

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

ENHANCING INFRASTRUCTURE DEVELOPMENT EFFECTIVENESS IN LAC: LESSONS FROM UPSTREAM PPP SUPPORT

(RG-T4941)

PROJECT DOCUMENT

This document was prepared by the project team consisting of: Team Leader: Suarez Aleman, Ancor (INE/PPP); Alternate Team Leader: Castrosin, Maria Pilar (INE/PPP); Attorney: Bonilla Merino, Arturo Francisco (LEG/SGO); Team Members: Bejarano Castillo, Maria Paula (INE/PPP); Camilo Javier, Anna Isabel (INE/PPP); Dias Mendes, Victor (INE/PPP); Menezes Martinelli Guilherme (INE/PPP); Perez Gonzalez, Pablo (INE/PPP).

REGIONAL ENHANCING INFRASTRUCTURE DEVELOPMENT EFFECTIVENESS IN LAC: LESSONS FROM UPSTREAM PPP SUPPORT RG-T4941		
PROJECT SUMMARY		
Operation Type:	Technical Cooperation	
Sector:	OTHER	
Subsector:	N/A	
TC Taxonomy:	Client Support	
Project Number under the Operational Support Taxonomy:	N/A	
Technical Responsible Unit:	INE/PPP-Public Private Partnerships Single Window	
Unit with Disbursement Responsibility (UDR):	INE/PPP-Public Private Partnerships Single Window	
Executing Agency:	Inter-American Development Bank	
PROJECT OBJECTIVE		
The objective is to evaluate the performance and development effectiveness of the IDB's upstream PPP technical assistance agenda over the last decade, covering more than 60 interventions delivered across 18 countries in LAC — identifying what works, what does not, and under which conditions. All of this with the ultimate purpose of embedding systematic learning into the evolution of upstream PPP support, extracting lessons from more advanced ecosystems to guide interventions in countries with incipient or nonexistent frameworks, and strengthening the regulatory, institutional, and planning environments that enable a new generation of high-quality, effective, and sustainable infrastructure across the region. Building on the findings of the assessment, the TC will also support the translation of lessons learned into concrete institutional strengthening actions in up to three countries. These interventions may include support for regulatory and institutional reforms, PPP planning and prioritization frameworks, capacity-building initiatives, governance and oversight arrangements, fiscal and project risk management systems, project preparation methodologies, monitoring mechanisms, sustainability frameworks, and performance evaluation tools. Finally, the evidence collected and results of specific interventions will be disseminated during PPP specific events to be financed by this TC.		
FINANCIAL INFORMATION		
Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	P3D - OC SDP Pillar 3 - Sustainable, Resilient, and Inclusive Infrastructure	850,000
Total IDB Financing		850,000
Counterpart Financing		0
Total Project Budget		850,000
Donors:	N/A	
Disbursement Period:	36 months	
Execution Period:	36 months	
ADDITIONAL FINANCIAL INFORMATION		
N/A		

I. JUSTIFICATION AND OBJECTIVE

I.1. **Diagnostic.** Public-Private Partnerships (PPP) have become an increasingly relevant instrument for infrastructure development in Latin America and the Caribbean (LAC), particularly in a context marked by persistent investment gaps, fiscal constraints, and growing demand for better, more resilient, and more sustainable public services. Over the past 30 years, the region has mobilized close to US\$750 billion in private investment in infrastructure—almost 25% more than East Asia and the Pacific, twice the level of South Asia, three times that of developing Europe and Central Asia, and almost eight times that of Sub-Saharan Africa (World Bank 2024). Institutional progress has also been significant. Over the past decade, fourteen countries in the region have developed or strengthened their PPP markets; and while in 2009 only Chile had the institutional capacity required to properly design and supervise PPP projects in line with international standards, ten years later sixteen countries had established dedicated agencies to promote, support, and monitor private participation in infrastructure ([EIU 2014](#); [Economist Impact and IDB 2022, 2024](#)).

