

**ECONOMIST
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The 2021/22 Infrascope

**Evaluating the environment for
public-private partnerships in
Latin America and the Caribbean**

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About this report

The analysis and content of this index cover the period from February 2021 to September 2021.

This document is the seventh edition of an informational tool and benchmarking index that assesses the capacity of countries in Latin America and the Caribbean (LAC) to carry out sustainable public-private partnerships (PPPs) in infrastructure. The first study was developed in 2009 and updated in 2010, 2012, 2015, 2017 and 2019. In 2021, Economist Impact (formerly The Economist Intelligence Unit, or EIU) with the Inter-American Development Bank (IDB) updated the methodology to strengthen the accuracy, coverage and information in the Infrascope, reflected in the latest 2021/22 report.

The index was built by Economist Impact and is supported financially by IDB. The views and opinions expressed in this publication are those of Economist Impact and do not necessarily reflect the official position of the IDB. Any comments, corrections or questions can be directed to Economist Impact.

The complete index, as well as detailed country analyses, can be viewed on the following website: infrascope.eiu.com

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About Economist Impact

Economist Impact combines the rigor of a think-tank with the creativity of a media brand to engage an influential global audience. We work with corporations, foundations, NGOs and governments across big themes including sustainability, health and the changing shape of globalization to catalyze change and enable progress. With the power of The Economist Group behind it, Economist Impact crafts bespoke engagements using a potent portfolio of capabilities including:

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We conduct research through interviews, regulatory analysis, quantitative modelling and forecasting, and display the results via interactive data visualization tools. We bring a 75-year track record of evidence-based policy research across 205 countries. Our global team sheds light on policy choices through benchmarks, economic and social impact analysis, white papers, forecasting and scenario modelling.

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About the Inter-American Development Bank

The mission of the Inter-American Development Bank (IDB) is to improve lives. Founded in 1959, the IDB is one of the main sources of long-term financing for economic, social and institutional development in Latin America and the Caribbean (LAC). It also conducts cutting-edge research projects and provides policy advice, technical assistance and training to public and private clients.

The IDB Public-Private Partnerships (PPP) Single Window works to improve the development of PPP projects in the economic and social infrastructure sectors in LAC. Its main goal is to strengthen the capacity of LAC countries to implement well-prepared, socioeconomically profitable, fiscally responsible, sustainable, efficient and bankable PPP projects. The IDB PPP Single Window focuses its activity in three main areas:

- supporting the development and improvement of regulatory and institutional frameworks for PPPs, including policies, regulations, manuals, planning processes and project prioritization activities, among others;
- supporting the preparation and structuring of PPP projects in economic and social infrastructure sectors, collaborating hand in hand with LAC governments to prepare PPP projects with the highest standards of efficiency and sustainability; and
- generating and disseminating PPP analyses, best practices, information, knowledge products and evidence that result in practical policy recommendations that support both regulatory and institutional strengthening, as well as the preparation and structuring of PPP projects.

In short, the IDB PPP Single Window provides solutions to LAC governments for developing PPPs that optimize the provision of economic and social infrastructure services and contribute efficiently to the recovery and sustainable economic growth of the region.

For more information, visit www.iadb.org.

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As part of the research process for this project, we convened an expert advisory panel and conducted approximately 100 in-depth interviews with policymakers and country infrastructure experts from multilateral and consulting institutions, public sector organizations and the private sector. We would like to express our thanks to all interviewees for their input. A list of these experts is in the Bibliography section of the Methodology Appendix.

Infrascope categories and indicators

The updated Infrascope index consists of 56 indicators and 106 sub-indicators, both qualitative and quantitative. Data for the quantitative indicators are drawn from The Economist Intelligence Unit, IJ Global, Infratam, the World Economic Forum and the World Bank Public Participation in Infrastructure (PPI) Database.

The qualitative data come from a range of primary sources (legal texts,¹ government websites, press reports and interviews) and industry reports.

The index's five categories and 56 indicators are listed below. The Methodology Appendix outlines the 2021/22 Infrascope's refreshed indicator framework and provides detailed definitions for the complete list of sub-indicators.

Legend:

CATEGORY
SUB CATEGORY
Indicator
<i>Sub indicator</i>

1)	REGULATIONS AND INSTITUTIONS
1.1)	CONDUCTIVE REGULATORY ENVIRONMENT AND POLITICAL SUPPORT FOR PPPS
1.1.1)	Public procurement and PPP contracts
1.1.1.a)	<i>Existence of laws</i>
1.1.1.b)	<i>Minimum standards</i>
1.1.1.c)	<i>Consistency with national procurement laws</i>
1.1.2)	Codification
1.1.2.a)	<i>Existence</i>
1.1.2.b)	<i>Availability</i>
1.1.3)	Inter-agency coordination
1.1.3.a)	<i>Codification of processes</i>
1.1.3.b)	<i>Overlapping jurisdictions</i>
1.1.3.c)	<i>Awarding PPPs vs. regulating standards</i>
1.1.4)	Political will and support for PPPs
1.1.4.a)	<i>High-level support</i>
1.1.4.b)	<i>Bipartisan/ multiparty support</i>
1.1.4.c)	<i>Opposition</i>
1.1.4.d)	<i>Political effectiveness</i>
1.2)	PPP DEDICATED AGENCY
1.2.1)	Existence of national PPP agency
1.2.1.a)	<i>Existence of national PPP agency</i>
1.2.2)	Accountability of national PPP agency
1.2.2.a)	<i>Accountability of national PPP agency</i>
1.2.3)	Staffing of national PPP agency
1.2.3.a)	<i>Capacity</i>
1.2.3.b)	<i>Training/certification</i>
1.3)	COMPETITIVENESS/ OPENNESS OF BIDDING
1.3.1)	Competitive bidding regulations
1.3.1.a)	<i>Competitive bidding regulations</i>
1.3.2)	Unsolicited bids/proposals
1.3.2.a)	<i>Unsolicited bids/proposals</i>
1.3.3)	PPP registry
1.3.3.a)	<i>PPP registry</i>

¹ Legal systems across Latin America and the Caribbean include both civil law and common law traditions. Regulatory frameworks governing PPPs have been assessed accordingly.

