

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Strengthening the enabling environment for the development of efficient PPPs in Latin America and the Caribbean. Learning from the Korean experience
▪ TC Number:	RG-T4807
▪ Team Leader/Members:	SUAREZ ALEMAN, ANCOR (INE/PPP) Team Leader; CASTROSIN, MARIA PILAR (INE/PPP) Alternate Team Leader; VALENTE LINS PAULA (INE/PPP); BANDA MENDEZ MIRYAM EDITHA (INE/PPP); CHIRINOS HERRERA ALEJANDRO (INE/PPP); LEDUC, DENIS (INE/PPP); CAVALLO, EDUARDO (INE/INE); PACHECO, EDUARDO (INE/PPP); PEREZ URDIALES, MARIA (INE/WSA); BAGNOLI, LISA SERENA (INE/INE); BALZA ANGULO, LENIN HUMBERTO (INE/ENE); RIVAS AMIASSORHO, MARIA EUGENIA (INE/TSP); MENDOZA BENAVENTE, HORACIO (LEG/SGO); PARK, JIEUN (INE/PPP)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	28 May 2025
▪ Beneficiary:	Peru, Brazil, Chile, Colombia, Jamaica, Panama, Uruguay
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$550,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/PPP - Public Private Partnerships Single Window
▪ Unit of Disbursement Responsibility:	INE/PPP - Public Private Partnerships Single Window
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity, rule of law, and citizen security; Public sector policy and management; Private sector development; Sustainable, resilient, and inclusive infrastructure; Productive development and innovation through the private sector

### II. Objective and Justification

- 2.1 2.1 The ultimate goal of this Technical Cooperation is to leverage the Korean experience to enhance PPP public policy in LAC mature economies, while also understanding the dynamics of the PPP market and identifying opportunities for new players. Firstly, the TC will support LAC countries in creating a more conducive environment for developing strong and effective PPPs. This will involve improving the regulatory and institutional frameworks for PPP planning, selection, and prioritization within the region (Component 1). Additionally, the TC will focus on enhancing the processes for PPP project preparation, structuring, and financing in two LAC countries (Component 2). These technical assistance efforts will be informed by comprehensive analyses and best practices from around the world, particularly drawing from Korea's experiences. Secondly, the initiative will conduct a diagnosis of international actors who have the potential for increased engagement in Latin America and the Caribbean.

This will include analyzing challenges and opportunities for their active participation by sector, subsector, region, and country, while leveraging South Korea's expertise in PPP (Component 3). By aligning regulatory reforms with market insights, this TC will help attract new stakeholders, enhance competition in PPPs, and contribute to the development of high-quality infrastructure in the LAC region.

- 2.2 The Infrascopes 2023/2024, developed by the IDB in collaboration with Economist Impact, provides a roadmap for public policy interventions to strengthen the enabling environment for sustainable and efficient Public-Private Partnerships (PPPs) in Latin America and the Caribbean (LAC). Covering 26 IDB Group countries, the assessment evaluates five key areas: regulatory and institutional frameworks, preparation of sustainable projects, project financing, risk assessment and monitoring, and impact evaluation. The latest Infrascopes results highlight significant progress across LAC but also underscore persistent challenges and opportunities for improvement. Key findings include: (i) Institutional capacity gaps: Only half of the 26 countries have fully operational PPP agencies. Seven have limited-functionality PPP units, while six have none. Staffing and training deficiencies remain widespread, weakening implementation capacity. (ii) Low financial closure rates: Fewer than 60% of tendered PPP projects reach financial close. Persistent barriers—such as high financing costs, inadequate risk management, and weak project preparation—undermine private sector participation. (iii) Lack of systematic learning: Only 7 countries require post-project evaluation reports to inform future projects. Without structured impact measurement and feedback mechanisms, lessons from past projects are often lost. (iv) Limited integration of sustainability: Only 4 countries incorporate resilience criteria into PPP regulations. The regional average score on sustainability in the Infrascopes remains below 25 out of 100, revealing a critical gap in aligning PPPs with resilience objectives.
- 2.3 Against this backdrop, Korea's robust PPP experience offers valuable lessons. Since launching its PPP program in 1994, Korea has implemented 853 projects across sectors such as transport, education, and the environment, mobilizing approximately USD 92.5 billion (KRW 135 trillion) by end-2023. Its strengths in regulatory design, risk-sharing frameworks, innovative financing, and sustainability integration provide a strong reference point for LAC countries aiming to modernize their PPP ecosystems. In addition, Korea's experience will be leveraged to generate market intelligence. Aligning regulatory reforms with investor needs enables countries to unlock private capital and boost competition in PPP bidding processes. This is especially relevant for mature economies—such as Peru, Brazil, Chile, Colombia, Jamaica, Panama, and Uruguay—where better data and targeted reforms can help attract new players, drive innovation, and enhance project outcomes.
- 2.4 This Technical Cooperation (TC) is aligned with the goals of the Korea Fund for Private Sector Development and Innovation (KPS) by promoting private sector participation in infrastructure and complements existing IDB initiatives such as RG-T4004. The TC focuses on upstream support to enhance the regional PPP ecosystem and contributes to the IDB's Institutional Strategy for 2030.