I.2. Despite these advances, major challenges remain. LAC still needs to invest around US\$250 billion per year to close its sustainable infrastructure gap ([Brichetti et al. 2021](#); [Álvarez Pagliuca et al. 2022](#)), equivalent to at least 3.12% of GDP annually through 2030 to meet the Sustainable Development Goals. These needs are compounded by substantial social infrastructure requirements, including approximately US\$153 billion for new hospitals, equipment, and modernization of existing hospital infrastructure. Failure to expand and adequately maintain infrastructure assets could cost the region up to 15% of GDP growth over a ten-year period and disproportionately affect low-income households through higher affordability pressures ([Cavallo and Powell 2019](#)).

I.3. These demands arise in a highly constrained fiscal environment. Total debt in LAC increased from around US\$3 trillion in 2008 to nearly US\$5.8 trillion after the pandemic, equivalent to 117% of regional GDP, while public debt exceeded 70% of GDP—above the estimated prudent debt range of 46% to 55% for the region (IDB 2023; [Powell and Valencia 2023](#)). At the same time, public infrastructure investment has remained both insufficient and inefficient, averaging only 2.08% of GDP between 2008 and 2021, with estimates suggesting that the region wastes one out of every two dollars allocated to public infrastructure investment ([Suárez-Alemán, Serebrisky, and Perelman 2019](#)). In this context, mobilizing private capital through well-prepared and well-governed PPPs is increasingly important. However, greater levels of private participation do not automatically translate into better infrastructure outcomes. The quality of the institutional, regulatory, planning, and governance environment in which PPPs are developed remains a critical determinant of their performance and long-term contribution to development objectives.

I.4. The [Infrascope 2024](#), a data-driven benchmarking platform that assesses countries' infrastructure, policy, and investment readiness for the implementation of PPP, shows that, although many countries have strengthened their PPP frameworks, significant gaps persist in institutional capacity, regulatory quality, project preparation, transparency, accountability, fiscal management, and access to financing ([Economist Impact and IDB 2022, 2024](#)). These findings suggest that, beyond financing individual transactions, strengthening PPP enabling environments remains an important area of public sector support. Improving the rules, institutions, capacities, and processes through which PPPs are identified, prepared, procured, managed, and evaluated is often a prerequisite for

developing sustainable PPP programs capable of delivering high-quality infrastructure and public services.

I.5. Within this context, the IDBG has supported countries through a combination of upstream and downstream PPP interventions. Downstream interventions focus on the identification, preparation, and structuring of specific PPP projects, including pre-feasibility analyses, business cases, risk allocation, value-for-money assessments, and transaction structuring. Upstream interventions, by contrast, seek to strengthen the broader enabling environment within which PPP programs and projects operate. In this TC we will focus in this second group of interventions. These generally encompass five dimensions: (i) regulatory and institutional frameworks for PPPs; (ii) PPP planning, prioritization, and capacity building; (iii) sustainability, project preparation, and financing-related frameworks; (iv) risk management, monitoring, and supervision mechanisms; and (v) ex post evaluation, performance measurement, and impact assessment.

I.6. Over the last decade, a substantial portfolio of upstream PPP technical assistance has been implemented across the region. Between 2018 and 2026 alone, more than 60 technical assistance operations supporting PPP enabling environments were delivered across 18 countries, covering a wide range of institutional contexts and levels of PPP market maturity. These interventions have addressed issues such as legal and regulatory reforms, institutional strengthening, project prioritization frameworks, fiscal risk management, contract supervision systems, sustainability considerations, and performance evaluation methodologies. The breadth and diversity of this portfolio provide an important opportunity to generate evidence on how upstream technical assistance contributes to strengthening PPP ecosystems and under what conditions such support is most effective.

I.7. While individual interventions have generated valuable experiences across countries with different levels of PPP maturity, available evidence remains fragmented and has not yet been systematically analyzed across the portfolio. In more mature PPP markets, technical assistance has often focused on refining institutional arrangements, strengthening project preparation processes, improving sustainability practices, and enhancing contract management frameworks. In countries with more incipient PPP ecosystems, support has frequently centered on establishing foundational legal, regulatory, and planning frameworks, while building public sector capacities to manage PPP programs. However, the extent to which these different approaches have generated durable institutional improvements, supported project development, or strengthened PPP performance remains an empirical question that requires systematic assessment.

