

Financing infrastructure in crisis times: How to gather the strengths of the public and the private sectors to foster growth?

November 26th, 2013

The workshop will take place at the Hellenic Foundation
47 bis, boulevard Jourdan
75014 Paris

The issue

There is a large consensus that investing in infrastructure is a key engine of economic growth. Public reports abound that repeat such evidence and point at today needs of a country like France in sectors like transportations, environmental services, energy, telecommunications or information technologies.

By their very economic nature, infrastructure come with increasing returns and externalities that call for public involvement, be it through regulation, delegated management or various forms of partnerships. To mobilize the private and the public sectors around a growth objective requires fining tune coordination not only at the inception of those projects but also in their management and financing. Such coordination is clearly intricate in a context where the economic crisis has hardened budget constraints both for banks, firms and governments.

Main questions

This workshop will gather invited scholars and practitioners from both the public and the private spheres in order to foster interactions and open new re- search questions both through academic presentations and round-tables. A particular attention will be given to the following issues:

- How to define the new forms of partnerships between the public and the private sectors in such financially hard times?

- What are the costs and benefits of concession contracts and Public-Private Partnerships under hard budget constraints?
- How to optimally transfer risks between partners in such contexts?
- How to design the supervision and monitoring of projects that require such intricate coordination between the public and private spheres?
- What are the lessons drawn from past experiences worldwide and across sectors and are there any “best practices” available?

Preliminary Program

Presenters will have 40 minutes and 10 minutes are left for discussion.

FINANCING INFRASTRUCTURE UNDER HARD BUDGET CONSTRAINT: MICROFOUNDATIONS I

08:30 - 09:00: *Welcome Coffee*

09:00-09:50 **Etienne Yehoue** (International Monetary Fund)

“Institutional Setting, Macroeconomic Stability and Public Private Partnerships”

Discussant: Stéphane Saussier (IAE, Université Paris I)

09:50 - 10:40: **Malin Arve** (University of Mannheim)

“Long-Term Procurement under Uncertainty: Optimal Design and Implications for Renegotiation and Tender Procedures”

Joint with David Martimort (Paris School of Economics)

Discussant: Bernard Caillaud (Paris School of Economics)

10:40 – 11:00: *Coffee Break*

FINANCING INFRASTRUCTURE UNDER HARD BUDGET CONSTRAINT: MICROFOUNDATIONS II

11:00 - 11:50: **Elisabetta Iossa** (University of Rome Tor Vergata)

"Post-tender Corruption and Risk Allocation: Implications for Public Private Partnerships."

Joint with David Martimort (Paris School of Economics)

Discussant: Claudine Desrieux (Université Paris II)

FINANCING AND REGULATING INFRASTRUCTURE UNDER HARD BUDGET CONSTRAINT: IMPACT ON DEVELOPMENT I

11:50 - 12:40: **Antonio Estache** (Université Libre de Bruxelles-ECARES- CEPR)

"Infrastructure Finance for Development: Too Much Cheap Talk, Too Little Action"

Discussant: Jérôme Pouyet (Paris School of Economics)

12:40 – 14:10 *Lunch*

FINANCING AND REGULATING INFRASTRUCTURE UNDER HARD BUDGET CONSTRAINT: IMPACT ON DEVELOPMENT II

14:10 - 15:00: **Stephane Straub** (Toulouse School of Economics)

"Regulation, Renegotiation and Capital Structure: Theory and Evidence from Latin American Transport Concessions"

Joint with Alexander Moore (World Bank and London School of Economics) and Jean-Jacques Dethier (World Bank)

Discussant: Philippe Gagnepain (Paris School of Economics)

REGULATING INFRASTRUCTURE UNDER HARD BUDGET CONSTRAINT: THE FIRM, THE STATE AND THE FINANCIAL MARKET

15:00 - 15:50: **David Martimort** (Paris School of Economics)

"How to Regulate a Firm under a Hard Budget Constraint: A First (and very preliminary) Pass"

Joint with Jérôme Pouyet (Paris School of Economics) and Wilfried Sand-Zantman (Toulouse School of Economics and ESSEC Paris)

Discussant: Martin Peitz (University of Mannheim)

15:50 - 16:40: **Eduardo Engel** (Yale University and University of Santiago de Chile)

"Is There a PPP Interest Rate Premium?"

Joint with R. Fisher (Universidad de Chile) and A. Galetovic (Universidad de los Andes)

Discussant: Liam Wren-Lewis (Paris School of Economics)

16:40 – 17:00: *Coffee Break*

17:00 – 18:30: **ROUND TABLE**

PPPs and Project Finance: How to Optimally Gather Public and Private Funds to Finance Infrastructure. Return on Experiences in France and throughout the World. Implementation of Best Practices

Speakers: Stéphane Saussier (Université Dauphine, Paris), Xavier Ragot (Paris School of Economics, former Chief Economist for the French Minister of Redressement Productif), Vincent Lévia (OFI Infravia), François Bergère (Head of Mission d'Appui aux Partenariats Public-Privé (MAPP)), Anne-Laure de Chammard (DGITM/PPP), Guy Chetrit (EPEC), Romain Verzier (VINCI Concessions), Eduardo Engel (Yale University and University of Santiago de Chile).

Local organization

Inscription is free but to help us plan the event please indicate your attendance at isabelle.lelievre@ens.fr

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