

# Public-Private Partnerships for Transport

## Full Description

Public-private partnerships (“**PPPs**”) can be an effective way to build and implement new infrastructure or to renovate, operate, maintain or manage existing transport infrastructure facilities. In both areas PPPs can be a mutually beneficial way to solve critical transportation problems.

Transportation infrastructure (airports, ports, rail, roads, urban transport) is indispensable to sustainable socio-economic development and trade. They link peoples and regions and connect firms to markets. Efficient transportation infrastructure is a major contributor to enhanced productivity.

It is anticipated that very significant investments will need to be made in the transportation sector globally over the next 20 years to meet the increased demand arising from population and economic growth. This will entail both the construction of new infrastructure, as well as the refurbishment and expansion of existing infrastructure, to accommodate both increased traffic flow and the increase in the size of transports (e.g. larger planes and ships). While the greater part of this demand is expected to come from developing economies, the infrastructure that will be required in developed countries is also forecast to be substantial.

At the same time, improved energy efficiency in the transportation sector will also be a key part of mitigating climate change. This will require innovative solutions. (See further on [Climate-Smart PPPs](#))

PPPs provide a useful avenue for governments to access additional capital as well as technical expertise in the private sector to meet the very substantial demand from their populations for new and expanded transportation infrastructure in the coming decades.

As the transportation sector encompasses a number of subsectors, different considerations apply to PPP structures, depending on the subsector. Nonetheless, a number of thematic issues are relevant to all subsectors:

- Transportation infrastructure is by its nature monopolistic assets. Accordingly, the regulation of competition and public access in respect of the infrastructure will have important economic implications.
- The private consortium’s ability to impose tariffs on users of the infrastructure is another important structural consideration, as it directly impacts both public amenity and the private consortium’s ability to recover its investment.
- The allocation of revenue / demand risk for the infrastructure is another core negotiation point between the host government and private consortium in transportation sector PPPs.

Navigate the following subsections for more information and sample laws and agreements.

- [Airports](#)

- [Ports](#)
- [Roads](#)
- [Railways](#)
- [Urban Passenger Transport](#)
- [Transport Toolkits](#)
- [Further Reading and Resources](#)
- [Integrating Gender into Transport Projects](#)

## Further Reading and Resources

- [PPP Risk Allocation Tool \(2019\)](#) – provides a useful reference source which outlines common risks arising in different types of PPPs and different market approaches to the allocation of such risks.
- [Public-Private Partnerships for Transport Infrastructure: Renegotiations, How to Approach them and Economic Outcomes. Roundtable Summary and Conclusions](#) by Dejan Makovsek, Stephen Perkins and Bjorn Hasselgren, International Transport Forum at the Organization for Economic Co-Operation and Development (OECD) Discussion Paper No 2014-25, January 2015.
- [Public-Private Partnerships in Transportation - a Toolkit for Legislators](#) developed by the National Conference of State Legislators (2010 with updates from 2014) - includes links to PPP enabling legislation in the transport sector in different states of the United States.
- [Better Regulation of Public-Private Partnerships for Transport Infrastructure](#) (Une Meilleure Réglementation des Partenariats Public-Privé d'Infrastructures de Transport), Organisation for Economic Co-operation and Development (OECD) September 2013 (English and French).
- [A Study on Standard Financial Model for BTO Projects on Roads, Railways, and Ports](#) by Ko Hyo Suk Ko, Korea Development Institute (KDI), December 2007, (Korean with table of contents in English).
- [National PPP Policies and Guidelines](#) (Australia) – best practice guidelines published by the Australian federal government in respect of procuring infrastructure projects under a PPP model. The guidelines cover a range of topics including an analysis of different procurement models and detailed recommendations on the government's preferred position on material negotiation points in the project agreements with private contractors. Also relevant is a [Best Practice Case Study](#) published in 2010,

which summaries learnings from 8 infrastructure projects in Australia.

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3RD Party Related Content

[Further Reading and Resources in PPPs in Transport](#)

Additional Resources

[Sub-national Pooled Financing](#)

[Climate-Smart PPP Legal and Regulatory Framework](#)

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