Early Warning System

# IADB-RG-T2902

## Development of the institutional fiscal capacity of Public Private Partnerships

# Early Warning System

IADB-RG-T2902

## Development of the institutional fiscal capacity of Public Private Partnerships

### Quick Facts

| | |
|---|---|
| **Countries** | Ecuador, Jamaica, Paraguay |
| **Financial Institutions** | Inter-American Development Bank (IADB) |
| **Status** | Active |
| **Bank Risk Rating** | C |
| **Sectors** | Technical Cooperation |
| **Investment Type(s)** | Advisory Services |
| **Investment Amount (USD)** | $ 0.56 million |

## Project Description

The objective of this Technical Cooperation (TC) is to increase the participating countries' institutional capacity to effectively utilize public-private partnerships (PPP) through improvements to their institutional frameworks, arrangements, quantitative and qualitative analysis of the risks, contingent and firm liabilities and compatibility with the country´s fiscal responsibility frameworks.

This TC will promote public investment and economic growth by improving the efficiency of PPPs through support for the Ministries of Finance in Paraguay, Jamaica and Ecuador by strengthening their technical capacity. These countries have been selected based on the following:

1) they had expressed a great interest in working with the IDB on the development of their institutional fiscal capacity of Public Private Partnerships;
2) some are still in the nascent stage of developing their PPP implementation programs, which is an advantageous point to receive technical assistance;
3) The PPP laws/regulations has, as its ultimate purpose, to boost the investment in public infrastructure with private financing. This has been accompanied by specific goals for public resources aimed at increasing public infrastructure (for instance, Paraguay set this goal in the short-term to 3.5% of the GDP and;
4) these countries are very interested in filling the infrastructure gap they had carried for years through PPPs, in order to increase their productivity and hence, achieve a higher degree of development.

Under the regional and Brazilian technical cooperation (RG-T2191 and BR-T1271: Financing Solutions for Fiscal Space and Investment Projects: the Case of PPPs) financed by the Public Capacity Building Korea Fund, in 2013, the Bank was able to finance key case studies and some seminars and courses that have created the demand for institutional strengthening programs in the LAC region, especially in the areas of Value for Money, Public-Private comparator, risk matrix, contingent and firm liabilities arising from PPPs and their impact in the budget preparation and execution, etc. The Korean experience in the above mentioned areas, as well as the strong institutional capacity of the Korea Development Institute (KDI) and the Ministry of Strategy and Finance (MOSF) has provided good lessons learned and best practices for LAC. For example, Brazil, Jamaica, Honduras and Paraguay have been very interested in learning more about the Korean experience on PPPs. In some cases countries have signed or are in the process of signing Memorandum of Understanding with the Korean government to learn more about their program and institutional capacity. Given these challenges, and the comparative advantage that the Korean experience could bring to the Region, the selected governments mentioned in this TC have committed to improving their existing PPP programs as part of a set of actions to boost public investment and achieve higher economic growth.

## Investment Description

- Inter-American Development Bank (IADB)

## Contact Information

ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).

**Bank Documents**

- TC Abstrac