1.3.4)	Publication requirements
1.3.4.a)	Bidding/Q&A documents
1.3.4.b)	Contracts
1.3.4.c)	Evaluations/debriefs
1.4)	FAIRNESS AND OPENNESS OF CONTRACT CHANGES
1.4.1)	Contract disputes and arbitration
1.4.1.a)	Appeal procedures
1.4.1.b)	Time for ruling
1.4.1.c)	International arbitration
1.4.1.d)	Independent tribunal
1.4.2)	Renegotiation procedures
1.4.2.a)	Transparent system
1.4.2.b)	Grounds for termination
1.4.2.c)	Penalties
1.4.3)	Transparency and oversight
1.4.3.a)	Disclosure of renegotiations
1.4.3.b)	Signoff
2)	PROJECT PREPARATION AND SUSTAINABILITY
2.1)	PROJECT SELECTION
2.1.1)	Selection and prioritization
2.1.1.a)	National infrastructure plan
2.1.1.b)	Prioritization strategy
2.1.1.c)	Needs assessments
2.1.2)	Economic principles for project selection
2.1.2.a)	Cost-benefit analysis
2.1.2.b)	Fiscal affordability
2.1.2.c)	Value for money
2.2)	PROJECT PREPARATION AND SUPPORT
2.2.1)	Preparation facilities
2.2.1.a)	Standard processes
2.2.1.b)	Tracking platform
2.2.1.c)	Budgeting
2.2.2)	Project support
2.2.2.a)	Project development fund
2.2.2.b)	Viability gap fund
2.3)	EFFICIENCY OF PROJECT PREPARATION
2.3.1)	Financial close
2.3.1.a)	Financial close
2.3.2)	Level of concentration in the industry
2.3.2.a)	Level of concentration in the industry
2.3.3)	Land administration
2.3.3.a)	Permits, protections and disputes
2.3.3.b)	Government support

2.4)	ENVIRONMENTAL AND SOCIAL SUSTAINABILITY
2.4.1)	Environmental and community impacts
2.4.1.a)	Environmental impact statement
2.4.1.b)	Climate regulatory criteria
2.4.1.c)	Consultation with communities
2.4.2)	Social equitability
2.4.2.a)	Social inclusion
2.4.2.b)	Gender
2.4.2.c)	Job creation
2.4.2.d)	MSMEs
3)	FINANCING
3.1)	STRUCTURE AND SOURCES OF FINANCING
3.1.1)	Finance structure
3.1.1.a)	Finance structure
3.1.2)	Performance-based payments
3.1.2.a)	Performance-based payments
3.1.3)	Sources of financing (project bonds)
3.1.3.a)	Project bonds
3.1.4)	Sources of financing (sustainable financing)
3.1.4.a)	Sustainable financing
3.1.5)	Sources of financing (multilateral banks)
3.1.5.a)	Multilateral banks
3.1.6)	Sources of financing (institutional investors)
3.1.6.a)	Institutional investors
3.2)	ACCESS TO FINANCING
3.2.1)	Average cost of capital
3.2.1.a)	Average cost of capital
3.2.2)	Government financial support
3.2.2.a)	Government financial support
3.2.3)	Capital portability
3.2.3.a)	Capital portability
3.2.4)	Debt performance
3.2.4.a)	Debt performance
3.3)	MACRO ENVIRONMENT
3.3.1)	Country risk
3.3.1.a)	Sovereign risk
3.3.1.b)	Currency risk
3.3.1.c)	Banking sector risk
3.3.1.d)	Political risk
3.3.1.e)	Economic structure risk
3.3.1.f)	Interest rate risk
3.3.2)	Financial maturity
3.3.2.a)	Marketable debt
3.3.2.b)	Market environment
3.3.2.c)	Health of local banks

4)	RISK MANAGEMENT AND CONTRACT MONITORING	5)	PERFORMANCE EVALUATION AND IMPACT (EX-POST)
4.1)	RISK ALLOCATION	5.1)	EX-POST EVALUATION OF PPP PROJECTS
4.1.1)	Risk identification and allocation	5.1.1)	Agency and evaluations
4.1.1.a)	<i>Risk identification and allocation</i>	5.1.1.a)	<i>Agency and requirement</i>
4.1.2)	Contingent liabilities	5.1.1.b)	<i>Project evaluations implementation</i>
4.1.2.a)	<i>Regulation</i>	5.1.1.c)	<i>Project evaluations content</i>
4.1.2.b)	<i>Risk framework</i>	5.2)	MATURITY AND QUALITY
4.1.3)	Lenders' step-in rights	5.2.1)	Project mortality rate
4.1.3.a)	<i>Lenders' step-in rights</i>	5.2.1.a)	<i>Project mortality rate</i>
4.1.4)	Government guarantees	5.2.2)	Value of PPP investment
4.1.4.a)	<i>Government guarantees</i>	5.2.2.a)	<i>Value of PPP investment</i>
4.1.5)	Financial auditing and reporting standards	5.2.3)	Quality of infrastructure
4.1.5.a)	<i>Financial auditing and reporting standards</i>	5.2.3.a)	<i>Quality of infrastructure</i>
4.2)	NATIONAL MONITORING AND REPORTING	5.3)	IMPACT ON INFRASTRUCTURE QUALITY AND OUTCOMES
4.2.1)	Contract management	5.3.1)	Quality monitoring and reporting
4.2.1.a)	<i>Construction and operation</i>	5.3.1.a)	<i>Standardized framework</i>
4.2.1.b)	<i>Project performance data</i>	5.3.1.b)	<i>Key performance indicators</i>
4.2.2)	Published reports	5.3.1.c)	<i>Project data</i>
4.2.2.a)	<i>Ongoing projects</i>	5.4)	IMPACT ON ENVIRONMENTAL AND SOCIAL OUTCOMES
4.2.2.b)	<i>Project pipeline</i>	5.4.1)	Climate outcomes
4.3)	DISASTER RISK	5.4.1.a)	<i>Climate outcomes</i>
4.3.1)	Disaster risk sensitive investment (regulation)	5.4.2)	Progress toward SDGs
4.3.1.a)	<i>Regulation</i>	5.4.2.a)	<i>Progress toward SDGs</i>
4.3.2)	Disaster risk sensitive investment (insurance)	5.4.3)	Resilience
4.3.2.a)	<i>Insurance</i>	5.4.3.a)	<i>Resilience</i>
4.3.3)	Disaster risk management		
4.3.3.a)	<i>Force majeure</i>		
4.4)	RISK OF GOVERNMENT ACTION		
4.4.1)	Government risks		
4.4.1.a)	<i>Expropriation</i>		
4.4.1.b)	<i>Payment default</i>		
4.4.1.c)	<i>Price revisions</i>		
4.4.2)	Contract termination		
4.4.2.a)	<i>Investor appeal</i>		
4.4.2.b)	<i>Contract transfer</i>		
4.4.2.c)	<i>Indemnities</i>		
4.4.2.d)	<i>Procedure</i>		
4.4.3)	Regulatory risk		
4.4.3.a)	<i>Enforceability of contracts</i>		
4.4.3.b)	<i>Bureaucratic effectiveness</i>		

Introduction

Developing high-quality, easily accessible infrastructure can have far-ranging implications for health, wellbeing and inclusive development across Latin America and the Caribbean (LAC). Transport infrastructure can improve air quality, link geographies and connect workers to their jobs. Better energy infrastructure will play a critical role in the global transition toward a sustainable future, while schools and hospitals constitute the bedrock of societal productivity and health. Across preparation, financing, construction and operations, infrastructure development is a major driver of job creation, economic performance and competitiveness. And in terms of fiscal interventions, the economic multiplier effect associated with infrastructure investment tends to eclipse other measures significantly.

Despite marked progress across the region in the past decade, countries in LAC invest significantly less in infrastructure than other developing regions. Investment in infrastructure development is especially procyclical, often challenged by budget deficits and macroeconomic shocks such as health crises, supply-chain weaknesses and climate emergencies. Low investment has contributed to a significant infrastructure financing gap, estimated at 4-7% of regional economic output.²

While boosting infrastructure investment and development is certainly a priority across the region, the efficiency of active investment is challenged by weak project prioritization, planning and preparation, as well as significant delays across project lifecycles.³ These often result in significant cost overruns, compromising returns on investment, reducing the predictability of future cash flows, and diminishing public and private support for infrastructure development. Needless to say, such delays and overruns also have serious implications for economic development and social progress.

