

Current trends

As indicated in previous sections, the PPP market worldwide continues to develop. Much of this development is driven by continued growth in infrastructure funding needs, whilst some is spurred by financial and technological developments, allowing the consideration of PPP for an ever-increasing range of projects.

Financing

Financing initiatives allow project financing to be more accessible to PPP opportunities and offer increased opportunities, particularly for PPP projects in developing countries.

The development of capital markets in developing markets is facilitating the sourcing of the required debt and equity for PPP projects. This is particularly important given the local currency-based revenues of a PPP project, either from toll revenue or other user charges or from the national budget. The ability to raise finance on local currency markets greatly alleviates the currency risk of a PPP project.

Specialized infrastructure funds are attracting money from long-term investors, such as pension funds, banks, foundations due to their stable cash-flow businesses with moderate risk. They inject equity or mezzanine finance in PPP projects. Australia has more than 23 infrastructure funds currently listed traded with a market capitalization of USD 43 billion.

Technology

Recent years have seen an expansion in the electronic tolling technology including the introduction of technology on operational PPP schemes.

The use of free-flow tolling equipment has allowed PPP schemes to be implemented in complex urban environments where the implementation of toll booths was both undesirable for reasons of journey time and convenience and very difficult and costly due to land take.

Current technology is available to pass toll barriers at slow speed (Module 6 -> Case Studies -> M6 Toll, UK) or else at normal speed without the need for toll barriers, but rather overhead gantries (Module 6 -> Case Studies -> Chile), Melbourne City Link, Australia and Dulles Greenway, Virginia, USA. This technology has been applied in urban and semi-urban environments where constraints regarding the complexity of urban traffic movements (with resulting difficulty in siting major toll booths and inconvenience of queuing at toll booths on the work-home journey cycle) and the difficulty of land take for major toll booths have encouraged such high-technology solutions.

Congestion tolling, or urban tolls, has also been introduced in some major cities. However, such tolling schemes cannot be assimilated to PPP schemes per se as their application is intended to reduce congestion in city centers and their revenues are received by municipalities to fund improvements in public services.



Worldwide trends in private participation in roads. PPIAF Gridlines, 2008