SP5 FINANCING INVESTMENTS IN THE ROAD SECTOR THROUGH COMPREHENSIVE LONG-TERM CONTRACTS

To summarise what has been discussed in SP 5, it has been demonstrated that although long-term contracts can be complex and quite risky, they do provide for an alternative means for the implementation of infrastructure.

As we are all aware, infrastructure will be delivered through Public Private Partnership (PPP) projects in only a minority of cases. In Great Britain for example, just 15% of the investments in infrastructure, not only roads, are PPP projects. In addition to this, the German government has implemented guidelines for PPP projects with the goal of reaching 15% of all investment in infrastructure by PPPs.

It is particularly important before implementing a long-term contract, that all stakeholders which are involved have an appreciation of the potential risks and understand how changes will be managed throughout the period of the contract.

It is essential that risk analysis is completed prior to the commencement of the procurement process. The public entity has to manage the risk analysis and considerations when drafting the contracts. If this can be achieved, the negation procedure can be completed in a shorter period of time and the risk value of the private partner will be lessened if both sides are clear about what is specified in the contract. The regulations relating to the management of risk during the implementation period of the contract are also important.

The PPP market is a growing business. Therefore, this Congress provided an appropriate time and place to discuss issues relating to PPPs. I am sure it will be also on the agenda of the next World Road Congress as in four years time, more long-term contracts will have been implemented and there will be more experience of the advantages and disadvantages of this particular method of infrastructure investment.