Every country must confront the growing pressures posed by dramatic demographic and environmental challenges. These not only require rethinking how countries approach the provision of public goods and services, but also the role that infrastructure must play in these. Once again, recent crises, from covid-19 to the devastation of the 2020-21 hurricane season, have exposed the consequences of failing to prioritize and adequately invest in the sustainable development of critical infrastructure.

In addition to investment from the public sector, closing the infrastructure financing gap in LAC will

² Cavallo, E. A., Powell, A., & Serebrisky, T. (Eds.). (2020). From structures to services: The path to better infrastructure in Latin America and the Caribbean. Inter-American Development Bank.

³ See, eg, Serebrisky, T., & Suárez Alemán, A. (2019). The provision of infrastructure services in Latin America and the Caribbean: Can the region do more and do it better? Inter-American Development Bank; Suárez-Alemán, Ancor & Serebrisky, Tomas & Perelman, Sergio. (2019). Benchmarking economic infrastructure efficiency: How does the Latin America and Caribbean region compare?. *Utilities Policy*, 58, 1-15. 10.1016/j.jup.2019.03.003.; Izquierdo, A., Pessino, C., & Vuletin, G. (Eds.). (2018). Better spending for better lives: how Latin America and the Caribbean can do more with less. Inter-American Development Bank.

require increased private participation, associated with significant gains in terms of efficiency and innovation. The Infrascope's primary objective is to serve as a global benchmarking tool that gives users the ability to monitor, evaluate and compare the enabling environments for infrastructure public-private partnerships (PPPs). By informing countries' efforts to plan, design and implement high-impact interventions, insights from the index can help support private participation and the closing of the infrastructure financing gap.

In the seventh edition of the LAC Infrascope, which deploys an expanded, more granular methodology, we examine national and regional progress and shortfalls through the lens of key challenges to garnering private participation in infrastructure, including the quantity, efficiency and sectoral distribution of such investment. Each measure of the index, from financing stream diversification to establishing processes for better project selection, speaks to countries' ability to develop, finance and implement efficient and sustainable infrastructure through PPPs.

Many countries in LAC are taking steps to improve the sophistication of their enabling environments for the development of PPPs, mobilize greater private participation in infrastructure and close the region's sizable infrastructure financing gap. The maturity and popularity of PPPs continue to grow in the region, as countries have created, tested and improved the regulations, institutions and conditions that enable successful PPPs in infrastructure. After over a decade of progress, the focus for many countries is shifting from establishing minimum necessary regulatory and institutional requirements toward embracing on-the-ground efforts to implement efficient and sustainable infrastructure PPPs, monitor progress, and improve performance based on lessons learned from operational infrastructure.

To capture these developments, the Infrascope methodology has also evolved to capture the latest global developments in data availability, structurally align with the process of infrastructure development, and enhance granularity of the benchmark through numerous indicator modifications and additions. This edition deploys a revised methodological framework,⁴ designed to evaluate countries' capacity to implement efficient and sustainable PPPs. It has five categories for assessing the development and management of infrastructure PPPs with 106 sub-indicators, up from 78 in the previous edition. Our updated methodology also considers PPPs in "social infrastructure" across the health, education and social services sectors, for a total of five principal sectors (described in greater detail in the methodology).

4 Economist Impact with the Inter-American Development Bank has developed a revised methodology deployed in this 2021/22 edition of the LAC Infrascope through a rigorous process of research, data collection, and analysis. The 2021/22 LAC Infrascope reflects the latest global developments in data availability, in measurement of infrastructure PPPs, and in the regulatory, institutional and business environments that enable PPP implementation. Additional information can be found in the Methodology Appendix.

Executive summary

Countries in Latin American and the Caribbean (LAC) have taken significant steps forward in building enabling environments for developing and implementing efficient and sustainable public-private partnerships (PPPs) in infrastructure. Of the 26 countries included in the 2021/22 LAC Infrascope, two leaders stand out for their vibrant PPP markets—Brazil and Chile—with Uruguay, Colombia, Peru, Panama and Costa Rica also notching a high level of performance. However, there is still much room for improvement and further progress will depend on targeted action across our five evaluation categories:

Regulations and Institutions: Countries across the region perform strongly in this category—infrastructure PPPs are almost universally accepted as a procurement modality, most countries have established dedicated PPP units or agencies, and particular attention is paid to competitive bidding. There are, however, gaps with respect to staffing and capacity of PPP agencies, and transparency around contract changes.

Project Preparation and Sustainability: This category reveals significant gaps in national frameworks—particularly across project evaluation and selection standards, preparation facilities and support, and incorporation of environmental and social sustainability goals. More positively, robust regional performance on our measure for industry concentration indicates a healthy level of competition in PPP markets across LAC.

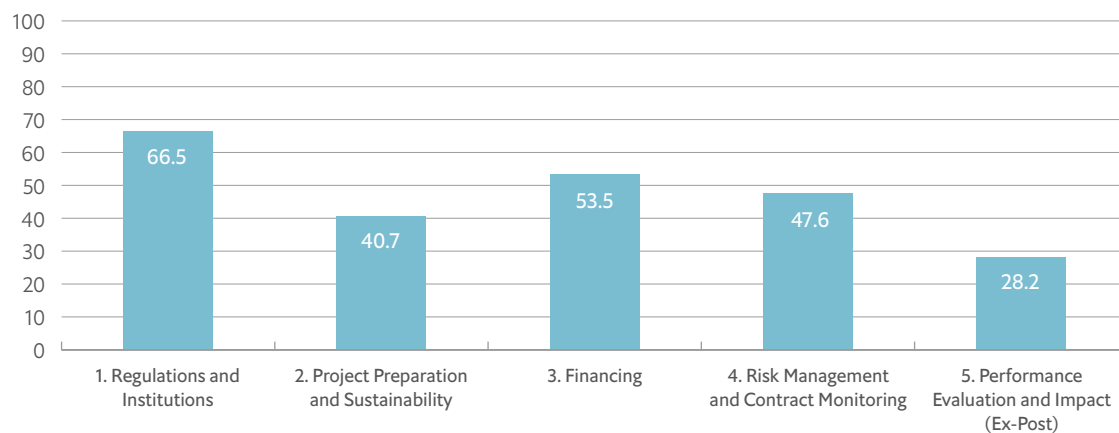
Financing: Many countries in the region exhibit favorable infrastructure financing environments, promote the use of project financing mechanisms and have access to deep capital markets—however, there is much to be done to ensure that country-specific risks and macroeconomic challenges (including sovereign, political and currency risks) do not discourage private investors from participating in infrastructure development.

Risk Management and Contract Monitoring: Most countries in the region perform inconsistently across this category. Although regulatory frameworks governing PPPs are increasingly prioritizing mechanisms that better allocate, share and mitigate contract risks, notable gaps remain with respect to ongoing monitoring and reporting for projects and incorporation of procedures for environment and disaster-related risk.

