

Thank you all. It is privilege to be here, and a special privilege to be the last in the row, because I had the pleasure to hear all the colleagues speaking before, and I think we have a good sequence here, especially with what Mr. Gofas was presenting.

I come from IFC, International Finance Cooperation, part of the World Bank Group. And the department I am working in, is the Infrastructure Advisory. And as my colleague mentioned earlier, we actually advise how to structure and implement transparent, opened and competitive tenders for private sector participation in public-private partnerships, EPP in English, I am not sure what is the acronymic in Greek.

These projects take a very long time. I think we can say for sure that infrastructure projects, major ones, that will be initiated in the coming period, will certainly happen much after all these countries enter the European Union.

For infrastructure projects there is so much work to prepare. Every step that you take, either being environmental study, spatial planning, budgeting the funds in your national local budget for the coming years, acquiring the loans, doing the project documentation, if it is loaned, you have a tender for who is going to do it, then the construction rather manufacture company has to order or manufacture the equipment.

So, basically from the time you conceive an idea to the time when you get to something which has been done, 5-10 years, maybe for smaller projects less complexness.

So, any case we are talking here about projects which look great when you present them at conferences, but they really take a long time.

This projects cost enormous money. All these countries that we are talking about have lost a couple of decades in development due to different reasons. Somewhere it was war, internal conflicts, somewhere it was different economic and social system.

Therefore in order to catch up and to be part of Europe, I believe this region in the times of Roman Empire had better infrastructure compared to France and Germany than today. Today it is the other way round.

If you look in the history, that time there were roads, bridges, cities. So, all this infrastructure that the Roman Empire had built, we are trying to achieve this sort of quality compare to other European countries today.

There is a lot of infrastructure which is transit, like railways, roads, energy. And real beneficiaries are not these countries. They are just transit countries. But according to the current schemes, they have to use most of their physical space to provide transit, which is not always the best use of funds, because then what is left for local needs?

The physical space is something that defines your budget capacity and it is very limited, especially in times of crisis, where you don't know what is your GDP going to be in the next year or in the next few years.

In that regard, it is almost impossible to develop infrastructure in our beautiful region without private sector. There are pros and

cons, but private sector brings the rational of financing bankable projects.

I must say that there has to be a measure, correction of measure, because private sector might have different priorities than the region and the European Union.

As they said, I think in infrastructure in this region should be considered European Union today, OK today it is Friday, on Monday, after the weekend, because if you want results that these countries become members of European Union, is it 2014, 2020, there needs to be a joint strategy of the countries, countries amongst themselves, the region and European Union.

Something that has been experimented in Hungary is that there is a European Union grant, which supplements the local public component of the project, combined with the private sector in PP. And maybe this is something that could be developed further as a concept to supplement what Mr. Gofas was defining as a concept for lending.

If we look at the projects in the region, infrastructure projects are mostly unsuccessful. And if we look further into PP projects, infrastructure projects in the region, even worse.

IFC has this facility to advise governments on organizing, structuring and implementing tenders. We have almost finished advising the Government of Montenegro for the concession, for the motorway from the Adriatic Coast to Serbia. And the winning ..there is constructor from Croatia. So, it is a south-south cooperation

When the Government, the Minister of Finance of Montenegro asked me why does this project cost 2 million euros and not 1 million, the advisory project, like for Horgos –Pozega concession in Serbia, I

told them: look, if you want the quality of Horgos-Pozega concession, then you can go for 1 million advisory.

So, the whole thing is, unfortunately, this concession fading in Serbia Horgos –Pozega, and now the Government is trying to find from different funds how to constructor corridor 10.

It is a very challenging task, because they might be able to loan the money for completion, but how do you prioritize the sections, how do you provide the money for lending appropriation, how do you technically do it? It is very complex if the government does everything.

So, for this last project it is much better, regarding ...space, regarding investment, effectiveness, and regarding the quality of well done, to do them as private-public partnerships. Each side contributes to this partnerships, but according to best ability to take the risk.

So, for example, in the case of roads, the government takes the ex-appropriation part, provides, maybe, some access, roads. The private sector builds a road, maintains it and so on.

But even this is not enough because there is no rational behavior in the region. The countries are not cooperating enough in the sense of priorities.

And all the roads, all the waterways, all the energy systems, railways, airlines, airports, everybody in the region would like to have the airport as the regional hub, the airline as the regional airline, the power company as the regional leader, etc, etc, which is almost impossible.

So, if you go to the experience of Australia, which has defined this infrastructure Australia –ekt, and the much stricter book which is

the funds-ekt, maybe something similar could be done for the region, but actually the European Union would be the leader.

So, the idea would be to use, lets say, a bold new approach to identifying, planning, funding and implementing infrastructure of national, regional, southeast Europe, and European Union significance.

And again I am referring to the great concept that Mr. Gofas has presented. Maybe something like this could work, because the European Union could be an umbrella, plus it has its own priorities for transit and development of the region, and define together with the countries which are the priorities.

You cannot have at the same time a developed corridor 4, 8, 10, 5C plus fast roads, and it happens in the region which is extremely poor and in difficult financial conditions.

So, if the European Union could help prioritize, not just in the road sector, in all the sectors, and provide the grant money, which will supplement the public part of PP, and their facilities like the IFC has, which could then advise for developments for these specific projects, how to best structure and implement tender for procuring the private partner to the PP, I think we could move must faster with infrastructure development than relying just on national approach of setting the priority and relying on lending money for projects as the only source of financing.

This way, to be honest, we have had few lists of what comes on the infrastructure and if we would like to bring everything in the region to the level of Greece or Croatia, I think we will need decades and decades.

And then infrastructure, being the motor of development of other businesses and of growth of GDP, would not service its role of development.

We have heard different examples from different countries. Let me give you maybe just an example of potential PP in Kosovo, under UN Security resolution 1224. This is just an example of a project in a specific situation.

So, for example, at Pristina water company, root 7, which is 117 kilometers, costing over 1 billion euros. Pristina airport, that is a very advanced project at the moment. Kosovo Energy Corporation, the PP for distribution and sales.

And IFC should sign in the next few weeks an advisory mandate with Kosovo Energy Corporation for this mandate to bring a private partner into distribution and sales, because there are huge losses, technical, due to all systems and the so called commercial, which is actually theft of electricity due to illegal connections.

Then you had the Zurha hydro-power plant, 300 megawatts, this is for heating in Pristina, Kosovo railways etc.

So, basically not to take more time, there are ways for the countries in the region to open up for foreign directing investment, primarily through private investment into infrastructure.

European Union should play a stronger role than it is playing now, because these countries are not in a remote location, they are part of Europe, historically, geographically, culturally.

And I fully support the gentlemen who was presenting earlier today, Mr. Varvitsiotis, who mentioned that if European Union anywhere have a leading role, it should be in this region.

Thank you very much. Just to mention, I had a pleasant experience in this Concert Hall in February, I was visiting Athens and with my son I was in the Concert Hall upstairs, there was a concert of Bremen Symphony Orchestra playing Wagner.

So, I am really happy to be here again in this other capacity. Thank you.

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