit by paying more taxes on fuel and road use, since their sum is allocated proper maintenance of the roads safe. Institutional solution to this problem was found through the creation of funds managed by the management councils that represent road users. Road Administration Board determines the desired level of maintenance expenditure, but must find funds to finance them (usually through a surcharge to be added to existing fuel excise). This form of public-private partnership was originally developed for Road Maintenance Initiative for sub-Saharan Africa and has recently started to be introduced in other areas. It combines public ownership and responsibility of private sector investment to finance the maintenance and control. World Bank client countries explored, most recently, opportunities to further develop the concept of control by the user. In rural areas, rural

cooperatives, private road already maintain more than 75% of local roads in Sweden and Finland. In developing countries it was found that the emphasis has been excessively overloaded roads conventional or high-quality gravel roads, where the main problem was to maintain a minimum accessibility, especially in poorer areas. Also, we are witnessing an identification of the poorest areas in which action must be taken and by involving local communities, who become owners of the local network and take responsibility. Formal nature of the government contribution in this kind of public-private partnership initiatives, is, first, relatively moderate to channel funding through social funds and rural infrastructure and to provide technical assistance for road maintenance and management. Another example is Portugal.

Since its accession to the EU in 1986, Portugal has a strong economic policy development, conducive to a better integration. It involved a highway infrastructure development for a better organization in the country and a more efficient connections with the rest of Europe. Authorities aim is to achieve national plan of roads as soon as possible, under the limitation of external debt. The new facilities are managed by private operators and funded by two techniques. The first is the direct tax collection from drivers, and apply that funding enables potential traffic without recourse to state aid. The second is based on a combination in which the state provides financial 'virtual payment "made by traffic on the highway, it is particularly suitable in areas where new infrastructure is not noticeable result of long periods of time. The Shield means "free of charge from the user."

Construction of bridges in Canada completes the range of examples in the investment process such as public-private partnership. Confederation Bridge with a length of 11,800 meters has a traffic management system based on electronic, computer and specific human: 20 closed circuit television cameras, 17 on the bridge and watching the traffic on three nearby streets and the toll barrier. All rooms are connected to the control center and every moment, two rooms of 20 are listed. Over 750 m of road to the north, are terminals for emergency calls. Standard traffic information panels are mounted in the 1,500 m in 1,500 m in both directions of traffic. For limiting the speed of light panels are located at each 1.500 m. The speed limit is normally allowed 80 km / h. Install lighting poles are 48 to 48 feet. At each end is a panel that can display weather conditions that passengers should expect (fog, wind). It was established a patrol of traffic crossing the bridge at least two times per hour - provides emergency intervention and indicating maintenance problems. Breakdown vehicles are quickly evacuated, 24 out of 24 by an emergency towing service. To these are added police patrols provided by the Canadian mounted police royal.

Chapter II – Risk investment generated by public-private partnership.

Road infrastructure is of interest that exceeds that of the user himself. By their nature, they have important indirect effects on the economy, the development of certain regions, the rest of the road network, environmental, security. They can not be studied only in the angle of financial profitability, linked to what the operator can charge by the payment of benefit to the user. That explains a legitimate contribution to the financing of public power infrastructure.

Through public-private partnership, public power is already providing basic infrastructure and private enterprise develop complementary infrastructure, bringing a higher level of service. Collective interest comes first and is generally much higher amount of users, socio-economic return is much higher than the direct financial return. The risk also appears in this situation. Road infrastructure involves an initial investment is very important and less split, revenues appear only after commissioning has been completed. They grow over time and are difficult to predict. Uncertainty and risk are very high in this situation. But the user is to test the outcome qualitatively investment in transport infrastructure.

Chapter III - Quality-control mode of transmission service in the major dimension of risk prevention investment generated by public-private partnership.

Process of investment in transport requirements such as: a) prediction of transport solutions and conditions in accordance with the diversity of consumer preferences for these services, b) creation of specialized transport activities; c) the mainstreaming of knowledge and expertise on markets, customers, capacity, d) analysis of investment risk due to uncertainty generated by the dynamic and complex environment, e) a proper understanding of the system of relations between political power and business in transport, f) a proper understanding of all laws and regulations that govern them; g) moving to provided an open system, and h) information and communication, geographical location, etc.. are just a part of the criteria to be taken into account in advance by sorting strategy alternatives uncertainties and risks of investment in transport.

