



TRANSPORT AND PPPs UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

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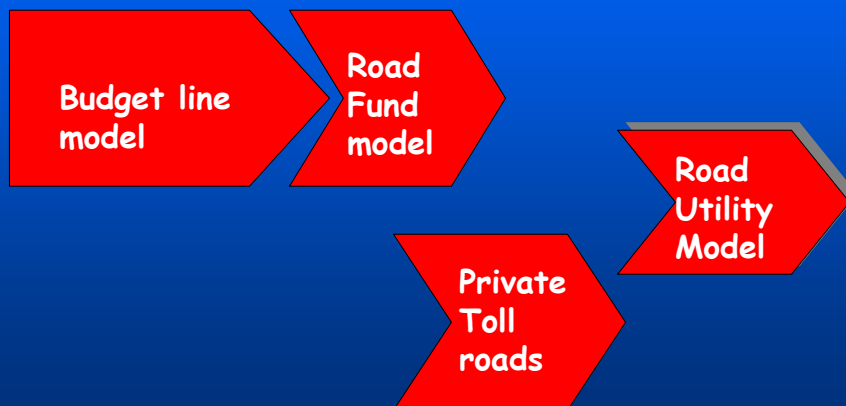
Two points

- PPPs are part of the bigger picture
 - Infrastructure vs. Services
 - Different approaches in different regions
 - Ringfencing vs. Reforming
- How is PPPs are featured in the UNECE Transport work?

Q. 1. Road financing reforms

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Evolution of road financing models



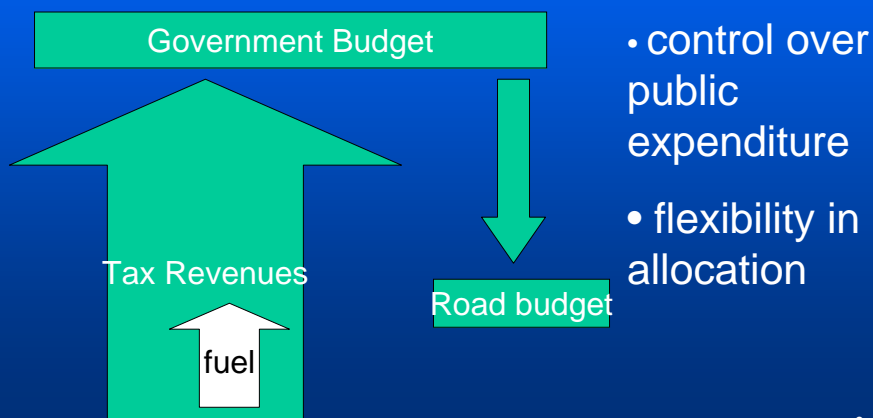
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Both Budget Line and Road Fund models can work under certain conditions

	Where?	Conditions:
Budget line	Western and Central Europe	<ul style="list-style-type: none"> - Good governance in government - Democratic political lobbying - Solid technical foundations
Road Fund	Africa, Asia, Eastern Europe, but also USA. Japan...	<ul style="list-style-type: none"> - Good governance in Road Agency & Fund - Oversight by government and users - Technical capacity to plan and implement

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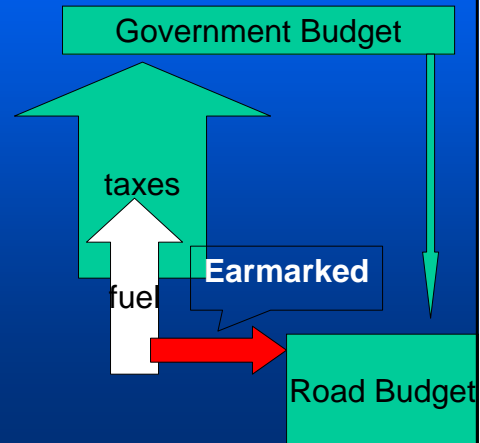
Why is the budget line model the preferred option for IMF?



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Why have Road Experts called for Road Funds?

- Under-funded road management
- Politics and not economic evaluation in investment policy
- Road reforms can be hostage of delayed public administration reforms
- Users pay principle



Private funding is another form of extra-budgetary solution,

But with more benefits:

- Roads built/maintained in good quality and before they are paid for
- Costs can be off the balance sheet of the government
- Most direct link between service – use – and charge

Why private funding is still so limited?

Stricter Conditions:

- Bad projects don't become viable only because extra-budgetary funding is there – minimum traffic, appropriate risk sharing, level of tolls, willingness to pay
- Regulatory and institutional framework to negotiate and also to monitor the private sector performance
- Good governance in public procurement and concessions

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Three models – three development goals

Budget line	• Unified treasury to focus on cross-sectoral priorities
Road Fund	• Minimum budget to maintain the road assets
Private toll road	• Get a motorway before it is being paid for

