

Constraints and Opportunities for PPP Transport Projects

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1. Worldwide Trends for Infrastructure Investment

The World Bank estimates that in developing countries the annual demand for infrastructure (roads, rail transport, urban transport, ports, water, sanitation, telecommunications, and energy) exceeds US\$1 trillion, including about US\$250 billion for new and rehabilitation investments. According to World Bank sources, private sector participation has multiplied by about ten between 1990 and 1996, with particular focus on power and telecommunication infrastructure (about 70% of the total investment between 1990 and 1996). However, private capital flows provide less than 15% of the estimated demand (Ref. 2), and then only a relatively small number of middle-income countries (mainly, Argentina, Brazil, Mexico and Malaysia) plus China and India are the recipients of those flows. About 140 of 166 developing countries (that is, almost 85% of them) attract only 5% of the flows. Of the international flows for transport investment in developing countries, about 75% came from official development agencies while 25% came from private sources.

Even for developed countries, the percentage provided by the private sector remains a minority. In 1996, in the US, that percentage amounted to about 47%, in the Netherlands, 46%, in Japan, 14%, in France, 13% and in Germany, about 9%. The private involvement is also often concentrated in power and telecommunications, and to a lesser extent in the air, port, and rail transport sub-sectors. Urban and transport infrastructure continues to benefit little from private sector involvement. In the road sector, the emphasis has been on commercialization of (operating) agencies with or without private participation, but less limited on attracting private capital funding.

Table 1 shows the distribution of potential private infrastructure projects and of the actual investments by region for the year 1996. The table highlights the substantial gap that needs to be covered to meet the potential worldwide needs for investments in infrastructure. Leaving aside the most extreme figure for the former Soviet Union, the ratio of potential to actual investments is about 2.5, reflecting a gap that can only be met if resources can be tapped from private funds and additional charges are collected from transport users. In all, the overall picture is one where the current financial resources are not sufficient and a combination of approaches must be explored and implemented in order to try to reduce the above-mentioned gap.

Table 1. Potential vs. Actual Investment in Private Infrastructure Projects by Region, 1996

Region	Potential number of projects	Estimated cost (US\$ billion)	Already financed (US\$ billion)	Potential/Actual
East Asia/Pacific	709	534,7	185,6	2,9
OECD Europe	320	165,4	156,6	1,1
Latin America	409	91,5	58,5	1,6
USA/Canada	229	44,7	31,1	1,4
South Asia	335	146,5	6,3	23,3
Middle East/North Africa	67	23,3	4,7	5,0
C&E Europe	70	62,8	3,5	17,9
Former Soviet Union	94	137,2	2,6	53,8
Africa	78	8,0	1,2	6,7
Total	2.311	1.214,1	450,1	2,7

Source: World Bank Private Infrastructure Database and FIAS, World Bank Group
As quoted in Ref. 3, page 18.

In the context of transport projects, this paper summarizes the key obstacles to the expansion of PPP initiatives and highlights the structuring principles that, if taken into account, can help better define

and develop those initiatives. On this basis, the paper delineates the actions of a proposed revision of the prevalent approach to the development and implementation of transport projects and presents the elements of an alternative model.

2. General Institutional Issues

The steady growth of private sector participation in infrastructure since the eighties appears to show a process during which a novel approach needed some time to take roots and a substantial amount of learning experience had to develop for new initiatives to unfold. Progress, however, has been limited due to the frequent political reluctance (often originated in public opinion) to give up control of infrastructure assets which had been in public hands for a long period of time. This reluctance, in addition, has been compounded by the existence of other institutional factors, chief among them (a) the absence of a matured regulatory framework, to prevent the appearance of monopoly situations and sharp increases in tariffs or reductions in the level of service (which can lead to a political backlash), and (b) an unstable sector policy environment coupled with unclear path to recourse if problems ever arose.