In this context we consider that a conclusive analysis of "good service" offered to users of the infrastructure can be achieved by such marketing segmentation [6] the transport market, according to the type of clientele, to satisfy needs, competition, geographic location, The choice of means of transport, cost structure, the competences (know-how), type of client-benefit ratio of transport. In transport "good service" is the center of gravity, whereas confrontation with the market, helps attract new customers, loyalty, overcoming competition, the variety of fees and charges. In 1987, Langeard and Eiglier servucția defined as the process of setting up services with the help of four elements: customer service needed to produce the media team in client and internal organization of the provider system. Very important in this process is when the client and the provider is in the interaction. The objective is to reduce the strategic management of the transport gap between what customers expect and what they see, effectively transforming potential client in the client, without losing sight of profitability criteria [7].

Although the consequences of economic crisis (low investment, government budget oriented austerity conjuncture weakening markets, streamline and deferred investment growth of productive investments, etc..) Efforts and investment in transport continues to maintain the transmission system in position vital system of national economy. We can say without fear of being wrong, that the success or failure of the road transport system should be considered permanent by the consumer, regardless of his place of origin and type (individual or national economy). Moreover, the center of any strategy involving investment effort is a customer needs to be satisfied with the service provider maximum efficiency and benefit both parties. The rationale which underlies this area of work in transport, regardless of gender and geographic location is based on undeniable reality that they are forced to work both for maintaining its own gravitational field of customers, to cover new market segments and creation of breaches in the competition and quickly identify the real business opportunities regionally and internationally. Submit to the joint action of the triad of quality client-type

benefit, as a benchmark by the time of completion and commissioning of the investment, whether such a transport infrastructure developed through a public-private partnership. The new theory of consumer, GS Beker founded in 1950 [8], aimed, inter alia, to avoid obstruction caused by psychological explanations of individual tastes and preferences, which the old theory puts solely to changes in prices or income. Attention is accepted theory that mixes traditional goods and services requirements that must be met. Under the new theory, the consumer does not need a car, but needs to move (or to show conspicuous prosperity). It appears, therefore, a change in consumer satisfaction report. New goods and services meet the new requirements. It appears, therefore, the consumer (customer) with his preferences. The amendments give the market uncertainty and recipes patent systems fail. To survive, they must be to please customers, after which they must decide the quality. We will place our analysis in the operational phase of the investment.

Quality of transport has two major dimensions: first, it expresses the quality of transport service (good service), and the second is the orientation towards customers. Furthermore, perseverance, as a basic principle of quality, quality consciousness generated specific Japanese. The essence is to focus on technical perfection, even if it is or is not relevant to the customer. Very few were found but the road to true long-term competitive advantages. Often, things have improved from a technical standpoint, but customers were not really see if they have this perfection, if I use it and are willing to pay for it. Thinking-oriented transport service only to itself (the consumer has no choice yet) gives customers no reason to do business with the transport system in question is a false bet for long-term commitment to customers. The client is interested exclusively its own, the outcome of his problem. "Product carrier" can not be shared with anyone client. [9] is good or bad but is always indivisible. He is appreciated by the buyer client in its entirety. Effectiveness must be total (full race mode and the benefit of customer satisfaction). Way of looking at the total transport capacity does not stop here. Another important element is related to the image transmission system. The customer sees only the primary reality of things (number of vehicles, the cost of the ticket, the technical level of the road and the vehicle, number of stations serving the passengers, the comfort, regularity, etc..), But that system image . He has opinions, feelings, and hence a subjective picture of what we really secondary. After the client actually works, whether a person, group or large organization. This means that in no case shall be guided by objective criteria only.

Conclusions

You can deduct many useful lessons from recent experiences of public-private partnerships in countries that have agreed to finance this solution, since the public contribution is insufficient in some periods. It is important that benefits both partners (state and private sector) to produce synergistic effects and provide users with maximum satisfaction at an acceptable cost. We consider that the transport services and the consumer often has limited resources (especially financial). But it can boost the high quality selection and prioritization of alternatives to the behavior for which he is willing to pay extra. Providing this alternative is not only necessary but also possible by combining the financial strength and experience of public and private sectors. European Union countries are potential promoters in support of efforts and investment in transport through this partnership. We can afford to say that companies operating in infrastructure will continue to develop within the European Union.

It seems likely that the normal and the private sector to participate more in public infrastructure development and to achieve synergies systematically. This trend is supported by

the EU manifests strong in favor of private sector participation in public infrastructure development, the first priority being the trans-European transport networks (TEN) with the energy and telecommunications. Agenda 2000, which were considered priorities of the EU budget, encourages Member States to support private sector involvement, not only because of its financial contribution, but also it creates effective participation in programs RTE. Public-private partnership solution, however, is subject to investment risk analysis in such situations. One of the major dimensions of mitigation is the quality of its investment in all its phases and in the service after the opening of the investment objective of the type of transport infrastructure.

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