

Enhancing Infrastructure Development Effectiveness in LAC: Lessons from Upstream PPP Support (D4556)

Description:

Since late 2017, the IDB's PPP Unit – unique among Multilateral Development Banks for integrating upstream and downstream PPP support under a single operational window – has led the strengthening of regulatory, institutional, and planning frameworks to improve the enabling environment for private investment in infrastructure. The Bank's upstream PPP agenda has evolved across three areas: knowledge generation; community building through the PPP Evaluation and Best Practices Network; and, most prominently, technical assistance to LAC governments. This TC focuses specifically on evaluating the performance and development effectiveness of this third area: more than 60 upstream technical assistances delivered across 16 countries to improve regulations, institutional capacities, project preparation, contract management, and monitoring. The evaluation will examine results achieved in relation to the resources deployed and identify what works, what does not, and under which conditions.

Upstream assistance has produced tangible outcomes in diverse contexts. In mature PPP markets such as Chile, Colombia, and Brazil, support has helped strengthen institutions in ways that later facilitated downstream structuring. In countries with nascent PPP ecosystems—including Belize, Ecuador, or Paraguay—it has contributed to establishing foundational governance and planning frameworks and has begun to generate opportunities for mobilization towards high-quality and effective infrastructure. Together, these efforts have supported the development of PPP pipelines currently exceeding USD 250 billion across the region.

As the upstream PPP agenda approaches its first decade, this TC seeks to embed systematic learning into its evolution. The assessment will generate insights not only to improve interventions within each country but also to extract lessons from more advanced PPP ecosystems that can guide support in countries with incipient or nonexistent frameworks. Developed through systematic consultations with public-sector counterparts and private stakeholders—both contributing perspectives on achieved results and remaining challenges—and integrated with the preparation of PPP Americas 2027, which will convene all parties.

Submitted by:

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Client Support (CS)

Tags:

Linked Ideas:

Whiteboard:

Team Leader Name

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Team Leader Responsible Department

PPP

If you selected "Other" above, please specify the Team Leader Responsible Department.

Secondary Responsible Department(s)

INE

If you selected "Other" above, please specify the Secondary Responsible Department(s).

Pre-identified Funding Source

Sustainable, Resilient, and Inclusive Infrastructure

Is the loan that this TC intends to support registered on Convergence?

What is the name, operation number, and amount of the related loan?

What is the type of support?

What is the estimated funding that you need in order to implement this proposal?

850,000

Specify the beneficiary countries for this TC proposal

All 26 borrowing member countries

Describe how the proposal aligns with the respective country strategy (for each country selected), as applicable

For Argentina, the Country Strategy 2025–2028 (GN-3288) highlights the importance of providing support for the agenda of public enterprise reform, new concessions, and public-private partnership (PPP) schemes in infrastructure and services, particular in the pillar II: Liberalizing the economy to unlock private investment and growth.

For The Bahamas, the Country Strategy 2024–2028 emphasizes the need to boost private-sector competitiveness, noting that improving the regulatory environment and investment climate is essential to expand private participation in infrastructure and enhance service delivery. The Strategy's focus on creating conditions for greater private investment underscores the importance of mobilizing private capital to address the country's infrastructure and resilience challenges.

For Barbados, the Country Strategy 2025–2030 underscores that both public and private participation are necessary to boost development impact, especially in sectors with significant infrastructure needs. The strategy highlights that revitalizing the economy requires a stronger enabling environment to stimulate private investment through PPP, essential for advancing infrastructure and supporting sustainable growth.

For Belize, the Country Strategy 2026–2030 highlights the need to reinforce PPP frameworks to mobilize greater private participation in infrastructure, framing this as part of its priority to enhance institutional capacity and boost private sector led investment.

For Bolivia, the Country Strategy 2022–2025 highlights the need to promote the inclusion of the private sector as an engine of growth, underscoring the importance of creating stronger institutional and regulatory conditions that can enable greater private participation in infrastructure.

