



Tech Project Finance

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Developed countries have built the required infrastructures in most of the sectors, among others, ports, railways infrastructure, energy or sanitation. There is a sector that has been consistently growing over the past years, which is in constant evolution and is currently advancing by leaps and bounds: The technology sector.

We can feel the proliferation of technologies in the transportation sector with new projects like the *hyperloop*, fast, vacuum-filled, tube-based, transportation system that theoretically zip passengers from Los Angeles to San Francisco in 35 minutes, or an underground high-speed transit network through which magnetic sleds shuttling cars would travel at speeds of 200 km/h.

Dubai-based “flying taxis” (also called passenger drones), China’s straddling bus that can circulate above the cars, and all kind of autonomous vehicles, are further examples of this revolution.

Regarding the autonomous vehicle, there are five levels of autonomy classification, depending on the degree of human control. This classification serves as general guidelines for how technologically advanced a vehicle is. Level 5 is a fully autonomous system that expects a vehicle’s performance to equal a human driver.

Only a few years ago, the autonomous or unmanned vehicles in air, land and sea were considered science fiction. However, in the last edition of the Geneva Motor Show, stand-alone Level 5 cars have been shown, and these vehicles are expected to be implemented in a very near future.

An inevitable question to be posed is: *“Are the infrastructures of the countries prepared for this technology revolution that will shape the cities as we know them nowadays?”*

The European Union has funded different programs like the V-Charge Consortium (about €5.6 million) which is working on a fully automated parking and charging system for electric cars at public car parks, or the European CityMobil2 which will implement fully automated road transport systems.

The high costs of infrastructure projects require sustainable funding to be undertaken.

Traditionally the infrastructure projects have been financed through project finance, project bonds, or even a combination of both. Nevertheless, tycoons and entrepreneurs behind this tech revolution are bringing all sorts of innovations to the industry, including the development of new and unusual ways of financing. In this regard, a well-known solar company has tried to pursue



individual investors through its website offering “solar bonds”. However, at this stage, it seems difficult to believe that these innovative financings may replace the traditional financing systems.

As a conclusion, it is crystal clear that tech projects with direct impact on the infrastructure network will be conducted. Such projects will entail not only a total shape of the large cities’ infrastructure, but also several legislative amendments. Overall, this will lead to a new peak of project finance, which we dare to call “*Tech Project Finance*”.

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