I.8. This need for evidence is particularly relevant in the context of [IDBImpact+](#), which places development effectiveness, learning, and evidence-based decision-making at the center of the Bank's activities. As upstream PPP support approaches its first decade of implementation at scale, a key question is not only whether technical assistance activities were delivered as planned, but also whether they effectively contributed to stronger PPP enabling environments, improved institutional capacities, better project preparation practices, enhanced governance arrangements, and ultimately more effective infrastructure delivery. Understanding these linkages is essential for improving the development effectiveness of future upstream PPP support, allocating resources more efficiently, and ensuring that technical assistance contributes to measurable development outcomes.

I.9. **Request.** Governments across LAC have a recurring need for upstream PPP support to strengthen the enabling environment for infrastructure development. Assessing the results achieved through upstream PPP support and identifying the factors associated with successful implementation will generate evidence on what works, what does not, and under which conditions, thereby contributing to a more rigorous understanding of the role that technical assistance can play in strengthening PPP enabling environments across Latin America and the Caribbean. The INE/PPP Unit has engaged in discussions with several countries which have expressed interest in receiving IDB support for strengthening PPP enabling environments, based on the evidence of success and lessons learned gathered in the TC. These initiatives would address key areas such as legal and regulatory reforms, institutional strengthening, project prioritization frameworks, fiscal risk management, contract management and supervision systems, sustainability integration, and performance evaluation methodologies. [Two of those countries](#) have submitted letters of request: Colombia through the Infrastructure National Agency (ANI) requested to be beneficiary of the TC to continue with the process of strengthening the enabling environment of the country for the implementation of PPP; and Ecuador, through the Vice Ministry of Public-Private Investments, communicated its intention to review its PPP process and incorporate lessons learned from the implementation of its most recent projects. The proposed initiative will not only enable the PPP Unit to continue providing these services across the region but will also generate evidence to improve the development effectiveness of such upstream PPP support. Furthermore, as part of strengthening activities, the PPP Unit will organize PPP specific events to promote exchange of experiences and engagement with both public and private sector key actors in the region.

I.10. **Objective.** The objective is to evaluate the performance and development effectiveness of the IDB's upstream PPP technical assistance agenda over the last decade, covering more than 60 interventions delivered across 18 countries in LAC — identifying what works, what does not, and under which conditions. All of this with the ultimate purpose of embedding systematic learning into the evolution of upstream PPP support, extracting lessons from more advanced ecosystems to guide interventions in countries with incipient or nonexistent frameworks, and strengthening the regulatory, institutional, and planning environments that enable a new generation of high-quality, effective, and sustainable infrastructure across the region. Building on the findings of the assessment, the TC will also support the translation of lessons learned into concrete institutional strengthening actions in up to three countries. These interventions may include support for regulatory and institutional reforms, PPP planning and prioritization frameworks, capacity-building initiatives, governance and oversight arrangements, fiscal and project risk management systems, project preparation methodologies, monitoring mechanisms, sustainability frameworks, and performance evaluation tools. Finally, the evidence collected and results of specific interventions will be disseminated during PPP specific events to be financed by this TC.

I.11. **Complementarity.** This TC builds on a series of technical assistances that have supported PPP upstream interventions across LAC since 2018: [RG-T2998](#), [RG-T3600](#), [RG-T3545](#), [RG-T3829](#), [RG-T4199](#), [RG-T4344](#) and [RG-T4699](#), among others. These TCs have allowed the PPP Unit to provide technical assistance to countries as well as diagnose the PPP enabling environment in LAC and developed solutions to attack the challenge phase for countries with incipient and advanced PPP environments.

