

Toll Road PPPs: Identifying, Mitigating and Managing Traffic Risk

Full Description

Through PPP models, toll revenues can be used to service private sources of finance that can enable fiscally-constrained governments to fund new road construction, improve existing roads and ensure long-term high quality maintenance. However, the credit quality of these kind of PPPs and the associated cost and availability of finance are heavily dependent on project parties being able to accurately forecast traffic and revenues over a horizon sometimes decades in the future. History of highway PPPs tell us that this task has proven notoriously difficult and there are numerous (and even recent) examples of bankruptcies, renegotiations and government bail-outs once anticipated traffic and/or revenues have not materialized.

Why does this happen and how can it be prevented so that there is not undue capital flight from these kinds of projects or government's do not remain liable for a risk they thought they had transferred to the private sector? The answer to these questions are not always as obvious as they might seem and it's important to distinguish between forecasting error, uncertainty and bias and how to minimize both of these and manage and allocate what risk remains. The new [PPIAF](#) and [Global Infrastructure Facility](#) (GIF) publication: [Toll Road PPPs: Identifying, Mitigating and Managing Traffic Risk](#) attempts to answer these questions and provide practical guidance with perspectives from the different parties that operate in a typical highway PPP including the perspectives of a [grantor](#), a financier and a forecaster.

Webinar

Speakers

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