These factors have often led to protracted tendering and negotiation processes, which have undermined the credibility of some PPP initiatives. Overall, they have raised the policy risks and widen the mismatch between the degrees of project risks as perceived by the public and private sectors. A report prepared for the World Bank for East Asia (Ref. 10) highlights this mismatch as the basic reason for protracted negotiations and frustrations between public and private partners. Governments tend to perceive much lower risks than do sponsors and lenders in the private sector, leading to terms-of-reference (and contracts) and a regulatory and policy framework not conducive to the expansion of PPP initiatives. The lack of clarity about government's objectives and commitments often adds those factors. In all, the conditions set for private participation are often too cumbersome to comply with, require a complex decision-making process, and imply a high level of risk.

Nonetheless, even within a stable general macro-economic (and political) environment, two factors are effectively necessary for a project to have a chance of succeeding: (a) a strong government commitment which can counteract any possible institutional or vested-interest resistance; and (b) a sound financial basis with, if the project requires government support (in the form of subsidies or guarantees), a proven economic worthiness. A PPP initiative cannot turn a weak project—in terms of political commitment or financial/economic robustness—into a strong project.

3. Structuring PPP Transport Projects

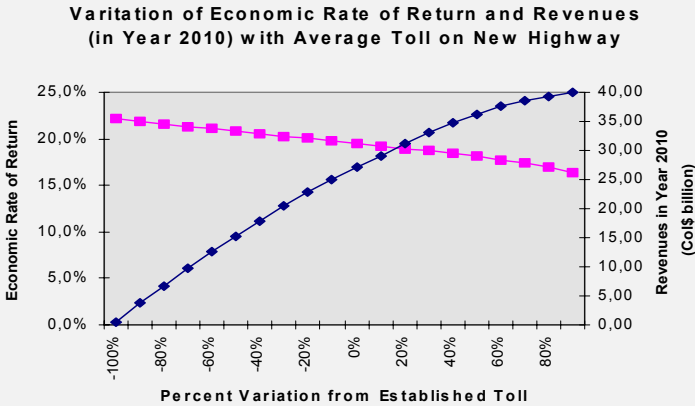
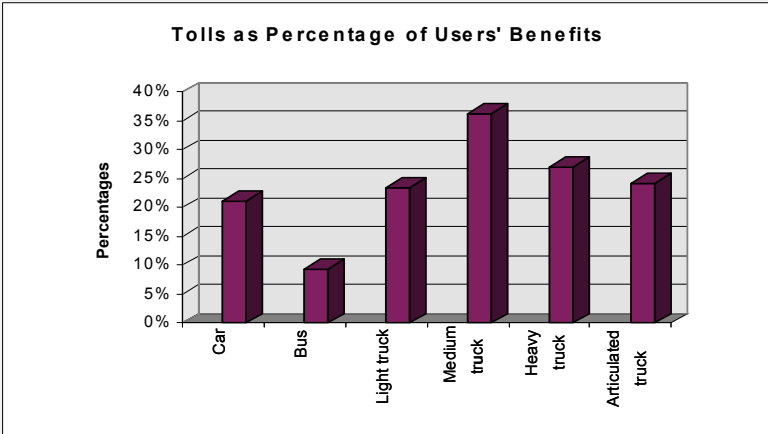
A public-private partnership (PPP) constitutes a sustained collaborative effort between the public sector (government agencies) and private enterprises in which each partner shares in the design of a project (e.g., a transport project), contributes a portion of the financial, managerial and technical resources needed to design and execute that project, and partially shoulders the risks and obtains the benefits that the project creates (Ref. 6). Managerial control normally rests with the private partner. PPP initiatives are usually appropriate when: (a) the public sector wishes to maintain a degree of control over certain assets; (b) the public sector must contribute with resources or guarantees to make the project 'bankable'; (c) the implementation and timing of future project investments is uncertain (for instance, due to undetermined commercial prospects); and (d) a publicly owned, commercially-oriented entity wishes to participate in the project for commercial reasons (Ref. 5, page 23).