For Brazil, the Country Strategy 2024–2027 (G-2973-3) mention that the IDB Group will aid the country in structuring sustainable, inclusive, and efficient concessions and PPPs to address infrastructure challenges through private-sector engagement and strengthen the institutional framework and management capacity of PPPs. This objective is set forward as part of the pillar 2: Accelerating growth through strong institutions and enhanced productivity.

For Colombia, the Country Strategy 2024–2027 (GN-3238-1) indicated the need of strengthening the capacity to prepare PPP projects (preinvestment) and improving the regulatory, institutional (with an emphasis on interagency coordination), planning, and financing environments to enable efficient, inclusive, and sustainable public-private projects and collaboration, in both economic and social infrastructure. This objective is clearly stated in its pillar 2" Promote greater growth and productivity.

For Costa Rica, the Country Strategy 2022–2025 underscores the need to mobilize private participation in public infrastructure, emphasizing reforms that strengthen the regulatory and institutional framework for PPPs. It highlights creating a robust enabling environment—including a PPP project-preparation facility—to ensure the successful development and implementation of sustainable infrastructure projects.

For Chile, Country Strategy 2022–2026, proposes supporting the country through a multisectoral and integrated approach that prioritizes public–private coordination to improve the quality and accessibility of social and public services, while also strengthening institutional capacities to enhance Chile's long term development effectiveness.

For the Dominican Republic, the Country Strategy 2025–2028 emphasizes advancing private-sector-led growth, highlighting the need to strengthen the enabling environment for investment, including public-private partnerships (PPPs). The strategy notes that the country's new growth model explicitly incorporates PPPs as a driver of infrastructure development, requiring robust institutional and regulatory conditions for their successful implementation.

For Ecuador, the Country Strategy 2022–2025 (GN-3103-1) includes as a priority area the promotion of public-private partnerships (PPPs) as a vehicle for investment, with focus on developing a more efficient provision of infrastructure and associated services and at the same time making a sustainable use of fiscal resources. The articulation of this priority is presented in the priority area 1: Development of the productive sector as a driver of sustainable growth.

For Jamaica, the Country Strategy 2022–2026 states that IDB Group will continue to support with focus the generation of a portfolio of sustainable, profitable, and bankable projects, as well as on various mechanisms and facilities for preparing and structuring projects that allow channeling a better and greater mode of financing towards infrastructure, highlighting the importance of the operationalization of the Climate Resilience Toolkit. This focus is discussed in the strategic area A: Reactivate the productive sector for sustainable growth.

For El Salvador, the Country Strategy 2025–2029 highlights the importance of strengthening the enabling environment for private sector participation in different sectors as part of its effort to foster a more competitive economy and improving citizen's quality of life.

For Guatemala, the Country Strategy 2024–2028 stresses that limited institutional and regulatory capacity continues to hinder an environment supportive of private investment, highlighting gaps in public spending efficiency, business regulation, and PPP related governance. The Strategy underscores that strengthening productive infrastructure and improving logistics require deeper public private collaboration, including PPPs, to expand climate resilient connectivity and enable firms—especially MSMEs—to integrate into value chains. It also notes that coordinated IDB Group efforts will help advance regulatory and institutional reforms that create clearer conditions for private participation and support more competitive and inclusive growth.

For Guyana, the Country Strategy 2023–2026 positions public-private partnerships as part of the IDB Group's coordinated approach to undertaking reforms and regulatory updates that foster a supportive enabling environment for private investment and market development. The Strategy further highlights that synergies across IDB, IDB Invest, and IDB Lab will focus on combining regulatory and market expertise with structuring and financing capabilities to advance PPPs as a mechanism to facilitate private sector development and improve service delivery.

