



## ITF/OECD Roundtable

Cómo satisfacer las necesidades de transporte en sociedades cuya disponibilidad de recursos está por debajo del presupuesto requerido

Ciudad de México, 8 March 2011

Transport investment selection under scarce public resources.  
Criteria for private sector participation

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## Back to basics

Transport is essential for economic and social development

but:

Is it a public good?

If so, how much has to be provided?

Who should pay for it?

Transport investments are those with the highest impact on the territory

Need for planning

Need for regulation

but:

Who should plan and regulate? The administrative quagmire

Is there a role for the private sector?

## Stakeholders

### Public administrations

- investment
- subsidies
- taxes and other revenue sources

### Operators

- public and private

### Users

- of the investment
- other users

### Non-users

- financiers
- citizens

## Effects of the investment on:

### Public administrations

- budgetary implications

### Operators

- public
- private

### Users

- of the investment
- other users

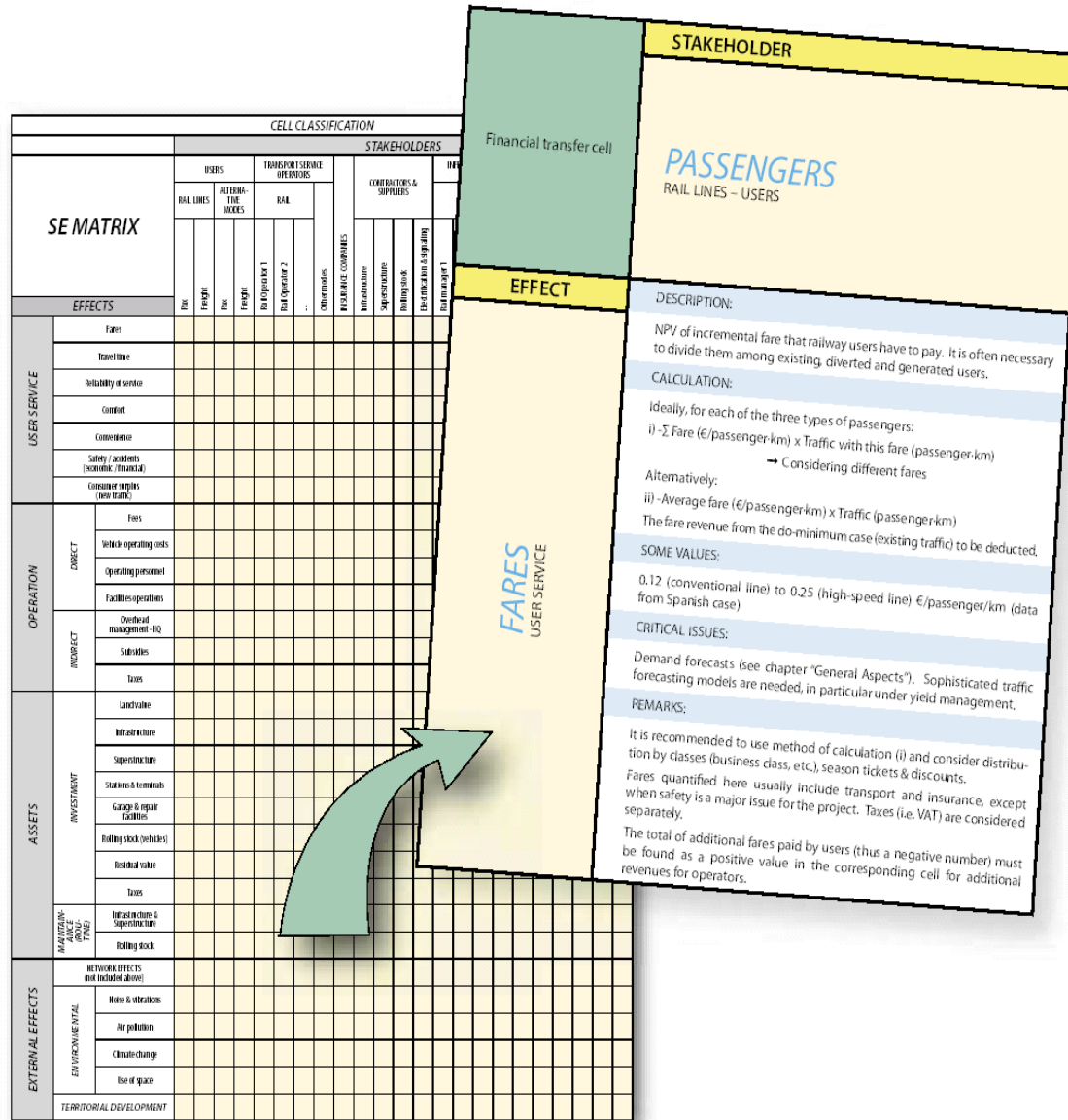
### Non-users

- local effects
- regional and global

Figure 5. Cells most often used in the appraisal of rail

SE MATRIX		CELL CLASSIFICATION																				
		STAKEHOLDERS																				
		USERS				TRANSPORT SERVICE OPERATORS				INFRASTRUCTURE/COMPANIES	CONTRACTORS & SUPPLIERS			INFRASTRUCTURE MANAGERS			NON-USERS (external)		GOVERNMENT			
		RAIL LINES		ALTERNATIVE MODES		RAIL		Other modes	Infrastructure		Superstructure	Rolling stock	Electrification & signaling	RAIL		Other modes	LOCAL	REGIONAL	LOCAL	REGIONAL	NATIONAL	EU
Pass	Freight	Pass	Freight	Rail Operator 1	Rail Operator 2	Rail manager 1	Rail manager 2															
EFFECTS		Pass	Freight	Pass	Freight	Rail Operator 1	Rail Operator 2	Other modes	Infrastructure	Superstructure	Rolling stock	Electrification & signaling	Rail manager 1	Rail manager 2	Other modes	LOCAL	REGIONAL	LOCAL	REGIONAL	NATIONAL	EU	