### III. Description of Activities and Outputs

- 3.1 **Component I: Component I: Enhancement of regulatory and institutional frameworks for PPP project planning, selection, and prioritization in mature LAC economies.** This component will provide technical assistance to a country in the region to enhance its planning, selection, and prioritization processes for projects by establishing standardized methodologies with predetermined criteria to be applied to multi-sector project portfolios.
- 3.2 **Component II: Component II: Improving the processes for preparing, structuring, and financing PPP projects in LAC's mature economies.** This component will offer technical assistance to two countries in the region to enhance

their project preparation processes. It will incorporate sustainability from both social and environmental perspectives, focusing on resilience and climate change mitigation, as well as addressing institutional and fiscal aspects to attract sources of sustainable financing.

- 3.3 **Component III: Component III: Analysis of challenges and opportunities for increasing Korean participation in the LAC PPP market, categorized by sector, subsector, region, and country.** To encourage investment in PPP in the region, this component will assess international actors with the potential for increased involvement in Latin America and the Caribbean. This assessment will be organized by sector, subsector, region, and country, identifying both opportunities and challenges for their participation. The goal is to increase competitive dynamics in PPP bidding processes and improve the overall competitiveness of the sector along with the impact of projects

#### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I: Enhancement of regulatory and institutional frameworks for PPP project planning, selection, and prioritization in mature LAC economies	US\$100,000.00	US\$0.00	US\$100,000.00
Component II: Improving the processes for preparing, structuring, and financing PPP projects in LAC's mature economies	US\$200,000.00	US\$0.00	US\$200,000.00
Component III: Analysis of challenges and opportunities for increasing Korean participation in the LAC PPP market, categorized by sector, subsector, region, and country	US\$250,000.00	US\$0.00	US\$250,000.00
<b>Total</b>	<b>US\$550,000.00</b>	<b>US\$0.00</b>	<b>US\$550,000.00</b>

#### V. Executing Agency and Execution Structure

- 5.1 The Bank will be the executing agency for the project, in line with the provisions of paragraph 2.1 of Annex II of document OP-619-4, through INE/PPP, which has the specialized knowledge in providing assistance on relevant issues related to the project's objectives. The execution and disbursement period will be 36 months and the Unit of Disbursement Responsibility (UDR) will be INE/PPP. The activities to be executed under this operation have been included in the Procurement Plan (Annex) and will be executed in accordance with the procurement methods established by the new Institutional Procurement Policy (GN-2303-33), approved by the Bank's Board of Executive Directors on November 22, 2023, which consolidates and replaces the Institutional Procurement Policy (GN-2303-28) and the Policy for the Selection and Hiring of Consulting Firms for Operational Work Executed by the Bank (GN-2765-4). In the case of individual consultants, contracts will be made in accordance with the provisions of AM-650 standards.

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## **VI. Project Risks and Issues**

- 6.1 The implementation risks of this TC are low. This TC is fully aligned with the objectives of the IDB, and the work will be carried out under the direct coordination and guidance of the IDB VUAPP leader. In no case will any work be advanced without first obtaining the no-objection letter from the corresponding Government, which will be incorporated into the Bank's systems. The key execution risk of this technical cooperation is the uncoordinated action of the involved public sector entities. To mitigate this risk, the Bank, through the VUAPP, will work closely with the corresponding Country Offices, external counterparts, and various internal counterparts (through the PPP focal point network) to ensure harmonization in the implementation of the appropriate protocols and the efficient development of the requested technical assistance.

## **VII. Environmental and Social Aspects**

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).