For Haiti, the Country Strategy extension underscores that improving the business climate and institutional capacity is essential to enable private engagement amid severe infrastructure and service gaps. It highlights that coordinated IDB Group support can advance reforms and unlock opportunities for PPP type collaboration,

In the case of Honduras, the new strategy under preparation is expected to include a renewed interest in a more intense participation of the private sector in infrastructure for which will be essential to reinforce the capacities for the identification and preparation of PPP projects.

For Mexico, the Country Strategy 2019–2024 highlights that strengthening institutional frameworks, improving public investment management, and expanding sustainable infrastructure are central to boosting investment. The Strategy notes that improving transparency, enhancing financing mechanisms, and deepening IDB Group coordination can help create conditions

for greater private participation in areas such as clean energy, connectivity, and resilient infrastructure, opening space for PPP-type collaboration within a more robust enabling environment.

For Panama, the Country Strategy 2025–2029 highlights that strengthening the PPP framework under Law 93 of 2019 is essential to expand private participation in infrastructure. It emphasizes improving institutional capacity for PPP contracting, advancing project structuring and fiscal impact accounting, and using PPPs in sectors like solid waste, health, education, and water and sanitation to mobilize private investment while managing fiscal risks.

For Paraguay, the Country Strategy 2025–2029 notes that PPPs remain limited and that weak institutional coordination and low structuring capacity hinder project development. The Strategy prioritizes strengthening the PPP framework, including amending the PPP law, improving MEF–MOPC coordination, building a bankable project pipeline, and enhancing fiscal risk management to enable greater private participation in infrastructure.

For Peru, the Country Strategy 2022–2026 prioritizes strengthening the PPP system, supporting reforms to improve governance, institutional coordination, and project preparation, and enhancing risk allocation to ensure bankable pipelines aligned with the National Infrastructure Plan.

For Suriname, the Strategy notes that the IDB Group will seek to expand infrastructure investment through the private sector or via PPPs when they are the optimal mechanism, supporting the government in mobilizing private participation to close investment gaps.

For Trinidad and Tobago, the Country Strategy 2021–2025 notes that strengthening the institutional framework and management of public–private partnership (PPP) projects is a priority for improving the environment for private investment. The IDB Group highlights the need to enhance PPP governance as part of broader efforts to mobilize private capital, support economic transformation, and expand infrastructure and service delivery.

For Uruguay, the Strategy highlights the need for develop capacities to seek for public private mechanisms and allow the private sector to actively participate in infrastructure in a coordinate way.

Identify and describe how the proposal aligns to the sector framework(s)

Select the Core Objective(s) of IDBStrategy+ with which the proposal aligns

Bolstering Sustainable Growth

Select the Operational Focus Area(s) of IDBStrategy+ with which the proposal aligns

Sustainable, Resilient, and Inclusive Infrastructure

Productive Development and Innovation through the Private Sector

Justify alignment with each selected Operational Focus Area.

This TC aligns with the IDBG Institutional Strategy – IDB Impact (2024-2030) (CA-631), which places the promotion of sustainable and inclusive growth at the center of the Bank's development agenda. By strengthening upstream PPP frameworks—including institutional capacity, regulatory quality, and evidence-based planning—the initiative directly contributes to strategy's objective of boosting long-term, sustainable growth through better public-sector capabilities and more effective mobilization of private investment in infrastructure.

In terms of operational focus, the TC advances the strategy's pillar of Sustainable, Resilient, and Inclusive Infrastructure. By improving the enabling environment for PPP preparation and execution, the TC supports countries in expanding infrastructure that is not only increased in quantity but improved in quality—more climate-resilient, socially inclusive, fiscally responsible, and capable of delivering long-term value. Strengthening upstream processes ensures that projects entering the pipeline are better structured, more bankable, and designed to withstand environmental, operational, and financial shocks.

Additionally, the TC reinforces the strategy's emphasis on productive development and private-sector–driven innovation. Better-designed PPPs catalyze efficiency, modernize infrastructure services, and enhance productivity across sectors such as transport, energy, water and sanitation, and social infrastructure. Through this TC, the Bank helps governments create the conditions for scalable private participation, improved service delivery, and investment mechanisms that support competitiveness and sustainable economic transformation in LAC.