In the case of transport infrastructure, due to its public nature, projects must often comply with regulations established by public authorities in order to address environmental, safety and, sometimes, social considerations. Then, the public sector must become involved because a purely privately-funded project would tend to maximize revenues to a level below the optimal dictated by the maximization of economic development. A tradeoff is then often present in the case of transport

projects when the financial rate of return is below the market rate for private funds, and some form of public support is required to make the project feasible. The financial rate of return may be improved by way of additional user charges but then the economic rate of return may be affected negatively and a compromise would have to be found. (A case in point is shown in Box 1, where the decision not to reduce the economic benefits of the project encouraged the selection of a toll that seeks to balance economic and financial returns.)

Box 1. Colombia Road Tolls: Balancing political acceptability, economic benefits and financial returns

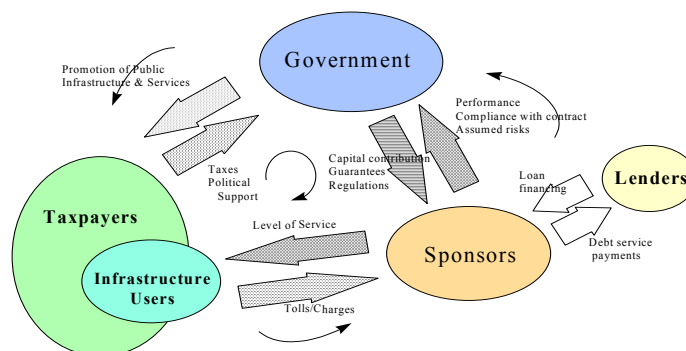
A major toll road project in Colombia—the Tobiagrande-Puerto Salgar Project—was put out to concession in conjunction with existing road segments for which tolls already existed. To eliminate political pressures on the setting of toll rates, these rates were specified in the concession contract (with a price escalation clause to account for inflation). How much higher the tolls rates on the new road had to be set in comparison with prevalent toll rates in the rest of the network was established by the Government on the basis of two major factors: (a) the expected benefits to the various users—car, buses, and trucks of different sizes—from shorter travel times and distances and better road conditions; and (b) the need to balance economic benefits and financial returns. For the former factor, the first figure below shows the percentage tolls were estimated to represent compared to the expected users’ benefits. For the latter, the second figure shows the variation of economic rate of return and revenues in relation to toll rates. The values were provided in the bidding documents, and the concession given to the bidder that required as key evaluation criterion the lowest government contribution to the initial capital cost of the project. (Other criteria referred to various types of Government guarantees.) (Ref. 12)



Transport is a service which if under-provided may adversely affect certain sectors of the society and prevent economic development. Furthermore, transport projects often require lump investments and, once implemented, represent large sunk costs. That is why, transport infrastructure cannot often be

seen as a simple private good. In the design and development of a transport project, three main stakeholders are involved: (a) transport users (who are part of the larger group of the society as a whole and of the taxpayers); (b) the government (i.e., public sector); and (c) private sponsors or providers (to which, other actors, like lenders, are related). Figure 3 shows the interactions among these stakeholders. The Government makes possible the provision of a service to the users and receives in exchange the political support of the society and taxes. The Government regulates the actions of the sponsors and may provide capital and guarantees for the development and operation of the transport infrastructure. In exchange, the sponsors comply with the contract and agreed performance and assumed certain risks. And the sponsors provide the infrastructure to the users with a given level of service and for it the users pay tolls or other charges. Finally, the sponsors receive loans from lenders and pay them according to a debt service payment schedule. Two circles of opposite directions are in action, and their respective elements must be properly compensated.

