

PIARC (World Road Association) Strategic Plan - 2024-2027

TECHNICAL COMMITTEE 1.3 – FINANCE AND PROCUREMENT

Overview

Road infrastructures financing and procurement is always a big area of investigation. They are both ambit where the traditional national systems have known few changes. However, even keeping unchanged these traditional models some improvements and developments are necessary.

For the next cycle the TC 1.3 aims to focus on the analysis of how classic road financing and procurement systems can present themselves in a more credible guise and in step with the epochal changes of recent years. The analysis therefore dwells on the level of transparency of the road projects, on the decarbonisation of the funding and finance of these projects, as well as, finally, on how to finance the ecological transition of the existing infrastructure.

The analysis will therefore look both at future projects (providing some ideas and suggestions) and at past projects which, precisely due to the intrinsic characteristics of road infrastructures, continue to be projects of the present.

The value of transparency and all the assessments and safeguards aimed at ensuring that the Road Projects and the related sources of funding are in line with the ecological transition will therefore be at the centre of the proposed Work Plan and related deliverables.

Finally, the idea behind the type of deliverables selected is to provide quick and impactful response on each of the topic analysed to improve the social media presence of PIARC and to enhance the contribution of each TC member contributing to the implementation of this Work Plan.

1.3.1 Transparency in road projects

Purpose: This topic is focused on detecting the degree of transparency in each phase of a Road Project (procurement, performance, maintenance). Sometimes agencies' officers are concerned about making public certain information which could lead to a screening on the way they exercised their functions.

The aim of this work is discovering how much transparency has been granted in the past in 2/3 major Road Projects and how much transparency we must target for a more efficient operation of Road Projects.

Furthermore, transparency is not only a mean to control the way a project is handled but it can be also a source of data, which have a great economic and strategic value.

This kind of work is important for PIARC as a medium to enhance knowledge related to PIARC strategic theme and expand the network with partnership work.

Importance to roads agencies: This work is important to the road agency/road industry because transparency is closely related to the accountability of an agency/authority awarding new projects.

Audience/users: This work has benefit for many stakeholders related to road infrastructure: governments/road agencies/concessionaires and also financial institution involved in the financing of Road Projects. Public (other stakeholder of road infrastructure) will be provided with data those are useful to raise their awareness and voice their concerns.

Deliverables: Guideline, workshop or conference, social media.

Low and lower-middle income countries: Presenting transparency as a value is a powerful message. Encouraging transparency and accountability in road infrastructure will make road infrastructure project more efficient because cost assurance can be enhanced. Low and lower-middle income countries with limited funds will get a lot of benefit with the implementation of this guideline.

Gender inclusion & diversity: This work will give benefit to stakeholders without background separation. People from various background will be involved in this work and the implementation of the output. Gender inclusion and diversity will be ensured in this work.

Potential duration: 12 months.

1.3.2 How to make funding and finance de-carbonized: case studies

Purpose: The purpose of this work is to introduce a particular approach of funding and financing in the road infrastructures sector.

Nowadays is all about e green and circular road infrastructure to achieve net zero GHG emissions. The EU Taxonomy on sustainable investment has provided clear indication on how financial institutions and investor can contribute to the net zero target.

Innovative funding and finance are important such as using alternative tariff models, coalitions of sponsors in terms of extending the global reach, and others. In addition, this work is significant for PIARC as one of the key areas of interest for PIARC is the development of a sustainable and low carbon transportation system.

Importance to roads agencies: This work is important to road agencies/road industry because it contributes to understanding how a classic infrastructure project can be seen as a good investment for green finance and therefore it can provide inputs to road agencies on the need to de-carbonize road projects.

Audience: This work will be used by a wide range of stakeholders that include investors, policymakers, financial institutions, project developers, NGOs, advocacy groups, researchers, and academics by providing access to successful strategies, improving financial performance, and promoting innovation and compliance with regulations.

Deliverables: Briefing note, podcast.

Low and lower-middle income countries: Sustainable Road Infrastructure funding and finance has been implemented in some organizations and countries. Encouraging implementation of this work will give best practices and successful ways to funding and financing green and circular infrastructures. Low and lower-middle income countries with limited funds will get a lot of benefit with the implementation of this guideline.

Gender inclusion & diversity: This work will give benefit to stakeholders without background separation. People from various backgrounds will be involved in this work and the implementation of the output. Gender inclusion and diversity will be accommodated in this work.

Potential duration: 8 months.

1.3.3 How to finance the ecological transition of road infrastructures

Purpose: This work looks at existing road infrastructures, built in a different economic and political context. The need for an ecological transition does not concern only future projects and investments but also all the existing assets. Can a road become greener? This work is important for PIARC to encourage environmental sustainability in existing road infrastructure and transport to its members and stakeholders.

Importance to roads agencies: This work is important to the road agency/road industry to fund environmentally sustainable road infrastructure projects. The transport sector will require \$50 trillion of investment by 2040, and the investment gap is estimated at \$10 trillion, according to the estimate by Global Infrastructure Outlook. Hence, several innovative green financing models could be used to fill that gap.

Audience: This work will benefit all stakeholders. The government will be able to develop regulatory frameworks and green finance instruments such as green loans or bonds, renewable energy equity financing, carbon credits, and public institutional equity investing. The industry and private sectors will have more financing sources to fund sustainable existing road infrastructure projects.

Deliverables: Article in Routes/Roads magazine, webinar, seminar, workshop or conference.

Low and lower-middle income countries: Low and lower-middle income countries sometimes are still characterised by old construction models which do not take into account the rapid evolution of technical standards towards a de-carbonized construction industry.

Gender inclusion & diversity: This work will give benefit to stakeholders without background separation. People from various background will be involved in this work and the implementation of the output. Gender inclusion and diversity will be accommodated in this work.

Potential duration: 18 months.