

Alternative Financing Instruments and Resources in Infrastructure Investments

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Abstract:

After the 1980s period, governments were in pursuit of new financial methods for financing infrastructure investments due to high investment costs, demand increase and insufficient public resources. In this process, in carrying out the infrastructure investments, the role of the state has decreased while the role of the private sector has increased and the usage of the Public Private Partnership (PPP) model has become widespread. Moreover, the necessity has arisen for the private sector to use alternative financial instruments for financing the infrastructure investments because of the tight regulation of the banking system (such as Basel III) and the higher borrowing cost of the private sector (relative to state). Therefore, alternative financial instruments and resources such as bonds, mutual funds, pension funds, insurance funds have played an important role in financing infrastructure investment gap. Institutional investors, multilateral development banks (MDBs) and countries are producing alternative solutions in this respect. Within this scope, in this study alternative instruments and resources for project financing and selected sample cases have been studied.

Keywords: Infrastructure Investments, Institutional Investors, Pension Funds, Public Private Partnerships, Project Bonds, Alternative Financing Instruments

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