Performance Evaluation and Impact (Ex-Post): Index findings highlight critical shortcomings in countries' capacity and processes to successfully evaluate and learn from their experiences with operational PPPs. Assessing the impact of PPPs on climate outcomes, against the UN Sustainable Development Goals (SDGs) and with respect to long-term resilience are the three lowest-scoring measures of the LAC Infrascope. Regional performance highlights widespread gaps in instituting comprehensive monitoring, evaluation and reporting requirements for operational PPPs,⁵ reflecting widespread inadequacies in managing operational infrastructure.

⁵ Operational PPPs refer to infrastructure assets in the operational stage (post-construction).

Figure 1
Average scores (0-100) for the LAC region across the Infrascope's five categories



Source: Economist Impact (2021)

Key themes and trends

Regulatory and institutional foundations are largely in place across the region—attention must now turn to improvements across project preparation, financing, risk management and ex-post evaluations: The five Infrascope categories are ordered broadly in line with the sequence of priorities followed by countries as they work to strengthen their enabling environments for efficient and sustainable infrastructure PPPs. Regional performance across the five categories tends to fall as focus shifts from the initial stages (eg, tendering, procurement, preparation) to the later stages (construction and operations) of the infrastructure development process.

Strong performance in the first category, Regulations and Institutions, has laid the groundwork for countries seeking to implement successful infrastructure PPP programs. Now priorities must evolve to focus more on the preparation, financing, risk management and ex-post evaluation of PPPs. Timely, targeted action across countries in the region is needed to improve the notably inconsistent performance across later categories of the Infrascope, and in particular in

Performance Evaluation and Impact (Ex-Post), where regional scores are at their lowest.

Fundamental best practice concepts are catching on—but countries often lack informed implementation and enforcement: While there has been significant regional progress on incorporating “best practices” into regulatory and institutional frameworks, there remains a notable gap in providing detailed guidance on the appropriate implementation of regulatory requirements across different projects and country contexts. For example, with respect to ex-ante and ex-post assessment of PPPs, most countries fall short on institutionalizing comprehensive methodological approaches to project evaluation. Another example of this gap is illustrated by one of our measures of risk management, *force majeure*. Regulatory frameworks governing PPPs across the region typically discuss *force majeure* events in broad terms, often stipulating that such a clause is included as a minimum standard for PPP contracts. Most, however, fail to provide any guidance on how contracts should approach the definition, application or enforcement in practice—a shortcoming thrown into stark relief during the ongoing covid-19 pandemic.

Current approaches to sustainability are unsustainable: Few countries place adequate weight on developing environmentally and socially sustainable PPPs. In particular, incorporating sustainability considerations into the project preparation process needs improvement in most of LAC. Half the countries have yet to utilize sustainable financing instruments for infrastructure development, a valuable means of fielding additional resources and capitalizing on the benefits of sustainable infrastructure.

In the context of the damaging and accelerating impacts of climate change, countries need to strengthen their focus on environmental and disaster risk management for PPPs, as this is one of the weakest areas of risk management in the region. There is also a striking gap with respect to measuring the environmental and social impacts of operational infrastructure PPPs. Here, 20 countries lack mechanisms for evaluating infrastructure performance against climate change goals, evaluating performance against the SDGs or requiring PPPs to actively incorporate elements of “future-proofing” (eg, resilience or adaptability) into their design.

Leveraging diverse sources of financing and implementing risk allocation frameworks track closest against overall index scores: These two measures are among the strongest subcategory- and indicator-level predictors, respectively, of countries’ overall scores on the Infrascope. Both are centrally important when evaluating the ability of countries to implement efficient and sustainable infrastructure PPPs—in many ways, strong performance on project financing and risk allocation reflects, is dependent on and contributes to overall PPP capacity.

However, despite positive developments in terms of access to affordable capital and marketable debt, persistent low infrastructure PPP investment levels in the region suggests that other factors continue to discourage private participation in infrastructure. Macroeconomic and political instability remains a substantial headwind to investment, as does

an abundance of project-specific risks such as delays and cost overruns. These highlight why establishing institutional frameworks to allocate, share and mitigate country- and project-specific risks is crucial. They also reinforce the critical role of institutional support, facilities and funding necessary to implement and deliver successful PPPs; however, these mechanisms remain some of the most underutilized across the region.

Policies often overlook contextual factors that could drive more efficient infrastructure PPP development: Across the index, we have identified numerous gaps in informed decision-making. The Infrascope results often suggest that the more countries stand to gain from certain measures, the less likely they are to have prioritized or implemented them.

For example, in countries with heightened macroeconomic risk, a comprehensive and systematic approach to contract risk management is particularly valuable to prospective investors. However, we find that the use of risk allocation frameworks is notably lacking in such countries. Similarly, in countries where the perceived competitiveness of the contractual award process is or has been an issue, publishing bidding materials and contracts is least prevalent. The same trend is evident in countries that struggle with infrastructure quality, where the application of findings from ex-post evaluations for future project development would have the greatest potential to institutionalize the benefits of learning by doing.

While these dynamics certainly reflect broader challenges in terms of capacity, a concerted effort should be made by countries to prioritize policy improvements in areas where they will see relatively higher returns to their efforts.

Key findings

Overview of Infrascope results

Better enabling environments for infrastructure PPPs, as measured by the Infrascope, will be critical to improving the efficiency, sustainability, sectoral balance and quality of infrastructure PPPs in LAC (see Figure 2). Developing financially and fiscally viable, quality infrastructure PPPs requires reducing uncertainty through transparent, consistent and efficient risk allocation, as well as applying lessons learned to future project development through ongoing performance monitoring of operational projects. Cognizant of escalated systemic risks, countries must place more weight on sustainability and future-proofing to ensure that economic and social infrastructure stand the tests of time and climate change.

Following our methodology update, the Infrascope has been expanded with many indicator updates and additions. These reflect the latest global developments in data availability on the topic, add granularity to scoring profiles, and restructure the index to present systematic guidance to users across key stakeholder groups. In addition, five countries with relatively nascent PPP environments have been added.

Infrascope 2021/22 Overall Score

(neutral weights)