Figure 1. Stakeholders and Interactions



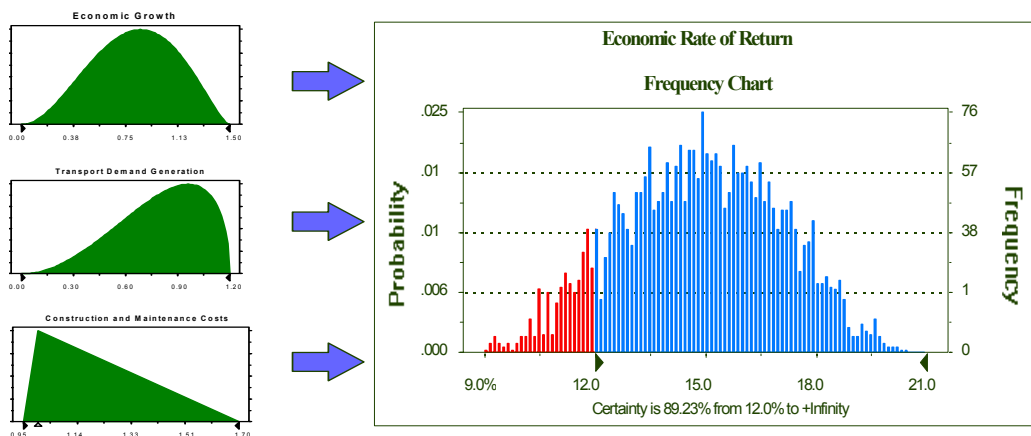
These interactions and the public nature of transport infrastructure must be kept into account the process of structuring PPP projects, with the analysis, assessment and definition of the following key considerations: (a) need, level and form of government support; (b) ultimate fiscal impact of project; (c) distribution of benefits among those affected by, or have a stake in the project; (d) risks of the estimated economic and financial benefits; and (e) performance indicators for the measurement of the future achievement of objectives and the application of the proper corrective actions. These key considerations are described in greater detailed in the following paragraphs.

- *Need, level and form of government support.* The balance between the economic feasibility and the financial ‘bankability’ of a project would require some kind of support from the public entity. To the extent that it is possible to specify the minimum parameters which must be complied by the private sector (in terms of possible social obligations and quality of service), the contribution of the public entity must be structured in a way of reducing interference with the construction, maintenance and management of the transport infrastructure by the private entrepreneur. As a public-private partnership, however, the private-public scheme should permit the sharing of both the risks and the up-side potential of the investment (i.e., the possible extra surplus revenues). These characteristics would favor an initial contribution from the government in the form of a grant (with specified shares in the possible surpluses) or in the form of equity (with no management power). The justification for this government contribution must be proved through the evaluation of the economic worth of the project (and hence the added benefits to the society of the project).
- *Ultimate fiscal impact of project investment.* In addition, the structuring of the project should include an analysis of the net fiscal impact of the project, taking into consideration all the additional tax revenues which would accrue to the government as a consequence of carrying out the project by the private sponsor. In this manner, a project which may require the government

participation may prove, in addition, an additional source of tax revenue from the additional construction or corporate profits, or from the added contribution of the users (for instance, in terms of added taxes from gasoline consumption or other fees) who would not travel if the infrastructure is not constructed (latent demand).

- *Distribution of benefits.* Furthermore, taking into consideration all of the costs, benefits and cash flows of the project, the benefits that accrue to each one of the stakeholders (government, users, sponsors) can be calculated, for the purpose of estimating the distribution of the net benefits/costs. For this exercise, it may also be possible to discern among groups of users (like, for a road, among trucks, buses, or private automobiles) and assess the support the project would be expected to receive from those various groups. If a group is particularly disadvantaged from the construction of the transport infrastructure, resistance from that group will likely take place.
- *Risks of economic and financial returns.* The calculation of the economic and financial feasibility of the project to the extent possible should be undertaken using risk analysis techniques in order to ascertain the likelihood that the project may not end up being feasible economically or financially. (See Figure 2 for an schematic representation of this type of analysis.) This analysis requires the estimation of the probabilistic variation of the main input values, which may be the subject of disagreement, but a reasonable approximation can be made from past experiences and with the consensus of a representative sample of stakeholders.

