APPENDIX F

A Brief Review of PPP Frameworks

Since 1990, Latin America and the Caribbean has led the developing world in terms of private investment in infrastructure (US$660 billion in the region versus US$429 billion in East Asian and Pacific economies, US$296 billion in South Asia, and US$73 billion in Sub-Saharan Africa).[1] Nevertheless, other regions have been catching up and infrastructure investment in the region is insufficient to close the quantity and quality gaps. Improving the environment to encourage private public partnerships (PPPs) in infrastructure is crucial. It is essential to strengthen the institutional and regulatory capacity in the public sector along the whole infrastructure project cycle to attract greater private investment (Serebrisky et al., 2015).

A wide range of indicators have been developed in recent years to assess such capacities. Infrascope provides a comprehensive benchmarking tool that evaluates the capacity of a country to implement sustainable and efficient PPPs in infrastructure sectors. The index evaluates readiness and capacity by dividing the PPP project life cycle into 5 components: 1) enabling laws and regulations; 2) the institutional framework; 3) operational maturity; 4) investment and business climate; and 5) financing facilities for infrastructure projects.[2] It scores from 0 (worst) to 100 (best). Latin America and the Caribbean has made significant progress, passing new PPP laws and policies (recent cases include Argentina, Bahamas, Costa Rica, and Nicaragua), setting up new PPP units (Ecuador and Nicaragua), updating PPP registries, and publishing contracts, documents, and project evaluations (see EIU, 2017). Overall, Brazil, Colombia, Chile, and Peru continue to have the highest scores (EIU, 2018). However, as a region there is still work to be done. According to the Infrascope indices, the region needs to work particularly on institutional capacity (transparency, accountability, and project preparation facilities to develop a pipeline of well-prepared infrastructure projects) in order to attract private finance. Table F.1 shows, among other indicators, the Infrascope results by components for several countries in the region.

[1] These estimates are calculated using the World Bank's PPI database (ppi.worldbank.org).

[2] See more at https://infrascope.eiu.com/.

Focusing on the institutional component, the IMF developed the Public Investment Management Assessment (PIMA) Index, (also detailed in Table F.1), later adapted and expanded by the IDB for Latin America and the Caribbean. This index captures the institutional environment underpinning public investment management systems at four project

TABLE F.1 ▶ Selected Indicators Related to PPP Environment in Latin American and Caribbean Countries (2016–2018)

	Infrascope (IDB, EBRD, MCC)							BPP (World Bank)						PIMA (IMF, IDB)		Infracompass (GIH)	
Country	#	Overall Score	Regulations	Institutions	Maturity	Invest. & Business Climate	Financing	#	Overall Score	Preparation of PPPs	Procurement of PPPs	PPP Contract Management	Uns. Prop.	#	Overall Score	Delivery	Planning
Colombia	1	76	91	75	82	68	63	1	83	90	79	72	92	2	2.66	M	H
Chile	2	75	91	68	81	72	62	5	80	67	72	87	92	1	3.03	M	H
Peru	3	73	71	66	81	66	77	3	81	81	66	78	100	1	3.03	L	V.H.
Brazil	4	70	73	88	68	51	73	10	64	47	80	76	54	—	—	M	M
Jamaica	5	69	80	75	80	74	34	11	64	71	59	44	83	—	—	L	L
Mexico	6	68	85	61	73	68	50	4	81	81	82	84	75	2	2.66	M	V.H.
Honduras	7	66	76	63	82	65	38	13	58	56	53	66	58	3	2.35	L	L
Uruguay	8	65	61	63	71	67	58	6	72	77	73	68	71	3	2.35	M	L
El Salvador	9	61	90	91	49	45	38	7	70	42	67	90	79	4	1.76	L	L
Costa Rica	10	59	53	40	70	75	54	18	41	28	44	50	N.R.	4	1.76	L	L
Nicaragua	11	59	78	66	67	39	40	9	66	30	73	68	92	3	2.35	L	L
Paraguay	12	58	71	60	56	66	37	2	83	89	80	83	79	4	1.76	L	L
Guatemala	13	57	80	80	51	45	33	8	67	55	78	68	N.R.	3	2.35	L	L
Trinidad & Tob.	14	52	49	48	60	62	38	19	26	20	41	31	13	—	—	L	L
Dominican R.	15	49	68	16	49	60	52	14	55	42	82	38	58	1	3.03	L	L
Panama	16	49	47	11	67	59	54	15	47	32	72	56	29	4	1.76	L	L
Argentina	17	43	60	42	28	48	43	12	59	27	56	74	79	2	2.66	M	L
Ecuador	18	40	68	31	19	54	40	16	47	52	35	43	58	2	2.66	L	L
Venezuela	19	9	13	0	10	12	8	—	—	—	—	—	—	—	—	L	L
Haiti	—	—	—	—	—	—	—	17	45	50	59	54	17	—	—	L	L
LAC average		58	69	55	60	58	47		63	55	66	65	66		2.41	L	L
World average		56	62	52	61	59	43		56	51	64	54	56		1.57		

Source: Infrascope (https://infrascope.eiu.com/), BPP (https://bpp.worldbank.org/en/BPP-data) and IMF (https://www.imf.org/external/np/fad/publicinvestment/).
Note 1: Overall score color code: bright green = highest quartile; red = lowest quartile.
Note 2: Correlation between overall scores (Infrascope and BPP) is considerably low (0.65)
Note 3: V.H. = Very High; H = High; M = Medium; L = Low.

stages: appraisal, selection, implementation, and evaluation. It scores from 0 (worst) to 4 (best).[3] According to PIMA, Bolivia, Chile, Peru, and the Dominican Republic are the top performers in the region. Countries that need institutional strengthening to reach the level of the regional average include Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Panama, and Uruguay. Not a single country in the region reaches the highest levels for strategic planning, evaluation, or project selection. These results are in line with other efficiency-related public management indices, such as the World Economic Forum's Global Competitiveness Index and the World Bank's Governance Index (Serebrisky, Suárez-Alemán, and Pastor, 2018).

Another crucial aspect to make the most of public infrastructure investment and public-private partnerships is a strong framework for procurement. Since 2015, the World Bank has been benchmarking public procurement through the Benchmarking Public Procurement (BPP) index. It assesses procurement life cycles in 180 economies, which it scores from 0 (worst) to 100 (best).[4] Overall, the region is still far behind top performers worldwide. Regional top performers are Colombia, Paraguay, Mexico, Peru, and Chile. The BPP scores point to the need to improve project preparation. These results are in line with Infracompass data,[5] a Global Infrastructure Hub (GIH) initiative that aims to provide a better understanding of a country's infrastructure market by identifying policies and practices that lead to sustainable and equitable infrastructure through efficient markets, better decision-making, and prompt delivery. Emerging economies have dominated the list of top improvers of late—(see Table F.1). Better governance, reduced corruption, improved regulatory quality via enhanced rule of law, and simplified permit procedures and land administration contributed to the relatively strong performance (Serebrisky, Suárez-Alemán, and Pastor, 2018). Still, the region has a way to go to reach the scores of advanced economies.

[3] See more at https://www.imf.org/external/np/fad/publicinvestment/.

[4] See more at https://bpp.worldbank.org/en/BPP-data.

[5] It scores from low (worst) to very high (best). See more at https://infracompass.gihub.org/overview.

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