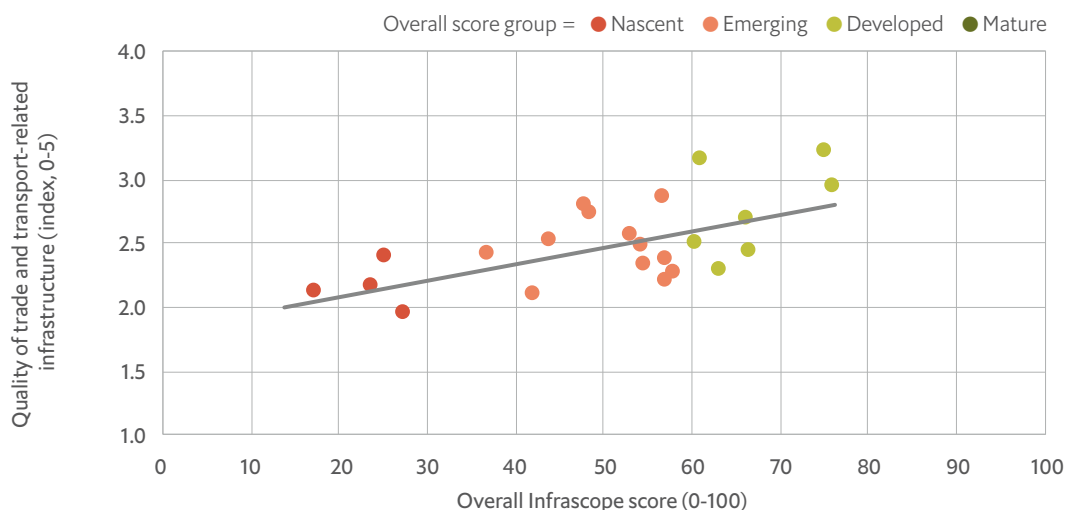
	Rank	Score /100
	1	Brazil 76.3
	2	Chile 75.3
	3	Uruguay 66.8
	4	Colombia 66.4
	5	Peru 63.4
	6	Panama 61.1
	7	Costa Rica 60.7
	8	El Salvador 58.1
	9	Guatemala 57.2
	10	Dominican Republic 57.1
	11	Mexico 56.9
	12	Jamaica 54.8
	13	Honduras 54.6
	14	Paraguay 53.4
	15	Ecuador 48.7
	16	Argentina 48.0
	AVERAGE 47.3	
	17	Nicaragua 44.2
	18	Guyana 42.1
	19	Bahamas 37.0
	20	Haiti 27.5
	21	Trinidad and Tobago 25.3
	22	Bolivia 23.8
	23	Belize 21.8
	24	Barbados 18.0
	25	Venezuela 17.4
	26	Suriname 13.9

■ MATURE (80 to 100) ■ DEVELOPED (60 to <80)

■ EMERGING (30 to <60) ■ NASCENT (0 to <30)

Score 0-100 where 100=best. Rank out of 26 countries across LAC, 1=best, = before the rank indicates a tie.

Figure 2

Performance on the Infrascope critical to improving infrastructure quality⁶

Source: Economist Impact (2021), World Bank Logistics Performance Index (2018).

Seven of the 26 countries in the 2021/22 LAC Infrascope earned 'developed' scores.⁷ In absolute terms, countries' scores fall into five general performance groups:

- **Developed—Leaders:** Brazil and Chile
- **Developed—High performers:** Uruguay, Colombia, Peru, Panama, Costa Rica
- **Emerging—Growth markets:** El Salvador, Guatemala, Dominican Republic, Mexico, Jamaica, Honduras, Paraguay
- **Emerging—Mid-tier:** Ecuador, Argentina, Nicaragua, Guyana, Bahamas
- **Nascent:** Haiti, Trinidad and Tobago, Bolivia, Belize, Barbados, Venezuela, Suriname

Countries across LAC show significant variations across the Infrascope's five categories, indicating a wide range of well-governed aspects and areas for improvement. Despite marked progress in some areas, challenges remain with respect to project preparation and evaluation standards as well as managing ongoing⁸ and operational infrastructure PPPs. In light of these widespread areas for improvement, no country in the region obtained an overall score of 'mature'.

⁶ This type of chart does not imply causality. The Infrascope analysis does not support causal inference but may highlight possible directionality or correlation between the variables. The full range of determinants is not accounted for here.

⁷ The index groups countries into four basic scoring ranges: mature (80–100), developed (60 to <80), emerging (30 to <60) and nascent (0 to <30). In this report, we further split the 'developed' group into leaders and high performers, given the natural separation between each. Likewise, we divide the 'emerging' group into two based on performance: 'growth markets' with scores above 50 and 'mid-tier' with scores below 50.

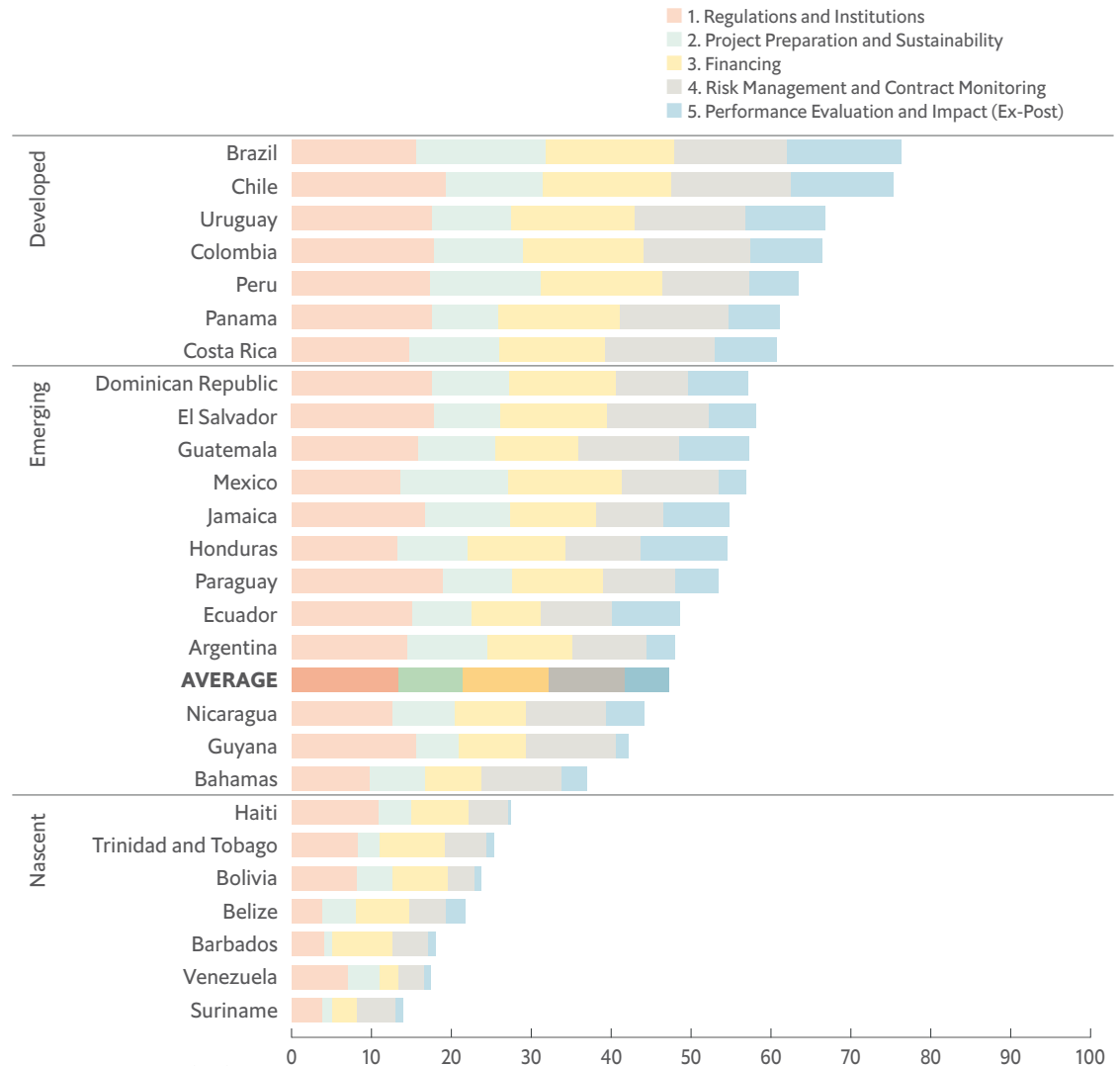
⁸ Ongoing projects refer to awarded PPP contracts that have not yet reached the operational (or post-construction) stage.