Figure 2. Schematic Representation of Risk Analysis



- *Performance indicators.* Finally, the structuring of the project should include the definition of a set of performance indicators that can allow both the public and private sectors to monitor the achievement of a mutually agreed set of objectives. This exercise should be undertaken following what is called a ‘logical framework exercise,’ specifying the assumptions that underlie the definition of the dated indicators and the means of verifications. By monitoring the achievement of the objectives, the private and public sectors would establish a continuous dialogue and allow for a justified adjustment to the initial investment and operational performance.

The outcome of those considerations should bring additional insights on how to improve the interactions among the stakeholders in order to reduce the risks as perceived by each stakeholder (and for the project as a whole), and subsequently spur the development of transport infrastructure at the quality and quantity required by the users’ demand.

4. Constraints to the Expansion of PPP Projects

In the development of PPP projects, four main types of constraints must often be overcome:

- Political and bureaucratic constraints, such as fragmented decision making due to the involvement of multiple public agencies, the prevalent emphasis on administrative procedures (rather than on strategies and results) that stem from the traditional, lengthy tendering process (normally split in three or four phases, from planning to final operation). These constraints must be tackled with an aim at (a) developing and establishing clear and sustainable rules and agreements among relevant public authorities, between these authorities and the affected users, and between the authorities and the private sector (in particular, regarding the level and form of government support, the level and structure of users' charges, and the basic design of the project), (b) incorporating a strategic perspective to the development of infrastructure, and (c) reducing the length of the often protracted infrastructure development process.
- Regulatory constraints, like the presence of fuzzy responsibilities among (independent) regulatory agencies and ministerial units and of unclear regulatory procedures, and the lack of, or deficient, framework for the resolution of disputes. These constraints must be overcome towards providing transparent procedures to delineate the market-competition, tariff-setting, and any other legal issues related to the regulation of the general framework for project construction and operation and any revisions to those procedures.
- Financial constraints, which largely stem from public budgetary limits and hesitant users' charges policies. They must be addressed towards achieving a sound financial structure for all the project's phases and an appropriate blend of back-stopping conditions, equity contributions, or other risk-reducing measures which can help achieve the economic objectives of specific projects (for the society as a whole).
- Methodological constraints, which stem from the frequent limited knowledge of inter-relationships between variables and which prevent the clear definition of performance indicators or the estimation of values that are key to the economic and risk evaluation of transport projects. Overcoming these constraints would allow to refine those elements that are part of the structuring components described in section 3, such as: (a) the conditions under which the project may become not feasible, (b) the likelihood that certain outcomes can actually take place (risk analysis), (c) the value of environmental factors, and (d) the ability to define adequately the quality/level of service, the means of verification of compliance with agreed performance indicators, and the specification of remedial actions.

The first two constraints often derive into a tendency for (a) excessive control of private management through over-regulation and (b) risk sharing arrangements which penalize the upside potential of the private sector while incorporating simultaneously long-term (contingent) government guarantees without adequate (budgetary) provisions. There is a need for increased flexibility with improved transparency, appropriate legal framework (which allows for speedy and fair resolution of disputes), and adequate procurement procedures (which, for instance, incorporate pre-qualification).

The financial constraints originate in the fact that transport investments are (a) often large and their costs can be recovered only over long periods of time, and (b) largely sunk as the assets cannot be used elsewhere except at a great cost. For this purpose, commercial risk sharing must be targeted to the specific items which are highly uncertain and subject to tender (like minimum revenue support limited to the ramp-up periods after construction, during which revenues are uncertain).

The fourth constraint stems from the limited knowledge usually present at project preparation about the interrelationships between certain variables (like price and time elasticity of demand) or just the methodologies to define the values of certain variables (like time, pollution or accidents). The

methodological constraints prevent a more careful consideration of risk variables and clearly shielding the responsibilities of government or sponsors over agreed performance targets.