USER SERVICE	Fares	●	●	●	●	●	●	●											●	●	●	
	Travel time	●	●	●	●																	
	Reliability of service	●	●	●	●																	
	Comfort	●	●																			
	Convenience	●	●																			
	Safety / accidents (economic / financial)	●	●	●	●				●					●	●		●	●	●	●	●	
Consumer surplus (new traffic)	●	●	●	●																		
OPERATION	DIRECT	Fees				●	●							●	●						●	
		Vehicle operating costs					●	●		●												
		Operating personnel					●	●		●												
		Facilities operations					●	●														
	INDIRECT	Overhead management - HQ					●	●														
		Subsidies					●	●							●	●						
Taxes					●	●		●												●		
ASSETS	INVESTMENT	Land value													●	●						
		Infrastructure					●	●		●				●	●					●	●	
		Superstructure					●	●		●				●	●					●	●	
		Stations & terminals					●	●		●				●	●					●	●	
		Garage & repair facilities					●	●		●				●	●					●	●	
		Rolling stock (vehicles)					●	●		●				●	●					●	●	
		Residual value					●	●						●	●						●	●
	MAINTAINANCE (ROUTINE)	Taxes					●	●		●				●	●						●	●
		Infrastructure & Superstructure					●	●		●				●	●						●	●
		Rolling stock					●	●		●				●	●						●	●
EXTERNAL EFFECTS	NETWORK EFFECTS (not included above)		●	●			●	●					●	●						●	●	
	ENVIRONMENTAL	Noise & vibrations															●	●				
		Air pollution															●	●				
		Climate change															●	●				
		Use of space															●	●				
TERRITORIAL DEVELOPMENT																●	●					

Figure 6. Cell expansion program.



## Measuring the investment effects:

### Financial

- cash-flows and the importance of time
- money flows and the impact of transfers on society

### Socio-economic

- travel time savings and the rest

### Externalities

- environmental
- spatial
- local and regional development
- macroeconomic effects

### Financial and socio-economic analyses

## Decision-making under limited resources:

### Cost-benefit analysis role

for which society?