I.12. **Strategic Alignment.** This TC aligns with the [IDB Impact+ Institutional Strategy \(2024-2030\) \(CA-631\)](#) by promoting sustainable, resilient and inclusive infrastructure through stronger development effectiveness, learning, and evidence-based decision-making. It will strengthen the IDB's upstream PPP support by evaluating the results of past interventions, incorporating lessons learned into future technical assistance, and continuing to enhance institutional capacity, regulatory quality, and PPP planning across the region. By improving PPP enabling environments, the TC will help governments develop better-structured, more bankable, resilient, and sustainable infrastructure projects, while fostering greater private sector participation, improved service delivery, and long-term productivity and competitiveness in Latin America and the Caribbean. The TC specifically aligns with the [Proposal of a New Ordinary Capital Strategic Development Program \(OC SDP\) \(GN-2819-25\)](#) under Pillar 3 (Sustainable, resilient and inclusive Infrastructure), under the justification that it finances technical assistance for the strengthening of the enabling environment for the implementation of PPP, key element to support the private investment mobilization necessary to address sustainable, resilient and inclusive infrastructure development.

I.13. This TC is closely aligned with the IDB Group's country strategies across the region, all of which emphasize strengthening the conditions for private participation in infrastructure through PPPs, concessions, and related investment mechanisms. By supporting upstream activities such as legal and regulatory reforms, institutional capacity building, project preparation frameworks, and fiscal risk management systems, the TC will help strengthen the enabling environment for infrastructure development. These foundations are critical for attracting private investment, improving the quality and bankability of infrastructure projects, reducing implementation risks, and ultimately increasing the pipeline of sustainable infrastructure investments across the region. Specifically, it supports the objectives outlined in [Ecuador's Country Strategy 2026–2030 \(GN-3340-3\)](#), particularly Priority Area 1, which promotes PPPs as a vehicle for efficient and fiscally sustainable infrastructure investment, and [Colombia's Country Strategy 2024–2027 \(GN-3238-1\)](#), especially Pillar 2, which calls for stronger PPP project preparation and improved regulatory, institutional, planning, and financing frameworks.

II. COMPONENTS

II.1. Components.

II.2. Component 1: Evaluation and Evidence Generation on the Performance and Development Effectiveness of Upstream PPP Support in LAC (USD \$250,000). This component will finance the procurement of a consulting firm and/or individual consultants to assess the performance and development effectiveness of upstream PPP technical assistance in Latin America and the Caribbean and generate evidence on its results, effectiveness, and lessons learned. Building on nearly a decade of implementation and more than 60 technical assistance operations across the region, the assessment will analyze the extent to which upstream support has contributed to strengthening PPP enabling environments, including regulatory and institutional frameworks, project preparation systems, governance arrangements, planning mechanisms, implementation capacity, risk management practices, and performance monitoring tools. The analysis will examine the relationship between interventions, resources deployed, and results achieved, identifying what types of support have proven most effective, under which institutional and market conditions, and in countries at different stages of PPP maturity. The assessment will combine quantitative and qualitative evidence, including consultations with public-sector counterparts, practitioners, and private-sector stakeholders, to capture both institutional outcomes and market perceptions regarding the effectiveness and sustainability of upstream reforms. The main output of this component will be an internal TC report that includes actionable lessons and recommendations to improve the design, targeting, and implementation of future PPP technical assistance, while strengthening the evidence base supporting the Bank's PPP agenda and its alignment with the principles of [IDBImpact+](#).

II.3. Component 2: Application of Evidence-Based Solutions to Strengthen PPP Enabling Environments (USD \$300,000). This component will finance the procurement of a consulting firm and/or individual consultants to translate the findings and lessons generated under Component 1 into concrete institutional strengthening actions in up to three countries (three technical assistances). Based on identified needs and country priorities, the component will support the design and implementation of targeted measures aimed at strengthening PPP enabling environments and improving the conditions for developing sustainable PPP programs and projects. Interventions may include support for regulatory and institutional reforms, PPP planning and prioritization frameworks, capacity-building initiatives, governance and oversight arrangements, risk management systems, project preparation methodologies, monitoring mechanisms, sustainability frameworks, and performance evaluation tools. Activities will be tailored to each country's institutional context and degree of PPP maturity, reflecting the evidence generated through the regional assessment. The component will place particular emphasis on translating knowledge into practice and testing how lessons derived from regional experience can be applied to improve the effectiveness of PPP systems in different contexts. Through collaborative engagement with public-sector counterparts and consideration of private-sector perspectives, the component seeks to promote more robust, transparent, and predictable PPP frameworks capable of supporting long-term infrastructure development objectives.