In this last respect, PPP projects involve the government (normally, the owner of the infrastructure) that delegates the use of the assets for a specified period of time to the private sponsor. In the presence of incomplete, in the case of transport project, it is usually very difficult to write down a contract to specify the detailed specifications the private sponsor should undertake in each contingent situation, and it is also difficult for the government to monitor (and thus enforce) those detailed specifications. As a result and due to information asymmetries, a 'principal-agent' problem arises, creating what are called 'agency costs'. These costs and the steps taken to mitigate them, like establishing costly monitoring processes, can adversely affect the ultimate efficiency of the project.

5. Opportunities for the Expansion of PPP Transport Projects

While the provision of infrastructure cannot simply be left to market forces, the expansion of PPP initiatives to attend the infrastructure requires the rethinking of the traditional approach for the project and tendering cycle and the reform of bureaucratic attitudes prevalent in public authorities. Public funds are often required to cement the gulf between political goals, users' needs, and financial viability. But the private sector participation cannot expand to the extent necessary without an environment that rewards innovation and performance, eliminates political interference on management or technical matters, and provides a sound and transparent legal basis for the resolution of disputes.

Up to now, the traditional public-works approach of the public sector has been to seek the best combination of technical value and price for each individual phase of the project cycle, separating the design, construction, and operation processes in successive (normally, lengthy) tender procedures. This reduces innovation and entrepreneurial risk capital and the possibilities for the private sector to make an effective contribution, especially in terms of developing and implementing novel ideas and cost-effective designs. That traditional approach often leads the private sector to seek substantial guarantees from the public sector, which, then, by largely transferring back the risk to the public sector, largely defeats one of the main purposes of a PPP initiative. In addition, the methodological constraints and the principal-agent problems mentioned-above create inefficiencies which can only be addressed through flexibility and trust. This requires the delineation of the legal procedures to protect both the public and private sectors in the resolution of disputes (Ref. 9).

In addressing the constraints listed in section 4, opportunities can be created with a fundamental revision to the way projects are normally identified, designed and implemented. This revision should include the following actions:

- Reformulating the framework for entire process (from planning and design to operation), in such a way that the private sponsor can incorporate from the outset the innovation to reduce costs and risks. This framework would also include the possibility of identification of projects by the private sector and the unambiguous definition of the steps to be followed under that possibility (see below more discussion about this aspect).
- Developing (or strengthening) the procedural and legal aspects to support such a framework (or reformulating the traditional legal framework), ranging from those laws that allow the acceptance of initiatives generated by the private sector, to the establishment of the necessary due process and arbitration mechanisms, in a manner that does not lengthen the entire process (from project concept to operation) to avoid increasing uncertainty (and hence risks).
- Incorporating into the relevant authorities the personnel with the technical and negotiation skills necessary to support that framework (which would encompass assessments—such as that of the

desirability of a project concept—which may require subjective judgment). These skills should strengthen the deal-making capacity of those authorities and promote a basis for a strategic orientation (rather than administrative-orientation) of infrastructure project development (which, in turn, would more likely attract private risk capital).

- Addressing the methodological constraints. With strengthened methodological tools, it would be easier to establish and define general (flexible) specifications—core requirements—for the development of project concepts and allow the private sector to assume the innovation and risks since the planning stage (or, at least, after the completion of the public information/participation phase over project concepts). In addition, those tools would permit the estimation and pricing of risks and the definition of performance indicators (in close relationship to interrelationships between variables, such as tariffs and demand) better supporting the implementation of the reformulated framework. In all, the aim is at establishing the technical methods that would allow greater flexibility in the definition of project specifications (to encourage innovation) while not compromising the greater objectivity and precision that is possible when specifications are standardized.
- Redefining and revamping user charges' policies, within the context of economic policies. Transport projects often do not pass a minimum financial return because user charges are either too low or non-existent. In particular, it has been shown that for the road sector if indirect (externality) costs (congestion, pollution and accidents) are taken into account, road users are heavily subsidized (Ref. 1). With explicit prices for those costs (and similar considerations for all transport modes), benefits would accrue to the rest of the society in lower congestion and pollution and the provision of infrastructure would be more efficient. In addition, these charges would also raise significant revenues which would go towards the recovery of the capital costs of the network, adding to the financial viability of public-private partnerships (by providing a more stable revenue source).
- Revising (or expanding) the financial options for the participation of the public sector in PPP initiatives. As transport project often have an initial (ramp-up) period of high risk during which demand builds up, the participation of the public sector is often necessary to make possible the financial viability of a project and not compromise the initial debt charges. This participation should take place in the form of time-delimited guarantees (say, for a minimum level of demand during the ramp-up period) and with capital contributions with equity features (but subordinated, not to increase debt service obligations). Once the project reaches an agreed threshold of profitability the public equity stake would benefit from a pre-determined profit-sharing mechanism, then ensuring that any upside revenue over and above the expected profitability (to be measured as rate of return or another indicator which can be accounted for) is recouped in exchange for the participation of the government (and is returned to the society as a whole). The public participation however should be set in such a manner as to not interfere with project management (beyond the compliance with agreed 'core requirements').