Select the expected outputs of this proposal

Upstream Business Development (Action Plans, Studies, Investment Master Plans, etc.)

Policy Dialogues

Public-Private Partnership (PPP) Project Preparation or Execution Support (Assessments, Contracts, Designs, Evaluations, Plans, Studies, Transactions, etc.)

Outputs: Please provide a brief description of the output(s) selected above (i.e. number of units planned, estimated cost, etc.) If you selected others, please specify.

Output 1 – Diagnostic and evidence generation on PPP enabling environments in LAC: Conduct a comprehensive evaluation of (almost) a decade of upstream PPP technical assistance in the region, through +60 specific technical assistances, analyzing how IDB support has influenced the development of enabling environments for PPPs—including advances in project preparation quality, institutional readiness, governance frameworks, and implementation capacity. This output will generate robust evidence base on what has worked, what has not, and under which conditions, providing insights to strengthen future upstream interventions. The analysis will incorporate perspectives from public-sector counterparts and private stakeholders to capture both institutional outcomes and market signals, and will identify lessons that can inform support in countries at different stages of PPP maturity -3 documents including evaluation, analysis and consultations - U\$S 300.000

Output 2 - Application of improved solutions to strengthen PPP enabling environments in selected

countries: Implement tailored measures to enhance the regulatory, institutional, and planning frameworks for PPPs in four countries, applying the evidence and lessons generated under Output 1. This output will translate diagnostic insights into concrete reforms and capacity-building actions aimed at improving project preparation quality, institutional capability, governance practices, and the long-term sustainability of national PPP programs. Interventions will be co-designed with public-sector counterparts and informed by market perspectives to ensure practical relevance, feasibility, and alignment with each country's stage of PPP maturity, ultimately enabling more robust and predictable PPP pipelines - 4 countries assisted - U\$S 350,000

Output 3 – Support to the organization of PPP Americas 2027 – 1 event – U\$S 200,000

Outcomes: If the outputs are delivered successfully, what is the change expected (in capacity, knowledge, behavior, etc.)?

If the outputs are delivered successfully, the TC is expected to generate a measurable improvement in the region's capacity, knowledge, and institutional behavior related to PPP development: governments and the IDB will gain a deeper, evidence-based understanding of the effectiveness of upstream interventions and the conditions under which they generate results; public institutions in the four assisted countries will strengthen regulatory, institutional, and planning practices that enhance project preparation quality and long-term PPP program sustainability; key actors across the PPP lifecycle will adopt more predictable, transparent, and better-coordinated behaviors informed by public- and private-sector consultations; and countries with emerging PPP frameworks will accelerate their institutional convergence with more mature ecosystems by applying lessons learned from the regional analysis, ultimately improving development effectiveness, investor confidence, and the resilience of PPP pipelines across Latin America and the Caribbean.

Team Leader Responsible Department**Secondary Responsible Department (if more than one)**

Has the proposal been discussed and authorized by the responsible sector or country department/division, as applicable?

Are there specific countries that will directly benefit from your proposal?

Does this proposal involve more than 19 beneficiary countries?

Does the proposal align to one or more sector frameworks?

Select the operational focus areas of the new Institutional Strategy to which the proposal aligns

Indicate if the proposal aligns/contributes to one or more of the strategic priorities established by Management, please select from below

Justify the alignment to each selection above

Are outputs strictly Knowledge Products?

Describe the motivation and main question(s) this TC intends to answer.

If outputs include Knowledge Product(s), please specify which one:

Justify the alignment to each selection above

Additional Information for consideration

Describe the methodological approach to be used and the type of data (when applicable) which will be used

Please confirm the year of the Regional Technical Cooperation Call you are applying for

Specify the beneficiary countries for this TC proposal

(0) Attachments

0 Comments