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THESSALONIKI FORUM OECD BSEC

SESSION V : INFRASTRUCTURE TRANSPORT COMMUNICATION

Chairman's introduction (Short note)

In this session we have to answer 3 main questions about development of infrastructures in the region: Why? What? How?

1/ WHY ?

Because the needs for infrastructure are basic for :

- the social, economic, and environmental development of a country especially when this country is expecting to join European Union.
- the attraction of other (foreign) investors that are indispensable for accelerating the economic capacity
- the facilitation of trade and exchanges , catalyst for growth
- the creation and development of SMEs , creating jobs
- a regional integration to reach a critical mass , attracting further investments
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2/ WHAT ?

Obviously:

- roads,
- airports, harbours
- railroads, water transport
- civil works, buildings incl. Hospitals , Universities
- Power (production , distribution , public lighting , ..)
- Telecommunication
- Water
- Environment , Waste ..

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3/ HOW ?

A/ The initial decision is political (state or municipal)

B/ The Implementation has to be private (retaining public management to be progressively excluded), since much more private money available than public: see FDI amounts).

The choice is :

- a/ privatization :
 - o is it the best solution ?
 - o is it feasible ? reasonable? (ROI perspectives)
 - o is it the best answer for the citizen ?

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- b/ PPPs (in one of its many forms) note it is not no miracle solution (a bad project is a bad project !
 - o existence of a legal framework ?
 - o public/IFI money leverage to attract private investors
 - o capacity building for civil servants (state and local)
 - o usual tender process to be adapted
 - o cheapest offer and sustainable development (cheapest bid or best bid ?)

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C/ PPP successes urgently needed in the region because success feeds success !
(a certain number of short term feasible projects are proposed by the PPP task force of Round Table II from the Stability Pact from South East Europe)

D/ Other issues which should be addressed by the speakers and/or in the discussion :

- o why not involve business earlier in the process to benefit from innovation suggestions
- o for capacity building , the BAC for SEE proposes an Excellence for Public Administration Program , EPA ; comments ?
- o public money/IFIs : leverage and PPP promotion
- o regional integration versus national solutions.