Category findings

Across LAC (see Figure 3), countries recorded a particularly strong performance in their implementation of PPP regulations and institutions. Scores were also generally favorable in terms of financing capacity and access to capital. However, significant variation exists across the region with respect to establishing project preparation and

evaluation standards, and especially how much these focus on sustainability. Finally, the region faces significant gaps in its management of ongoing and operational infrastructure PPPs. Critical areas for improvement include enhanced frameworks for risk management, consistent monitoring and evaluation processes for ongoing projects, and coordinated assessment of the economic outcomes and social impacts of operational PPPs.

Figure 3
Overall Infrascopes scores, showing the contribution from each of the index’s five categories⁹



Source: Economist Impact (2021)

9 Each category is equally weighted and is worth 20% of the overall index score.

1. Regulations and Institutions

Countries in the region recorded a particularly strong performance across Regulations and Institutions. This category emphasizes the importance of legal and regulatory frameworks, institutional capacity, and coordination across the preparation, implementation and oversight of PPPs. At a high level, this category highlights regional progress on creating enabling environments for developing and implementing efficient and sustainable infrastructure PPPs. It is possible to perform well on some measures in the Infrascopes' subsequent categories independent of this score. However, establishing strong regulatory frameworks governing PPPs and building institutional capacity constitute the most effective foundation on which successes in later categories are typically built (see Figure 4).

1) Regulations and Institutions

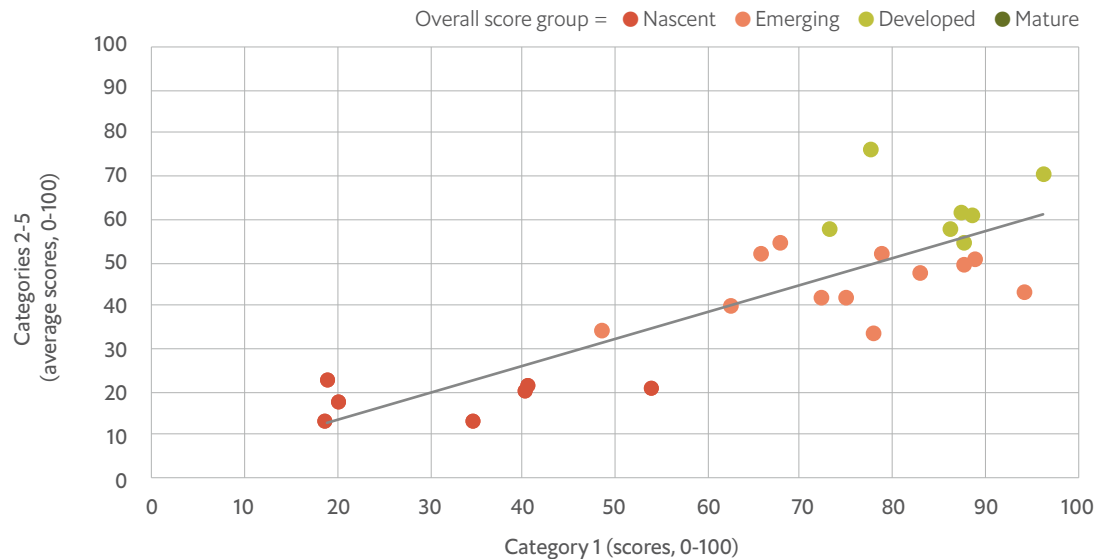
(neutral weights)

Rank		Score /100
1	Chile	96.4
2	Paraguay	94.2
3	El Salvador	89.1
4	Colombia	88.7
5	Panama	87.8
6	Dominican Republic	87.7
7	Uruguay	87.4
8	Peru	86.2
9	Jamaica	83.1
10	Guatemala	79.0
11	Guyana	77.9
12	Brazil	77.8
13	Ecuador	75.2
14	Costa Rica	73.4
15	Argentina	72.3
16	Mexico	67.9
	AVERAGE	66.5
17	Honduras	66.0
18	Nicaragua	62.6
19	Haiti	54.1
20	Bahamas	48.8
21	Trinidad and Tobago	40.9
22	Bolivia	40.5
23	Venezuela	34.9
24	Barbados	20.4
25	Belize	19.1
26	Suriname	18.8

■ MATURE (80 to 100) ■ DEVELOPED (60 to <80)
 ■ EMERGING (30 to <60) ■ NASCENT (0 to <30)

Score 0-100 where 100=best. Rank out of 26 countries across LAC, 1=best, = before the rank indicates a tie.

Figure 4
Regulations and Institutions as the foundation for success¹⁰



Source: Economist Impact (2021)

Conducive regulatory environment and political support for PPPs

Since the previous edition in 2019, a number of countries including Belize,¹¹ Brazil, the Dominican Republic, Ecuador, Mexico, Panama and Paraguay have implemented new procurement legislation or reformed PPP regulations, representing a step in the right direction. However, introducing procurement legislation alone is rarely sufficient in practice to effectively ensure the integration and consistency of PPP processes alongside more traditional public procurement modalities at both federal and sub-national levels. Measures to further solidify PPPs as a well-established procurement option include steps such as publishing regulatory documents and policy guidelines, which was

identified as an area for improvement for countries with relatively less mature PPP markets.

Countries across LAC perform well on the Infrascopes's measures of inter-agency coordination, with marked improvement in codifying processes, providing guidance for overlapping jurisdictions and delineating between agencies that award PPPs and those regulating tariffs. Compared with the 2019 edition, reduced vocal opposition to PPPs across parliaments, commentators and civil society in the region has been noted. However, these positive developments are countered by diminished political support among high-level political figures, and a notable decline in political effectiveness¹² across 18 countries¹³—for which the covid-19 pandemic may have been a factor.

