

Foreword

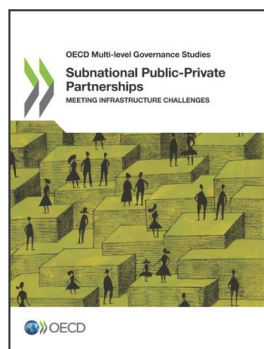
Worldwide, infrastructure needs to sustain growth are substantial – estimated by the OECD to be USD 6.3 trillion per year between 2016 and 2030 in energy, transport, water and telecommunications infrastructure. Subnational governments – cities and regions – play a vital role in providing and maintaining infrastructure. They are in charge of almost 60% of public investment on average in OECD countries.

In a tight fiscal environment, it is critical to diversify sources of financing for infrastructure investment and to use public investment to leverage private funding in an effective way. Public-private partnerships (PPPs) represent an alternative to traditional government procurement with the potential to improve value for money. However, PPPs are complex and sometimes risky arrangements that require capacity to undertake them that is not always readily available in governments, in particular at the subnational level. There have been many examples in recent years of PPP failures or misuse, which call for caution in their use.

This report offers guidance on how to improve the governance and implementation of PPPs for infrastructure at the subnational level. The first chapter offers a framework for considering PPPs in a multi-level governance context. It brings together not only ideas and concepts from existing literature, but examples from the three case studies that constitute the remaining chapters: PPPs for local infrastructure in two French cities: Caen and Paris; the United Kingdom’s Private Finance Initiative (PFI) projects at the local level; and transportation PPPs in the Commonwealth of Virginia (a US state).

This report supports the implementation of the 2014 *OECD Recommendation of the Council on Effective Public Investment across Levels of Government*. The Recommendation offers good practice guidance through 12 recommendations to address systemic multi-level governance challenges for public investment. Principle 6 (“Mobilise private actors and financing institutions to diversify sources of funding and strengthen capacities”) acknowledges the potential benefits that private sector participation can bring to meeting public investment goals.

The report is part of the series *OECD Multi-Level Governance Studies*. It was conducted by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). It was developed in cooperation between the Regional Development Policy Committee (RDPC) in CFE that approved the report by written procedure on 30 March 2018 [CFE/RDPC(2018)2] and the OECD Senior Budget Officials Network of Senior PPP and Infrastructure Officials that discussed the report on 27 March 2018.



From:

Subnational Public-Private Partnerships Meeting Infrastructure Challenges

Access the complete publication at:

<https://doi.org/10.1787/9789264304864-en>

Please cite this chapter as:

OECD (2018), "Foreword", in *Subnational Public-Private Partnerships: Meeting Infrastructure Challenges*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264304864-1-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.