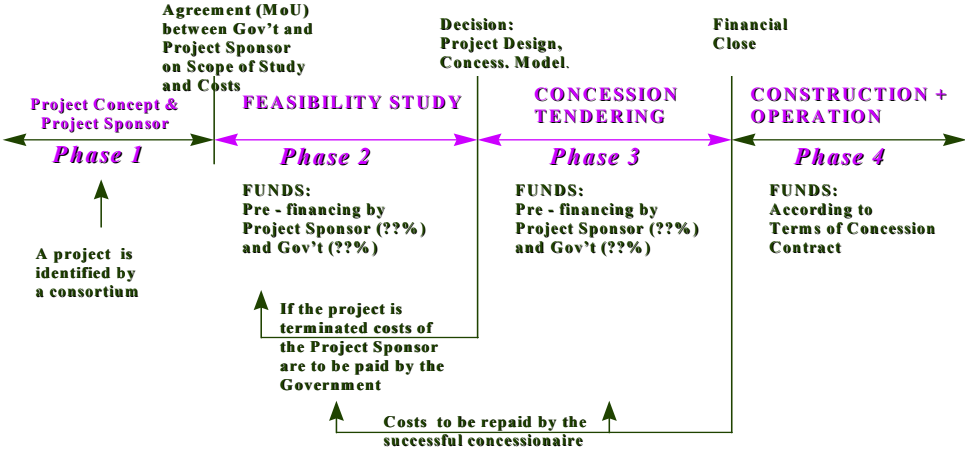
Other requirements to spur risk taking and innovation by the private sector can be identified by looking at other industries where innovation is crucial. In these industries, one can observe that innovation and development is achieved through specific non-competitive advantages, such as patent policies (that limit competition in order to create incentives for innovation in the discovery of products which may have wide public impacts) or, more generally, ex-post restricted competition (to encourage investments in specific assets which only start generating profits after a gestation period). The general philosophy behind these examples is that in the absence of all the assumptions for establishing a Pareto-efficient competitive framework, a limited restriction of competition may be beneficial.

For instance, in the pharmaceutical industry the high risks associated with the development of a new product (from the initial studies, research, application, and final production) are leveraged through the provision of patents, which provide the developer of an innovative product the incentive to enjoy

certain advantages in the production of that product. A parallel application of this concept to transport projects would imply that governments provide some limited advantage to the private entrepreneur that generates a project concept, designs it, and proves its economical, technical, and environmental feasibility. This advantage would consist on having an implicit dominance in the tendering process for a PPP concession as given by the superior knowledge of the project developed by the private entrepreneur itself. The costs for the development of the idea would be assumed by the private sponsor, but recovered by itself at the time of winning the concession or from the winning concessionaire if different from the developer of the idea.

