

Railway PPPs

Full Description

Efficient rail transport can be an important catalyst for economic growth and development. Rail transport can stimulate trade, link production sites to regional and international markets, promote national and cross-border integration of regions and facilitate access to labor markets, education and health services.

Rail transport potentially provides a more energy efficient alternative to road or air transport. Investment in rail transport is therefore an important element of a low carbon transport strategy. Rail transport is also an energy efficient means to move high volumes of bulk commodities from centers of production, such as mining and agricultural areas, to ports and airports.

PPPs in railways can bring opportunities for investment, operating efficiency and modern and clean technology. PPP railway projects providing for shared use of rail tracks may lead to efficiency gains and an increased revenue basis (or reduced cost basis) for states and private investors, which would make investment in PPP schemes more attractive.

Competition and access are often key issues for railway projects, particularly those developed in remote regions (e.g. a railway line that connects a remote mining area to a port). The private railway operator may be in a very strong monopoly position as it may not be economically feasible to develop alternative transportation infrastructure to service the same region. To balance this, the private railway operator may be subject to an access regime which is designed to provide third party users with access to the railway infrastructure on non-discriminatory terms. This is discussed further in the “[Track Access Laws and Regulations](#)” section.

In large rail projects, it is relatively common to see the project partitioned, with different components being procured through different private partners (rather than for a single private party or consortium to assume responsibility for the development and operation of the entire project). For example, the operator of the rolling stock may be different to the manager of the rail tracks. This is driven by a number of different factors:

- given the size of the project and the range of expertise required, it may not be practical or economic for a single private partner (or consortium) to provide a one-stop-shop solution;
- partitioning may also give the contracting public authority more flexibility (e.g. different components of the project can be contracted for different terms);
- the contracting public authority may wish to retain certain functions on the public side; and
- competition considerations (e.g. to promote competition and mitigate the build-up of monopolistic power in a single entity).

See below for documents and links relating to PPPs in the railway sector:

- [Concessions / BOTs](#)

- [Railway Laws and Regulations](#)
- [Shared Use of Railway Tracks](#)
- [Railway Reform: Toolkit for Improving Rail Sector Performance \(PPIAF\)](#)
- [Further Reading and Resources](#)
- [Railway Organizations](#)
- [Urban Passenger Transport](#)

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Additional Resources

[Railway Concessions and BOTs](#)

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