



Improving and expanding access to roads

IFC Public-Private Partnerships



Modern roads are essential to move goods and people efficiently and open up new areas for development; yet a billion people worldwide still lack access to an all-weather road. Moreover, with the rapid motorization in low and middle-income countries, road safety has become a major concern. According to the World Health Organization, about 1.24 million people die each year on the world's roads and millions are injured. Facing increased needs for better transport infrastructure, more governments are recognizing that modern, well-maintained roads are key to sustained social and economic development.

For over 20 years, IFC has been a trusted advisor to governments on structuring public-private partnership (PPP) transactions, working on over 350 projects in 99 countries, including many of the world's poorest. IFC's advice in road projects helps attract investments and improve transportation services through increased private sector participation in construction, operations, and maintenance, including greenfield projects, as well as the rehabilitation and expansion of existing roads. The projects listed here illustrate how properly structured PPPs can play a key role in addressing the challenges in the road sector, improving living conditions.

In partnership with Australia, Austria, Brazil, Canada, France, Ireland, Italy, Japan, Kuwait, Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, the United States, the Public-Private Infrastructure Advisory Facility, the Global Partnership on Output-Based Aid, the Private Infrastructure Development Group, the African Development Bank, the Asian Development Bank, the Brazilian Development Bank, the Caribbean Development Bank, the Central American Bank for Economic Integration, the European Investment Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Infrastructure Consortium for Africa, and the Islamic Development Bank.

Public-Private Partnership (PPP) Transactions in Roads

PHILIPPINES: NAIA EXPRESSWAY (2013)

The NAIA Expressway Project has been identified by the government of the Philippines as a priority infrastructure project and is a key component of Metro Manila's Urban Expressway System. Implemented with IFC advisory assistance in collaboration with the Development Bank of the Philippines (DBP), the project involves the construction of a 7.15 km, four-lane elevated expressway that is expected to ease traffic to and from the international and domestic, and passenger and cargo traffic, airport terminals as well as serve as a crucial link connecting the northern and southern ends of Metro Manila. The project is expected to mobilize about \$250 million in private investment and improve transport access for approximately 100,000 passengers daily.

BRAZIL: BA-093 HIGHWAY SYSTEM (2010)

Located in the state of Bahia, in Northeast Brazil, the BA-093 interstate highway system is composed of a series of roads stretching over 126 kilometers. It connects the entire metropolitan region of Salvador with the main logistical and industrial hubs of the state, including the airport, the port of Aratu, and three other key industrial hubs. Constructed in the 1950s, the system was in a severe state of disrepair, resulting in accidents and negatively impacting tourism and the local economy. To remedy this, the government of Bahia hired the Brazilian Private-Sector Participation Program—a partnership of IFC, IDB and BNDES—to structure a concession for the operation, rehabilitation, maintenance, and expansion of the highway system. The Bahia Norte consortium, composed of Invepar (a subsidiary of OAS Construtora) and Odebrecht, won the bid. Expected capital expenditures for the project are R\$805 million. The concession is expected to substantially improve road conditions, reduce accidents, and enhance security, as well as improve access to services for 2.5 million people. It is the first highway concession involving urban tolls, an innovative approach with a high demonstration effect for other states in Brazil.

COLOMBIA: RUTA DEL SOL (2010)

The government of Colombia hired IFC as the lead advisor for the structuring of three concessions for the construction and expansion of Ruta del Sol highway. This 1,071 kilometer road connects Bogotá, the capital, with other large urban areas of the country's interior and the Caribbean coast. The \$2.6 billion project was divided into three sections:

- Villeta to Hacienda El Koran, a double lane greenfield project, which will shorten the travel time by one hour for the 78 kilometers between Bogotá and Puerto Salgar. The concession was awarded to Consorcio Vial Helios, a consortium led by Colombia's Grupo Solarte and ConConcreto S.A. together with Argentina's Iecsa S.A.
- Puerto Salgar to San Roque, a main link between the interior of the country and major production centers. This project covers 528 kilometers of flat terrain. The concession was awarded to Concesionaria Ruta del Sol SAS, a consortium led by Brazil's Constructora Norberto Odebrecht and the Colombian financial group Corficolombiana.
- San Roque to Carmen de Bolívar/Ye de Ciénaga/Valledupar, important routes for freight trucks traveling to Cartagena and

Santa María, and for vehicles traveling to Valledupar, the capital of Cesar State. This project covers 465 kilometers of semi-flat terrain. The concession was awarded to Yuma Concesionaria S.A. PSF, a consortium led by Italy's Impregilo, Colombia's Bancolombia, and the pension fund Protección.

Ruta del Sol is expected to reduce accidents, travel time, and transportation costs. The improved highway will also boost agribusiness, manufacturing, real estate, and tourism development, and help the country become more competitive.

BRAZIL: BAHIA FEDERAL HIGHWAYS (2009)

IFC and BNDES served as lead advisors to the Brazilian Ministry of Planning and the National Transport Agency (ANTT) on the modernization of 667 kilometers of federal roads in the State of Bahia. With IFC's advice, the 25-year concession to expand, rehabilitate, operate, and maintain two major roads was awarded to Rodobahia consortium, a partnership of Spain's Isolux Corsan and Brazil's Engevix and Encalso. The concession involves a 554 kilometers section of BR116, a main north-south corridor that runs from Bahia's border with the Minas Gerais state in the south, to BR324, and a 113 kilometers section of BR324 which connects BR116 to Salvador and the port of Aratu. In addition, the project will rehabilitate sections of two state roads, BA526 and BA528. The project is expected to generate an estimated \$615 million in investments. The concession will benefit thousands of people who use the roads for long distance travel as well as for locals who commute to jobs, schools, and hospitals, and improve road safety as a result of better traffic signals and reconstructed side lanes. The project will also improve access to the Port of Aratu and contribute to greater social, economic, and regional development by integrating the northeast and southern regions.