II.4. Component 3: Knowledge Sharing, Regional Dialogue, and Dissemination of Lessons Learned (USD \$300,000). This component will finance the procurement of a

consulting firm to support the preparation and delivery of PPP Americas 2027 and a PPP Network event, as regional platform for disseminating findings, validating lessons learned, and promoting peer-to-peer learning among governments, private-sector participants, development partners, and practitioners. The event will provide an opportunity to present the results of the evaluation undertaken under Component 1, discuss practical experiences arising from Component 2, and facilitate dialogue on effective approaches to strengthening PPP enabling environments. Attention will be given to understanding how different institutional arrangements, reform pathways, and technical assistance models influence PPP outcomes and development effectiveness. By fostering exchanges among countries with varying levels of PPP maturity, the event will contribute to the transfer of knowledge, the identification of good practices, and the dissemination of evidence-based approaches for improving the effectiveness of PPP support throughout the region.

II.5. Expected Results. This TC is expected to generate measurable results:

II.6. Through Component 1, the TC is expected to generate a report containing robust evidence on the performance and development effectiveness of the IDB's upstream PPP technical assistance agenda over the last decade, covering more than 60 interventions across 18 countries in LAC. The assessment will be informed by consultations with public-sector counterparts, private-sector stakeholders, and practitioners involved in PPP programs across the region. These consultations will provide insights into perceived accomplishments, remaining challenges, and areas for improvement.

II.7. Through Component 2 the TC is expected to translate the findings of the evaluation into concrete institutional strengthening actions in up to three countries, supporting the implementation of priority reforms and capacity-building measures tailored to country needs. These interventions are expected to contribute to stronger regulatory and institutional frameworks, improved PPP planning and prioritization processes, enhanced governance and oversight arrangements, more robust fiscal and project risk management systems, strengthened project preparation capabilities, and improved monitoring, sustainability, and performance evaluation mechanisms.

II.8. Finally, through Component 3 the TC is expected to facilitate the exchange of experiences and good practices among countries, strengthen regional learning networks, and promote the adoption of evidence-based approaches to PPP development. Collectively, the three components will contribute to embedding systematic learning into the evolution of upstream PPP support, leveraging lessons from more advanced PPP ecosystems to inform interventions in countries with emerging or incipient frameworks, and strengthening the regulatory, institutional, and planning environments needed to support a new generation of high-quality, effective, and sustainable infrastructure investments across Latin America and the Caribbean.

II.9. **Beneficiaries.** All eligible borrowing member countries of the Bank are eligible for this TC. The direct beneficiaries of this TC will be those eligible borrowing member countries of the Bank that have formally expressed interest in receiving IDB support to strengthen their PPP enabling environments through official requests for technical assistance, for the time being Colombia and Ecuador. Indirect beneficiaries will include all other IDB eligible borrowing member countries of the Bank in the region, which will benefit from the knowledge, evidence, lessons learned, good practices, and analytical tools generated by the TC. Through regional dissemination activities, including PPP Americas, PPP Network events, workshops, publications, and other knowledge-sharing initiatives,

countries across the region will have the opportunity to participate in the discussion and review of findings, exchange experiences with peers, and apply relevant lessons to strengthen their own PPP frameworks and institutions. As a result, the TC is expected to contribute not only to country-specific improvements but also to the broader strengthening of PPP enabling environments across the region.

III. BUDGET

III.1. **Budget.** The total cost of this TC is US\$850,000, financed by P3D-OC SDP Pillar 3 - Sustainable, Resilient, and Inclusive Infrastructure. The resources will be allocated across the three components according to the financing modality of each, as shown in the table below. No local counterpart is expected. Components 1, 2 and 3 will be financed with non-reimbursable resources:

Components	Output	P3D-OC SPD Pillar 3 (US\$)	Total (US\$)
Component 1: Evaluation and Evidence Generation on the Development Effectiveness of Upstream PPP Support in LAC	Final evaluation internal report on the effectiveness of upstream PPP support in LAC	250,000	250,000
Component 2: Application of Evidence-Based Solutions to Strengthen PPP Enabling Environments through Technical Assistance	Technical assistances provided	300,000	300,000
Component 3: Knowledge Sharing, Regional Dialogue, and Dissemination of Lessons Learned	Events: PPP Americas 2027 and PPP Network event	300,000	300,000
Total		850,000	850,000

IV. EXECUTION STRUCTURE

IV.1. The TC will be executed by the Inter-American Development Bank (IDB), based on a request by the beneficiaries, in accordance with the Bank's Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4), through the PPP Unit (INE/ PPP)

IV.2. Following section II.C.2.2 of Annex II of the OP-619-4, Bank execution is justified under the criteria of (i) Institutional Capacity and (iv) Regional Technical Cooperation. The operation supports upstream PPP activities across multiple borrowing member countries and requires specialized technical expertise, evidence and knowledge generation, and coordination among various beneficiary institutions. Given the absence of a regional entity with the legal mandate and capacity to execute the operation, Bank execution will ensure effective coordination, consistent technical quality, efficient procurement, and economies of scale in the delivery of the activities. INE/PPP has the necessary specialized knowledge

in the provision of assistance in the topics of interest related to the object of this TC. This same execution structure has been used successfully in all the TC mentioned in 1.15.

IV.3. Eligibility Criteria to Select Beneficiaries. For the technical assistance contemplated under component 2, the IDB PPP Unit has received request from Ecuador through the Viceministerio de Inversiones Público Privadas y Delegaciones and Colombia through the Infrastructure National Agency (ANI). For both countries, the official liaison has confirmed the non-objection to the country's participation in this TC. Finally, other eligible borrowing member countries of the Bank could be eligible if official letters of request are received, and country proves to act on the implementation of best practices to overcome their PPP challenges.

IV.4. Procurement. All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.

IV.5. Execution and Disbursement Period. The execution period will be 36 months.

IV.6. Monitoring, Reporting, and Supervision. As this is a bank-executed TC that includes activities promoted by the PPP Unit to assess the development effectiveness of their interventions and the dissemination of the results the activities will be coordinated by the Team Leader, Alternate Team Leader together with the team members and after that the Team Leader will put together a team to coordinate the activities. For activities related to provision of specific technical assistance, the request from each country will be directed to the country office. They will oversee monitoring and supervising deadlines, result matrix, execution as planned and preparation of the Technical Cooperation Monitoring and Reporting System (TCM). The TC teams will comply with all monitoring, reporting, and supervision according to the current TC policies and guidelines of the Bank.

V. POTENTIAL RISKS

V.1. The risks of implementing this TC are low. This TC coincides perfectly with the IDB's objectives, and the work will be carried out under the coordination and direct guidance of the IDB's PPP team leader. With respect to the second component, given the unique nature of this TC, the development of the work will take place once the letter of request from the respective Government is available. In no case will any work move forward without having a letter of no objection from the corresponding Government first, which will be incorporated into the corresponding systems of the Bank. The key risk in the implementation of technical cooperation is the uncoordinated action of those involved by the Public Sector that can lead to partial adoption of recommendations generated through the TC by beneficiary countries. To mitigate this action, the Bank, through the PPP unit, will work together with the corresponding Country Offices, external counterparts, and various internal counterparts, with the aim of ensuring that there is harmonization in the implementation of the correct protocols and the efficient development of the technical assistance requested.

V.2. Intellectual Property. The products financed by this TC will be the property of the Bank and may be made available to the public under a creative commons license.

However, in accordance with the provisions of AM-331, the intellectual property of said products may also be licensed and/or transferred to one or more beneficiaries through specific contractual commitments prepared with the advice of the Legal Department.

VI. EXCEPTIONS TO BANK POLICIES

VI.1. No exceptions to the Bank's policies were identified.

VII. ENVIRONMENTAL AND SOCIAL ASPECTS

VII.1. This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

REQUIRED ANNEXES:

- Annex I: Request from Client
- Annex II: Results Matrix
- Annex III: Terms of Reference
- Annex IV: Procurement Plan