### Financial constraints

the weight of the financial markets

### Handling political pressures

quantification

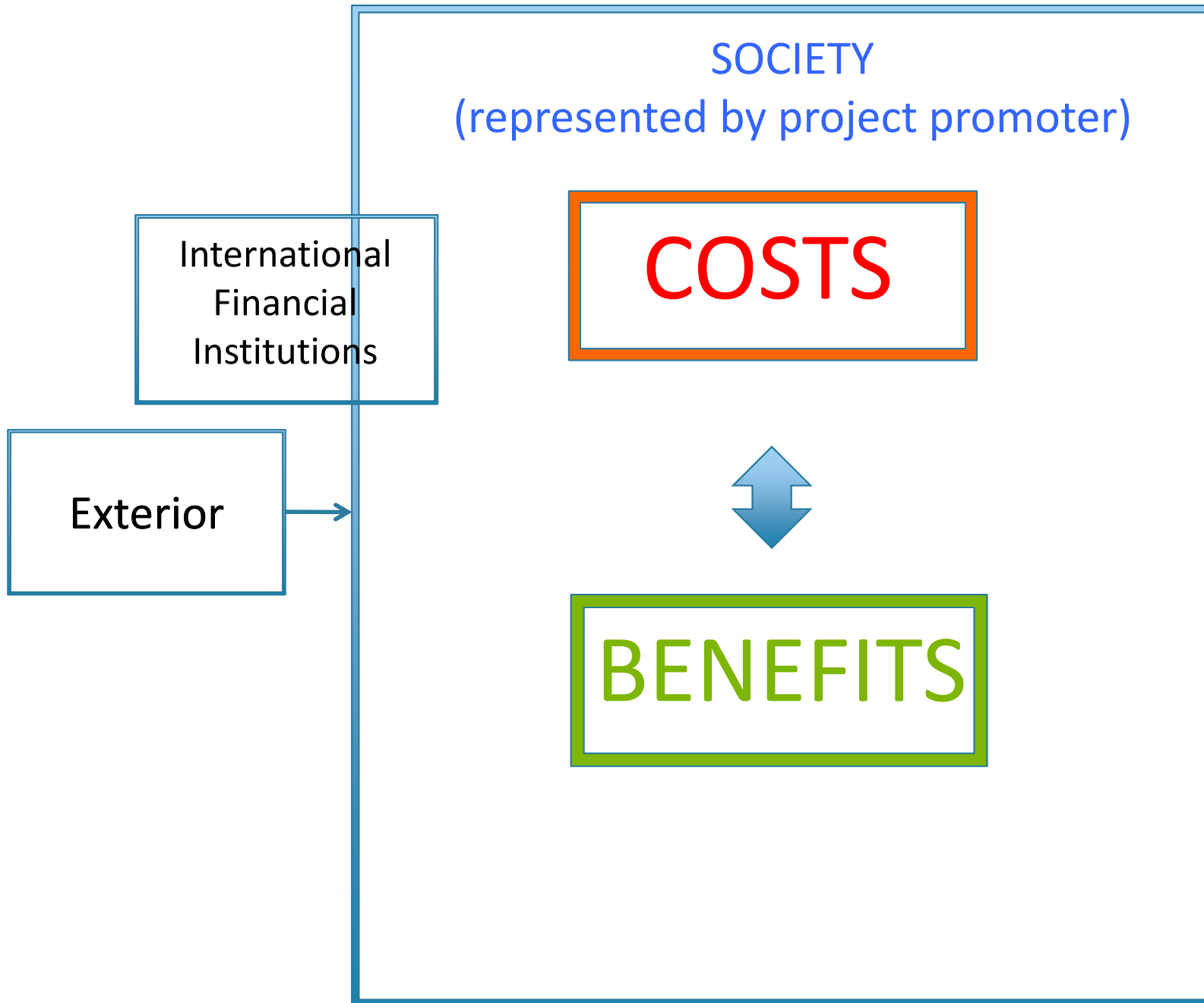
transparency

### The justification for private involvement

efficiency and transaction costs

the cost of public money and the origin of private money





SOCIETY

(represented by project promoter)

