

**DEVELOPING BEST PRACTICES
FOR PROMOTING PRIVATE SECTOR
INVESTMENT IN INFRASTRUCTURE**

ROADS

The views, conclusions, and recommendations presented here are those of the study consultants, and should not be considered to represent the official views of the Asian Development Bank or its member governments.

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FOREWORD

This report is one of a series of five commissioned by the Asian Development Bank (ADB) to identify and recommend best practices to be followed and specific steps to be taken, by ADB's developing member countries in order to encourage both private sector investment and competition in infrastructure development. The study was financed through a \$600,000 regional technical assistance grant - RETA 5753: *Developing Best Practices for Promoting Private Sector Investment in Infrastructure*. This report focuses on the road sector; the other reports cover the power, water supply, airport and air traffic control, and port sectors.

Transport is central to achieving prosperity and the quality of life, to which all countries aspire. Transport policy has pervasive impacts: on economic performance; on the shape and structure of human settlements through its impact upon physical development and economic structures; on the distribution of income; and on the environment. This report develops best practices for promoting private sector investment in the road sector. It defines the objectives of private sector participation, reviews experiences of private sector participation in Asia and elsewhere, examines the degree of success that has been achieved to date, and identifies the key issues that provide the basis for determining best practices. In addition, the report discusses ADB's role in facilitating both private sector participation and competition in the road sector. It is hoped that the report will help ADB's developing member countries successfully attract well managed and cost-effective private investment.

The five reports have benefited from the support of and valuable contributions from many individuals, both inside and outside ADB. The reports were prepared by a team of individual consultants: Water Supply - Michael Porter of Tasman Asia Pacific; Power - Elliot Roseman of PricewaterhouseCoopers; Ports - John Arnold, an independent ports specialist; Airports and Air Traffic Control - Ian Jones of National Economic Research Associates; and Roads - Roger Allport of Halcrow Fox. In ADB, Sean O'Sullivan, Senior Public/Private Sector Specialist managed the technical assistance implementation with the help of Marcelo Minc, Project Economist. ADB staff in the Energy; Transport and Communications; and Water Supply, Urban Development and Housing Divisions as well as the Private Sector Group helped in guiding the direction of the study and in reviewing the outputs. In December 1998, a workshop, hosted by ADB as an integral component of the study, provided a forum for the exchange of ideas and experiences. Participation and contributions of delegates from many developing member countries and representatives from the private sector in the workshop were very much appreciated by ADB.

The publication of the five reports is especially timely as it coincides with the introduction of a new strategy for private sector development by ADB.

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ABBREVIATIONS

ADB	–	Asian Development Bank
BOI	–	Board of Investments
BOOT	–	build-own-operate-transfer
BOT	–	build-operate-transfer
CDCP	–	Construction and Development Corporation of the Philippines
CPI	–	Consumer Price Index
CREMA	–	Contrato de Recuperación y Mantenimiento
CTS	–	Comprehensive Transportation Studies
DBFO	–	design-build-finance-operate
DMC	–	developing member country
DNV	–	Dirección Nacional de Vialidad
DOH	–	Department of Highways
DPWH	–	Department of Public Works and Highways
EBRD	–	European Bank for Reconstruction and Development
EIRR	–	Economic Internal Rate of Return
EPU	–	Economic Planning Unit
ETA	–	Expressway and Rapid Transit Authority of Thailand
EU	–	European Union
GDP	–	gross domestic product
GSZ	–	Guangzhou-Shenzhen-Zhuhai
IADB	–	Inter-American Development Bank
ICC	–	Investment Coordination Committee
IFC	–	International Finance Corporation
JBIC	–	Japan Bank for International Cooperation (formerly Japan International Cooperation Agency/Overseas Economic Cooperation Fund)
KL	–	Kuala Lumpur
MRT	–	Mass Rapid Transit
MHA	–	National Highway Authority
NESDB	–	National Economic and Social Development Board
NPV	–	net present value
NSE	–	North-South Expressway
PEA	–	Public Estates Authority
PNCC	–	Philippine National Construction Corporation
PNR	–	Philippine National Railway
PRC	–	People's Republic of China
PSP	–	private sector participation
ROT	–	rehabilitate-operate-transfer
RTA	–	Road and Traffic Authority
SEM	–	Societes d'conomie Mixte
STAR	–	Southern Tagalog Arterial Road
TA	–	technical assistance
TCA	–	Transportation Corridor Agency
UK	–	United Kingdom
US	–	United States
WHC	–	Western Harbour Crossing
vpd	–	vehicles per day

