A Review of Revenue Sources for Roads and Highways

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UNECE Pre-ITC Road and Rail Financing Conference, Geneva
Outline of presentation

• From traditional to innovative financing and the commercialisation of road assets
• A plea for the use of Smart Technology for Sustainable Mobility
From traditional to innovative financing of roads

• “Traditional” funding for roads:
  – Government funding
  – Allocation of funds decided through political process on annual basis
  – Funding source: general taxes

• Mismatches “traditional” funding?
  ➢ Single source: availability (Crisis & austerity)
  ➢ Planning cycle of roads: 15 years and over
  ➢ No relation between usage and payment
Innovative financing

• Finding other resources and revenues to draw from
• Commercialization of road assets
• Introducing life-cycle approach
• Road Funds
  – 1st and 2nd generation
  – Big discussion: earmarking of budgets
  – Other revenues than general taxes, more related to usage
• Private financing involvement
Implications private financing involvement

- Capital sources for private sectors entities: Equity & loans (domestic and international markets)

- Project finance approach: performance of the project counts.
A plea for Smart Technology to change the road financing paradigm

- IRF Policy Committee on Intelligent Transport Systems
- Meetings and exchanges around the globe
- Key messages gathered in Manifesto on Intelligent Transport Systems, evidence based
- Manifesto: positive movement embracing technology to improve quality of life

Better roads, better world.
Endorsed by global ITS leaders
The Manifesto at a Glance

The role of Intelligent Transport Systems

Challenges to mobility

The Key: Access to Sustainable Mobility (today and in the future)

Better roads, better world.
ITS in the Policy Arena

- Mobility policies
- Transport funding and investment policies
- Social policies
- Spatial planning policies
- Environmental policies
## Role of ITS

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<tr>
<th>Environment</th>
<th>Reducting congestion</th>
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<td>• Modifying people’s &amp; vehicles’ behaviour rather than restricting demand</td>
<td>• Knowing the performance of road networks</td>
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<td>• <strong>Encouragement (incentives)</strong> &amp; enforcement</td>
<td>• Managing available road capacity</td>
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<td>• <strong>Facilitation of greener choices, awareness raising</strong></td>
<td>• <strong>Offering different paradigm for paying for mobility and funding roads</strong></td>
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<td>• Monitoring and comparing impact on emissions of traffic management interventions</td>
<td>• Provision of tailored real time travel information</td>
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<td>• Supporting compliance to traffic regulations</td>
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The Manifesto policy recommendations

• Technology is here; now is the **time to commit**

• Recognise the importance and create **proper policy frameworks**
Summary of recommendations

C. Encourage Sustainable Mobility Behaviour

- Translate user pay principle into pragmatic pricing strategies

- Paradigm shift for financing transport investments
Way forward

IRF continues its efforts and commitment by:

• Setting the agenda and addressing the issue at international forums
• Providing a global and neutral platform for discussion
• Joining forces and collaboration with stakeholders
• Supporting national initiatives to address ITS policy
Calendar of Events:

Joint ITS Arab/IRF Workshop “ITS Deployment in the MENA Region”
- 20 March 2013 – Marrakech, Morocco
- In conjunction with IRF Regional Conference North Africa & Mediterranean

IRF Workshop: Key Performance Indicators of ITS Policy
- 25 April 2013 - Brussels, Belgium

IRF Workshop on ITS Policy
- 11-12 September 2013 – Singapore/Hongkong, China
Thank you for your attention!

Get your copy of the Manifesto on [www.irfnet.ch](http://www.irfnet.ch)