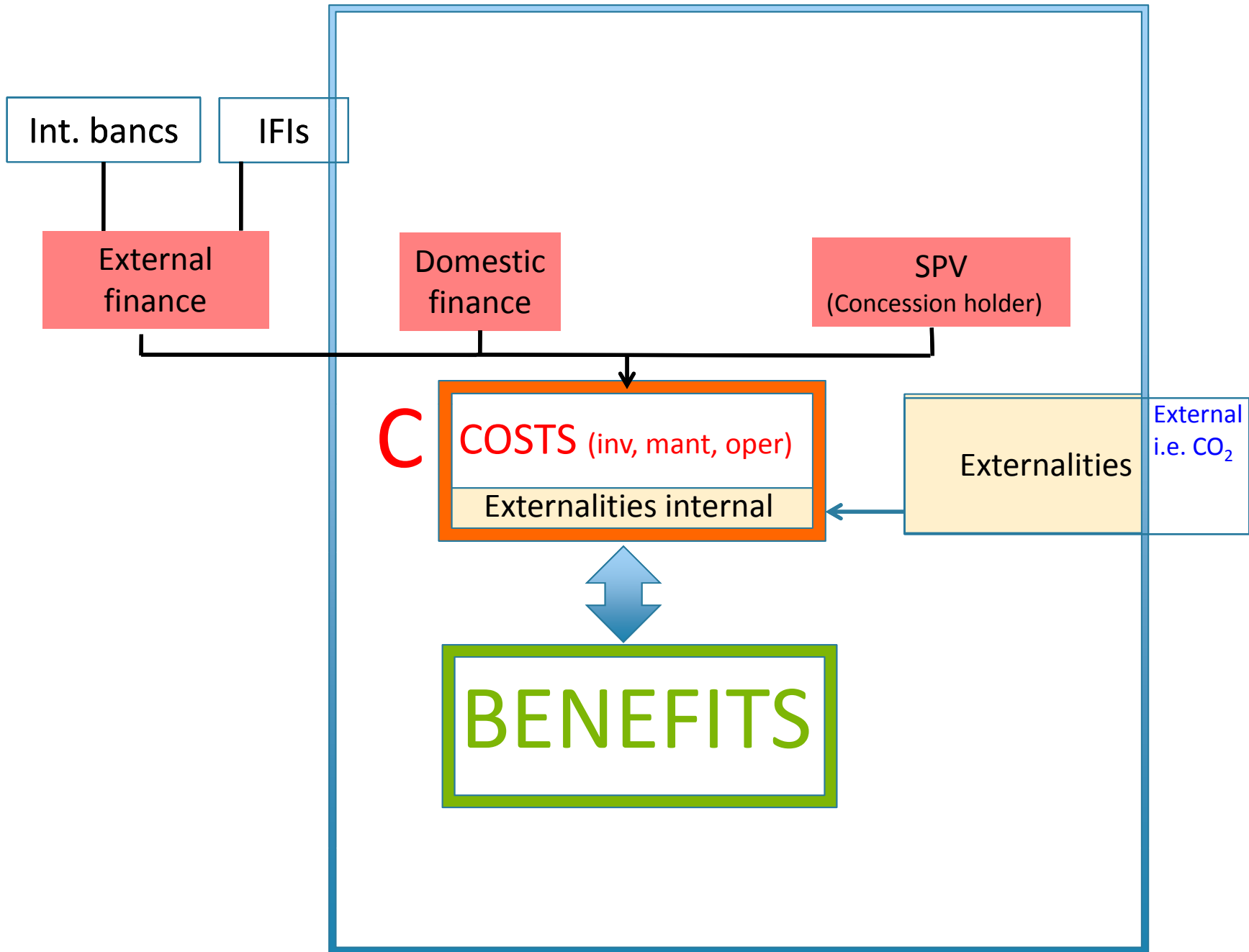
International  
Financial  
Institutions