TABLE OF CONTENTS

FOREWORD	i
ABBREVIATIONS	ii
LIST OF TABLES	v
LIST OF FIGURES	vi
LIST OF BOXES	vi
EXECUTIVE SUMMARY	vii
A. Context	vii
B. BOT Project Experience	vii
C. Towards Best Practices	viii
D. Prospects and Role for ADB	xiv
PART ONE: STUDY OVERVIEW	
I. INTRODUCTION	1
II. THE GROWTH OF PRIVATE SECTOR PARTICIPATION	2
A. Expansion and Contraction of Private Sector Investment	2
B. The Challenge for Private Sector Infrastructure Investment	3
III. CROSS-SECTORAL ISSUES FOR PRIVATE SECTOR PARTICIPATION	5
A. The Need for Reform and Role of Government	5
B. Institutional Reform	6
C. Strategic Planning	6
D. Legal and Regulatory Framework	7
E. Unbundling and Introducing Competition	7
F. Sources of Financing	8
G. Risk and Risk Mitigation	9
IV. SUMMARY OF SECTORAL BEST PRACTICES	9
A. Power	10
B. Water	11
C. Roads	13
D. Ports	14
E. Airports	15
V. THE ROLE OF THE ASIAN DEVELOPMENT BANK	17

PART TWO: THE ROAD SECTOR REPORT

OBJECTIVES18
A. Context	18
B. PSP and Funding	24
C. Expressways and the Road Network	30
EXPERIENCE	35
A. Asia	35
B. Other Experience	40
C. Degrees of Success	40
III. KEY ISSUES	48
A. Expressways are Different	48
B. Attracting Traffic, Securing Revenues	50
C. Sector Policies	61
D. Identification	78
E. PSP Modalities	82
F. Legal and Regulatory Framework	89
G. Structuring the Public-Private Partnership	98
H. Financing	106
I. Procurement	115
J. Support for, and by Government	123
IV. BEST PRACTICES	125
A. Best Practices	125
B. Role for ADB and Prospects	131
APPENDIXES	
1. Case Studies	
2. Other Experience	
3. BOT Project Database	
REFERENCES	

LIST OF TABLES

Table 1:	Motivation/Attitudes of the Key Players
Table 2:	The Change to 'A New World'
Table 3:	Objectives of PSP and Funding
Table 4:	Key Issues Arising from PSP and Funding
Table 5:	Development Bank Involvement in PSP Expressways
Table 6:	Development Bank Requirements for Involvement in PSP Expressways
Table 7:	Strategic Priorities for the Roads Sector: An Example - the Philippines
Table 8:	Expressway Objectives
Table 9:	Expressway BOT Concessions in Asia
Table 10:	Project Characteristics in Case Study Countries
Table 11:	Project Financial Performance in Case Study Countries
Table 12:	Degrees of Success in Meeting PSP Objectives
Table 13:	Impact on Key Expressway PSP Issues
Table 14:	Characteristics of Power and Expressway Projects
Table 15:	Expressways - Comparison of Forecasts and Outturn Performance
Table 16:	Tariffs on Toll Roads (US cents per vehicle)
Table 17:	Characteristics of the PSP Options
Table 18:	Legal and Regulatory Responsibilities in the Case Study Countries
Table 19:	Stakeholder Analysis of Parties to an Expressway BOT
Table 20:	PSP Expressway Risks
Table 21:	Did the Agreed Price and Competition Policy Prevail?
Table 22:	The PSP Options
Table 23:	Risk Allocation
Table 24:	Role for ADB
Table 25:	Possible Impact of the Recommendations

Table A1.1:	Philippines: BOT Project Characteristics
Table A1 .2:	Pros and Cons of the Alternative Tracks for Investing
Table A1 .3:	Malaysia: BOT Expressways
Table A1 .4:	Thailand: BOT Expressway Projects
Table A1 .5:	Hong Kong, China: BOT Expressway Project Characteristics
Table A2.1:	Hopewell Holdings PRC Projects
Table A2.2:	Road Projects Submitted to EBRD for Consideration
Table A2.3:	Toll Motorway Experience in France, Italy and Spain
Table A2.4:	Australia: BOT Expressways

LIST OF FIGURES

Figure 1:	Philippines - Strategy for Attracting PSP
Figure 2:	Fuel Prices in Different Countries
Figure 3:	Toll Road Finances and Income
Figure 4:	Expressway Economic and Financial Characteristics
Figure 5:	Characteristics of the PSP Options
Figure A1 .1:	Philippines - The Public Bidding Process Under the BOT Law
Figure A1 .2:	Philippines Expressways - Luzon
Figure A1 .3:	Expressways - Metro Manila
Figure A1 .4:	Malaysia Expressways
Figure A1 .5:	Thailand National Motorway Plan
Figure A1 .6:	Thailand - Bangkok Region Expressway Plan
Figure A1 .7:	Hong Kong, China Road Proposals - Urban Area
Figure A1 .8:	Hong Kong, China Road Proposals - New Territories
Figure A2.1:	China National Trunk Road System
Figure A2.2:	Hopewell Holdings PRC Projects
Figure A2.3:	Performance of UK DBFO Projects

LIST OF BOXES

Box 1:	Past Project Finance and Future Infrastructure Demand - East Asia
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