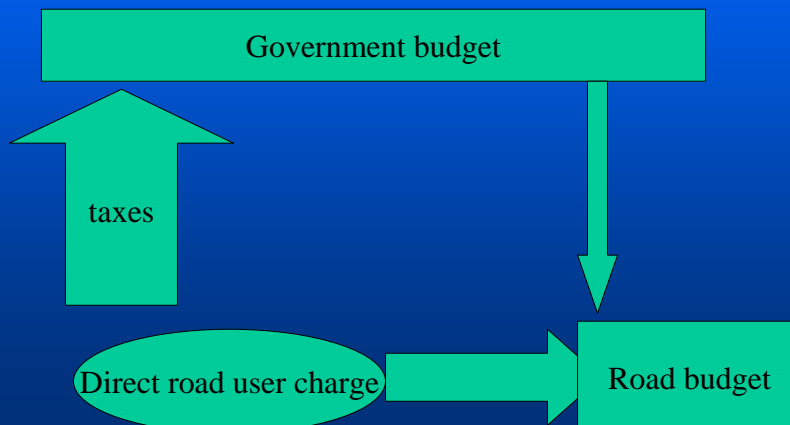
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... call for different transport policy and reform agenda

Budget line	<ul style="list-style-type: none">• Midterm Investment Planning• Planning and efficient spending capacity at Road Agency
Road Fund	<ul style="list-style-type: none">• Users pay principle applied to raise more revenues• Work out backlogs and keep minimum standards
Private toll road	<ul style="list-style-type: none">• Road network expansion• With minimum fiscal and technical responsibility for the government• Negotiating and regulatory capacity

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No earmarking, but direct “billing” would break the spell!



Why roads should be managed as if a utility?

- **Assumption:** a road utility company performs better than a road administration
- **Benefits:**
 - more transparency as to the size of public subsidy and cost recovery by the users
 - Increased accountability
 - More efficient road management

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Can roads be managed as if a utility?

- **Technological conditions:**
 - In corridors and on the motorways, yes
 - Network-wide – it may come
- **Economic conditions:**
 - Revenue flow to the Road Enterprise –
 - ✓ direct road user charge ! – electronic toll, vignette....
 - ✓ Public subsidy – still for a long time, but decreasing
 - Corporatization
- **Transport policy issues:**
 - Need for a road regulator (road pricing)
 - Potential concessioning
 - New ways for road management decentralization

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CONCLUSIONS – I.

- **Any model** can work, if adhered to and if appropriate measures applied
- **Different Models** serve **different policy goals**, call for different, regulatory institutional and organizational framework
- Managing **roads** like a **utility is not a utopia**, but we do not know how much time it will take
- **PPPs do not need to be ring-fenced if sector reforms have been completed**

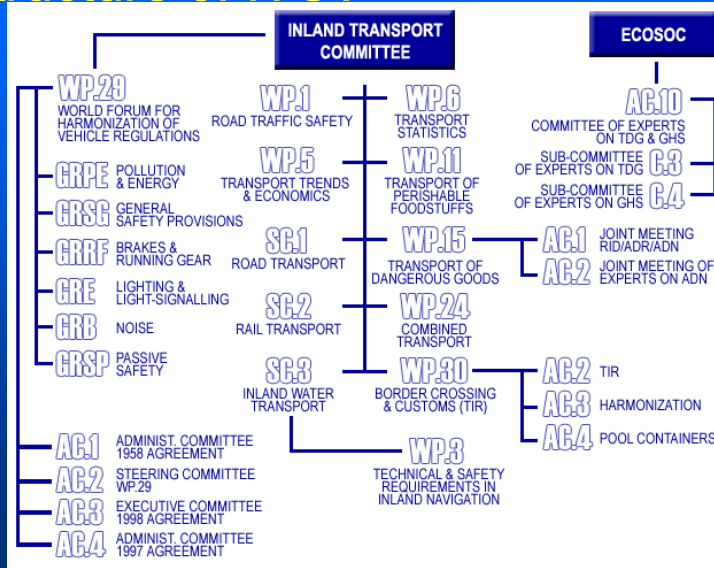
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Q.2.

How PPPs are featured in the UNECE Transport work?

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Who are we? What is the structure of ITC?



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Who are we ? ITC's legal instruments:

The ITC develops, administers and revises international agreements and conventions:

- 56 conventions and agreements developed
- legally binding
- provide legal and technical framework for national legislation
- cover all modes and aspects of inland transport
 - road, rail and inland waterways
- Specific areas such as
 - infrastructure, vehicles, road traffic rules, dangerous goods and border procedures

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PPP related activities

- Non-investment type PPPs
 - TIR
 - World Forum of Harmonisation of Vehicle Construction
- Support to multi-country investment planning
 - E-roads, E-railroads etc.
 - TEM, TER, **EATL**
 - Hinterland connections to seaports
 - Investment Planning Methodology
- WP.5
 - financing methods for transport infrastructure
 - EU/TINA EIA method translated into Russian, 2001
- THE PEP and environmental, energy and health aspects of transport

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Group of experts on Euro-Asian transport linkages

- 1st phase
 - 230 projects – 43.4 billion USD
 - Ministerial Comittments
- 2nd phase
 - Further support to Investment Planning with a trans-continental dimension
 - Trade and Transport Facilitation

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Conclusions II.

- PPPs are part of the bigger picture
- UNECE Transport focuses on some non-conventional forms of PPPs
- Transport sector is opening up for increased share for PPPs,
- BUT: Sector Reforms should make progress

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THANK YOU!



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