Such a system would work in the following manner: (a) a private consortium/sponsor identifies a transport project which may be prove viable (from a financial standpoint or from a combination of economic and financial considerations); (b) with the authorization of the government, the private sponsor undertakes the necessary studies for the project, including technical, economic and financial feasibility and environmental assessment; (c) upon completion of the project and the conceptual design, the government announces the tendering process for the project, within the context of a purely private or PPP scheme (depending on the financial strength of the project); (d) if the winning party is the same that undertook the studies, it would absorb the incurred costs and, if the winning party is another group, this group reimburses the private sponsor for the cost incurred in developing the idea (like a payment for a patent). Only if the government impedes the tendering process, this government would have to reimburse the private sponsor the cost of the studies. (See Figure 3 for schematic representation of this model.)

Figure 3. Schematic Representation of Alternative Model



This system requires developing (a) the procedures for the approval of private-sector-led concepts and the contingent liability that goes implicit with the approval of the reimbursement mechanisms from the government side, and (b) the safeguards for avoiding abuses (like a government approving the development of a project concept with the intention of not proceeding with the tendering process and then having to reimburse the private sponsor) and providing the necessary public due process. It requires the development of rules for the acceptance of project concepts (or for structuring the competition between project concepts) and for the subsequent contractual framework. It further requires the establishment of procedures for the negotiation between the government and a private sponsor on the acceptability of the possible public contribution to a privately-initiated project. The tackling of the methodological constraints mentioned in section 4 should help address these requirements.

A development in the direction of this framework is the DBFO (Design-Build-Finance-Operate) schemes undertaken, in particular, in the United Kingdom. Box 2 summarizes the implications of DBFO projects. These initiatives do not include yet the incorporation of the private sector into the identification stage and are often based on shadow tariffs (receiving payment from the Government on the basis of the charges per unit of traffic quoted at tendering) which implies a constraint in linking transport demand with performance and in the means of managing that demand. They represent nevertheless an important step in the direction of transferring responsibilities and innovation to the private sector, and in the development of methodologies for monitoring performance.

Box 2. Design Build Finance Operate Scheme

In summary, a DBFO initiative implies that: (a) the designers are the future operators, with quality and capacity levels optimized in a thirty year perspective; (b) the designers are the builders and suppliers, bringing into the planning process precise knowledge of state-of-the-art technology; (c) the builders/suppliers are the operators, having an interest in keeping costs down and completion times short; (d) the builders/suppliers/ operators carry out their own financial engineering which means *inter alia* keen attention to expenditure timing (for the capital markets, comfort is increased by lending, not just to a project, but indirectly to the large companies which make up the DBFO consortium; comfort is further increased by more reliable cost and revenue forecasts carried out by the risk takers themselves, as well as cost control; (e) the DBFO actor has control over its budget, being insulated from the vagaries of annual public budget reviews, benefiting from substantial time savings. (Ref. 6)

6. Conclusion

This paper has attempted to summarize the main issues surrounding the development of PPP initiatives for transport projects, and has highlighted the necessary structuring principles to strengthen the identification and analysis of that type of projects.

Successful transport projects normally require the role of governments. The question now is not whether there is a role for government or whether the government should intervene, but what that role should be and how best should the government intervene (and, further, how best should the government be strengthened to attend the new possibilities). From this perspective, and analyzing the interactions of the stakeholders and obstacles normally present in the participation of the private sector to transport projects, this paper presents key principles and actions of a more flexible and strategic-oriented framework for the expansion of PPP initiatives (in line with the investment needs estimated for the years ahead) and an alternative model that is intended to face the obstacles. These principles should help re-orient the project development framework and tap the increasing breadth of experience and proved efficiency of the private sector in designing, managing and operating transport infrastructure investments and assets. Those principles should spur innovation and reduce and balance risks.

The history of PPP initiatives shows an evolutionary process with successive learning taking place with the experience gained in the implementation of alternative schemes and approaches, involving methodological issues, risk sharing, procurement methods, interrelationships between the public and private sectors, design of the regulatory environment, and the like. In the coming years, as additional opportunities are embraced, projects with more innovation, new mechanisms for monitoring and enforcement, and better perception of each other's strengths and comparative advantages, should spur the partnership and trust between the public and private sectors and an expansion of PPP initiatives.

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