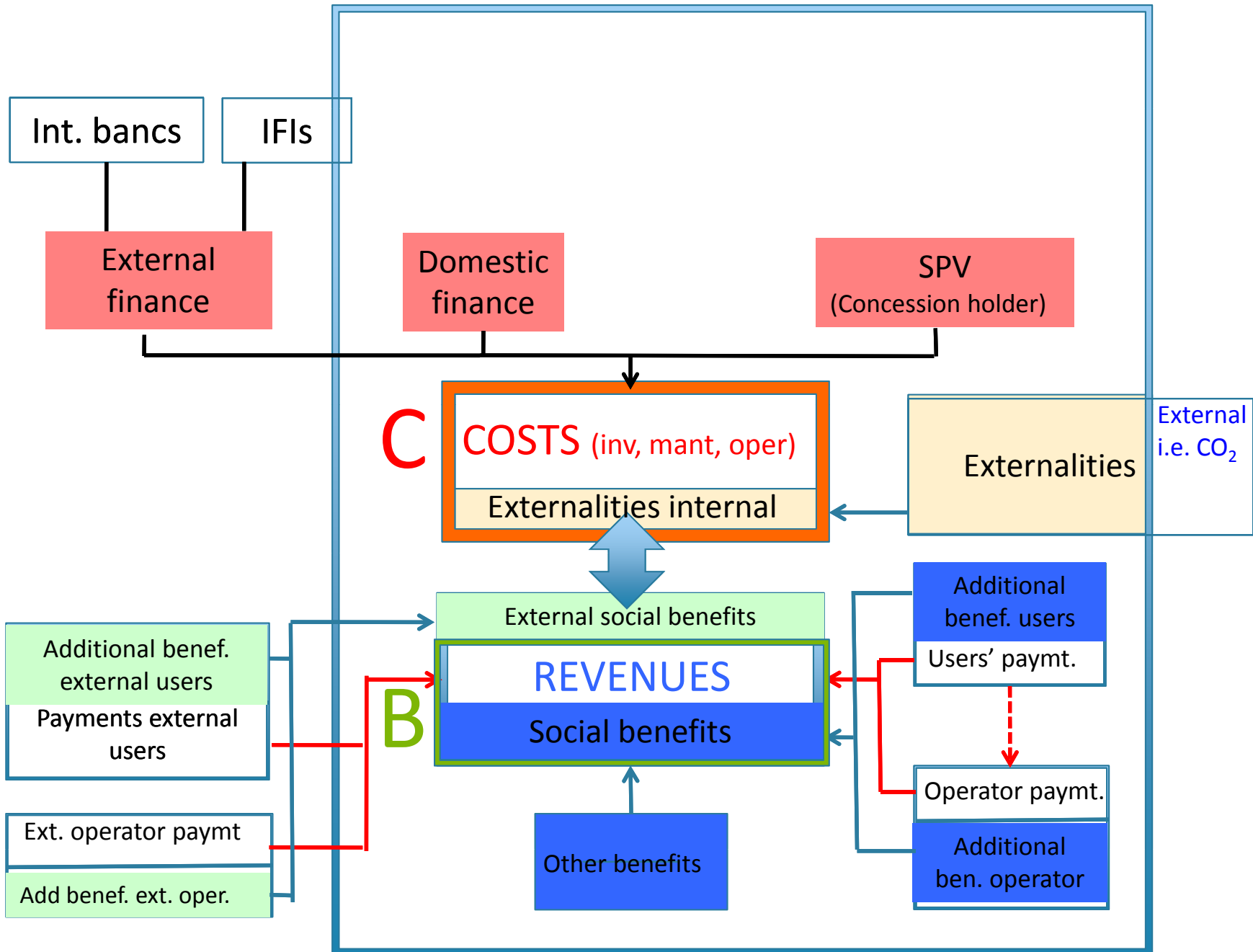
COSTS

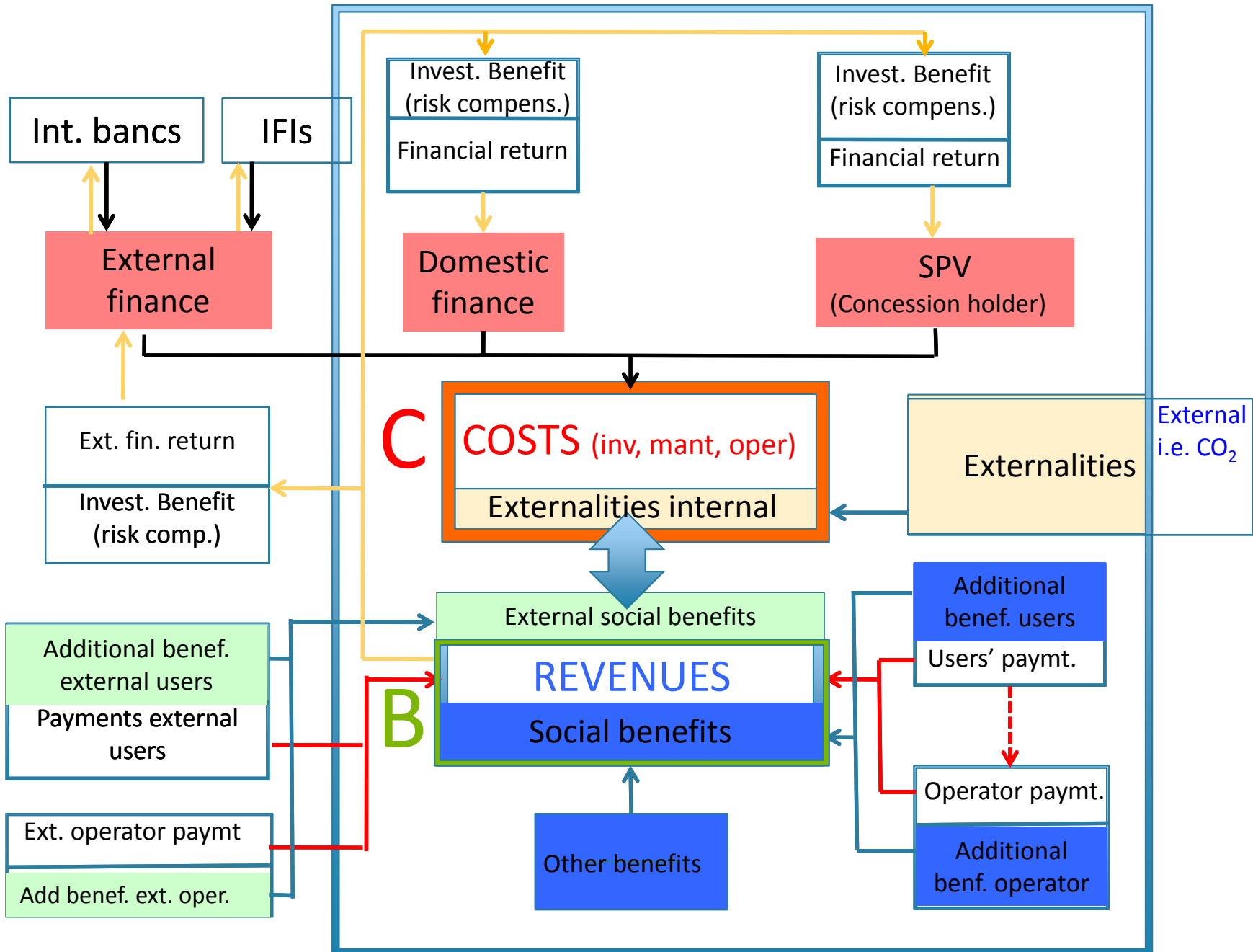
Exterior



BENEFITS







## Private participation under limited resources:

### The temptation of Foreign Direct Investment

- anchoring external capital
- financial flows through the “society”
- wider economic effects

### Infrastructure vs. short-term impacts

- traditional investors vs. investment funds
- infrastructure funds or speculative funds?
- timing investment

### Providing public guarantees

- is the time of sovereign guarantees over?
- the role of International Financial Institutions
- investment and exchange rates

### Key success factors

- project quality within adequate planning framework
- transparency and good public management