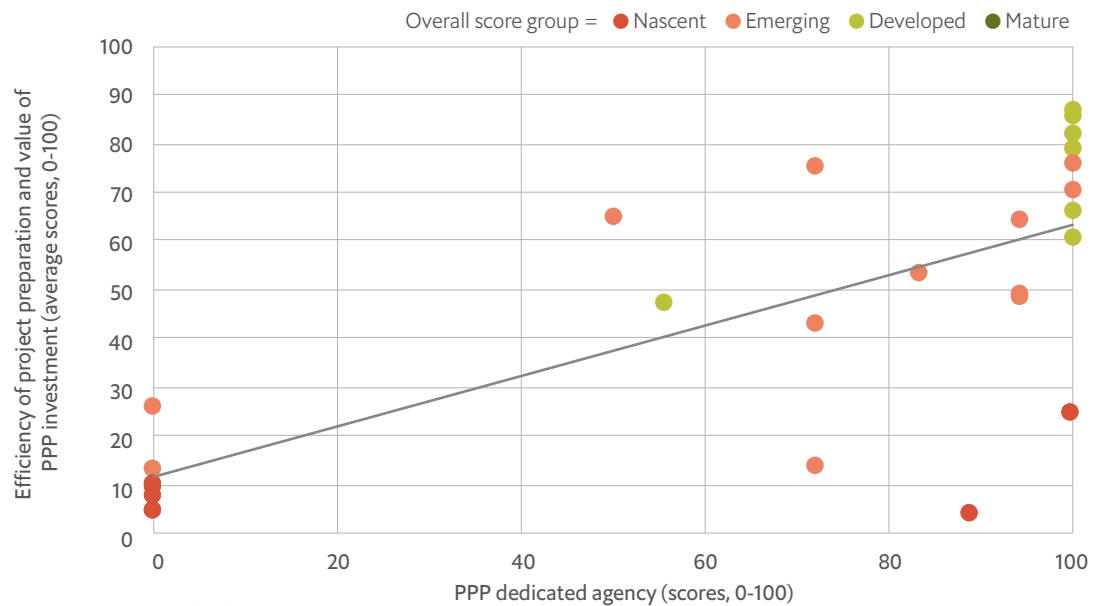
¹⁰ This type of chart does not imply causality. The Infrascopes analysis does not support causal inference but may highlight possible directionality or correlation between the variables. The full range of determinants is not accounted for here.

¹¹ Belize approved a new PPP policy in October 2021, but the text is not yet publicly available as of this report's completion in December 2021. The data gathering and processing that underlies the Infrascopes's index ended in September 2021. Developments after this date are discussed in the report's analysis, but are not reflected in country scores. Many indicators are likely to be affected by the new policy, and future editions of the Infrascopes will fully consider any newly published regulations.

¹² Political effectiveness refers to a composite score that considers the stability of political institutions and culture in supporting the ability of businesses and investors to operate effectively.

¹³ The 2019 edition featured 21 countries. Five new countries have been added to the 2021/22 edition: Belize, Bolivia, Guyana, Haiti, and Suriname.

Figure 5
PPP units, especially when well staffed and supported by strong institutional processes, contribute to greater efficiency and utilization of PPPs¹⁴



Source: Economist Impact (2021)

PPP-dedicated agency

Establishing a dedicated agency or unit to support PPPs is an essential step for mobilizing greater private participation in infrastructure. Consolidating responsibilities for technical support and oversight within a single agency creates synergies and returns-to-scale. Moreover, such units often promote PPP opportunities, driving awareness within the government and building interest across the private sector. Though the priorities and functions of such agencies differ across countries, these units are generally well positioned to support the efficiency, popularity and value of PPP programs, as demonstrated in Figure 5.

Of the 26 countries in this edition of the LAC Infrascopes, the vast majority (19) have established PPP agencies. The Dominican Republic, for example, recently established a PPP agency and ranks fourth in the Regulations and Institutions category owing to significant score improvements across a number of indicators that were also measured in 2019.

Once PPP agencies are in place, it is equally important to ensure that they are held accountable and sufficiently empowered to be effective in their operations. The Infrascopes considers this balance by examining whether PPP units report directly to a government ministry, which is true in all countries with a PPP agency (except Costa Rica and Mexico¹⁵), and whether staff have adequate skills and capacity, which records a more mixed

¹⁴ This type of chart does not imply causality. The Infrascopes analysis does not support causal inference but may highlight possible directionality or correlation between the variables. The full range of determinants is not accounted for here.

¹⁵ In Costa Rica, the PPP unit is multiple levels removed from a government ministry (it reports to the Public Investment Department, which in turn reports to the Public Credit Directorate, which reports to the Ministry of Finance). In Mexico, the national infrastructure fund and de facto PPP agency FONADIN reports to the state-owned National Development Bank of Mexico.

performance. Once established, most countries can successfully equip PPP units with dedicated staff and provide training. Although it is uncommon for PPP units to exhibit such a lack of capacity, there is significant room for staffing improvements in Argentina, Costa Rica, Guyana, Honduras and Trinidad and Tobago.

Competitiveness and transparency of bidding

Competitive bidding regulations and processes ensure that project teams can field and evaluate multiple bids from qualified project companies, with the selection based on objective and appropriate criteria. Such measures contribute to efficient infrastructure development and include published guidance for bidder pre-qualification, transparency about selection criteria and access to a PPP registry.

Given the widely recognized importance of competitive bidding, it comes as no surprise that this indicator has the highest proportion of countries that score 'developed' or 'mature' in our assessment. All countries require competitive bidding during PPP procurement, and all but Bolivia and Trinidad and Tobago provide regulatory guidance on bidder pre-qualification. With respect to unsolicited proposals, however, 8 countries remain in the 'nascent' and 'emerging' categories. This indicates the absence of mandated consultation, evaluation and approval processes similar to that of other publicly procured projects, as well as a lack of competitive bidding for such proposals. The treatment of unsolicited proposals constitutes a serious and frequent challenge in many countries, including some of the top index performers, as weakness in this area has direct implications for transparency, competitiveness and private investment interest.

A major area for improvement across LAC is the lack of publicly accessible PPP registries, an important gap in ten of the 26 index countries. Although we find positive developments since 2019 in establishing transparent and informative

PPP registries in Argentina, the Dominican Republic, Guatemala and Honduras, this year's more stringent scoring rubric reveals a gap between legislative requirements and countries' implementation—PPP registries are anticipated, however, in Brazil, Ecuador and Panama.

Likewise, publishing bidder Q&A documents and providing post-award debriefs to qualified bidders (usually on request) are areas for improvement for eight countries. Such measures ensure that bidders have access to the same information and understand the rationale behind decisions. While they are not yet ubiquitous within LAC, and especially lacking among countries with nascent PPP markets, their importance is even greater in situations where the perceived transparency of the award process is or has been an issue. Despite being somewhat resource intensive and not immediately beneficial to the contracting authority, these documents are highly valued by bidders. For the eight countries that publish bidding and Q&A documents and the 15 that issue post-award debriefs, pressure from interested parties may outweigh immediate costs in the decision to provide these materials. Countries will recognize that, in the long run, these measures build trust and increase the chances that unsuccessful bidders will continue to engage in the procurement process, and invest in improving the quality and competitiveness of their future proposals.

Fairness and openness of contract changes

Contract changes, disputes and arbitration can be unavoidable in the face of unexpected events, a point made clear by recent disruptions to business-as-usual caused by the pandemic. However, if they become the norm, or in cases where renegotiation procedures are less transparent and there is little oversight involved, contract changes increase the risk of project disputes and can quickly become associated with a problematic or overly bureaucratic PPP implementation process. In every case, contract changes and disputes come with political and resource-related costs, which is why

their treatment should, to the extent possible, be stipulated through regulations and policy guidelines.

Regulatory approaches to renegotiation procedures demonstrate that countries are more likely to score well on indicators that reward flexibility of the system, such as allowing grounds for termination to be defined in the most appropriate manner on a contract-by-contract basis. By contrast, policy-based indicators, which require consistent application of standards across all PPP contracts, appear to be less popular. For example, allowing for financial penalties or compensation for changes to the terms and conditions of a contract can help to discourage opportunistic-driven renegotiations, yet 14 countries lack this mechanism. Strikingly, only four countries provide sufficient guidance on renegotiation signoff requirements. This measure emphasizes the importance of effective regulatory oversight, rewarding countries that require signoff from a higher agency only on renegotiations for changes beyond clearly specified thresholds, as opposed to those that always require signoff regardless of the scope. As so few countries manage to strike this balance, progress on the matter will have far-reaching impacts in terms of ensuring strong, context-dependent regulatory frameworks in the region.

Irrespective of the strength of renegotiation procedures, sometimes an agreement on contract changes may be difficult to reach, in which case private investors need to be able to rely on efficient and effective dispute resolution or arbitration mechanisms. With the exception of Trinidad and Tobago, all LAC countries have made efforts to implement at least one measure to standardize the arbitration process. For example, recourse through international arbitration and the ability to appeal in the case of contract disputes can be considered norms across the region. Time-bound arbitration rulings and the obligatory use of independent tribunals were found to be less common, although evidence suggests these are highly effective approaches to avoiding lengthy arbitration processes and protecting investors' interests.

2. Project Preparation and Sustainability

While many countries prioritize socioeconomic principles for project selection, few have made substantial progress on utilizing standardized and well-documented methodological approaches, and the same is true of project preparation or support mechanisms. Even for countries with such measures in place, access to dedicated funding remains a challenge. Within the social equitability space, index performance also suggests that many countries in the region have yet to institutionalize prioritizing socioeconomic goals. This could come in the form of criteria for job creation or for targeted support of micro-, small- and medium-sized enterprises, among others.

Broadly speaking, the five Infrascope categories align with the process of infrastructure PPP development and implementation. However, Project Preparation and Sustainability sees the second-lowest average regional score. This category pays particular attention to prioritization frameworks, the availability and efficiency of institutional arrangements for preparing projects, and the weight afforded to environmental and social sustainability in project selection and development. Success in this category equips countries for stronger project outcomes. The efficiency and quality of project preparation processes also play a role in driving the attractiveness of future investment opportunities (see Figure 6), which is just as important as project performance itself.

This category also measures country and regional performance regarding the importance placed on environmental and social sustainability. Particularly as countries look to manage recovering from the covid-19 pandemic and cope with the increasing frequency and intensity of climate-related disasters, prioritizing sustainable and resilient infrastructure has far-reaching implications for PPP development and broader socio-economic progress.

2) Project Preparation and Sustainability

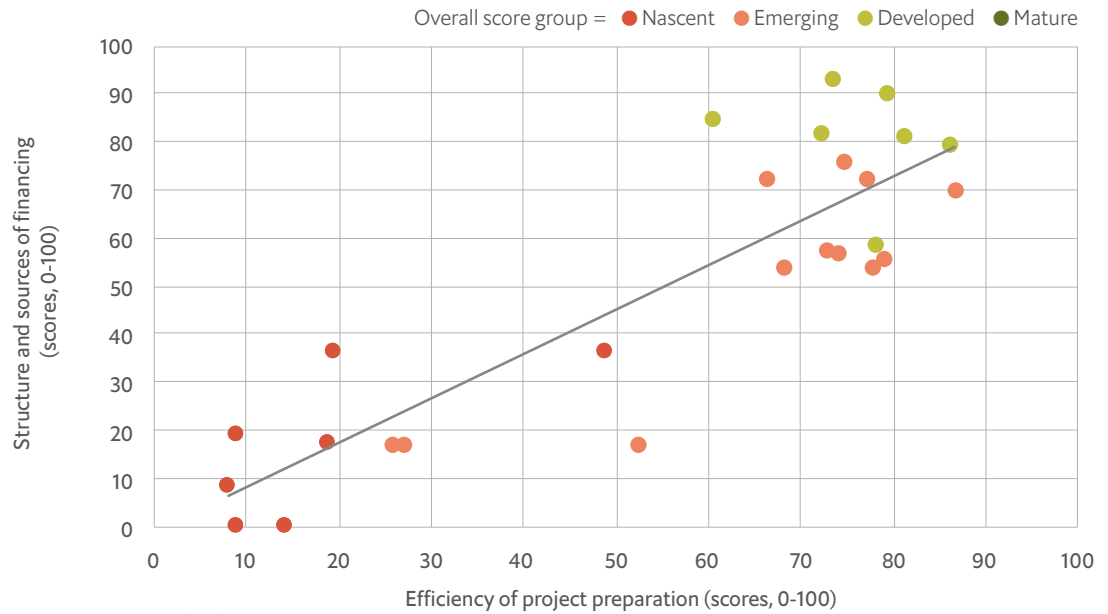
(neutral weights)

Rank	Score /100
1	Brazil 80.9
2	Peru 69.4
3	Mexico 67.5
4	Chile 60.7
=5	Colombia 56.2
=5	Costa Rica 56.2
7	Jamaica 53.2
8	Uruguay 49.9
9	Argentina 49.8
10	Guatemala 48.1
11	Dominican Republic 48.0
12	Honduras 43.8
13	Paraguay 43.5
14	Panama 41.5
15	El Salvador 41.2
	AVERAGE 40.7
16	Nicaragua 39.4
17	Ecuador 37.1
18	Bahamas 34.7
19	Guyana 26.4
20	Bolivia 22.4
21	Belize 20.9
22	Haiti 20.6
23	Venezuela 20.4
24	Trinidad and Tobago 14.1
25	Suriname 6.4
26	Barbados 4.7

■ MATURE (80 to 100) ■ DEVELOPED (60 to <80)
 ■ EMERGING (30 to <60) ■ NASCENT (0 to <30)

Score 0-100 where 100=best. Rank out of 26 countries across LAC, 1=best, = before the rank indicates a tie.

Figure 6
Quality of project preparation is associated with strong financing structure/sources¹⁶



Source: Economist Impact (2021)

Project selection

Across LAC, 15 countries have project selection and prioritization strategies that qualify as ‘developed’, featuring published national infrastructure plans, associated prioritization strategies and requirements for needs and resources assessments. Of the remaining, Barbados and Haiti have much room for improvement across these three areas, missing a cohesive approach to project selection—and providing an important context for the challenges they face when it comes to developing efficient and sustainable infrastructure PPPs. By contrast, top performers such as Brazil and Peru distinguish themselves by taking a long-term approach to national infrastructure planning and using more detailed prioritization strategies with clear guidance around PPPs and traditional projects.

Our updated Infrascopes framework pays closer attention to economic principles and evaluations, including the application of cost-benefit, fiscal affordability and value for money analyses. This has clearly become a regional priority; only Barbados, Belize and Suriname fall behind on incorporating at least one of these economic principles for project selection. Peru is significantly ahead of the curve, differentiated by its consistent use of published methodologies, standardized tools and approaches that are consistent with other forms of public procurement. Across the remaining countries, the adoption of such assessments is mixed. On the frontier of best practices, 17 countries require all three assessments as part of the project evaluation process. Cost-benefit analysis is required as a standard assessment by 21 countries, but only 13 countries have published methodologies related to its practical application. Fiscal affordability and value for money analyses are less common,

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with their application tending to be less methodologically grounded. Five countries do not require either form of analysis, and only Colombia and Peru receive full marks, respectively, for their comprehensive approaches to fiscal affordability and value for money.

A concerted approach to project evaluation and selection is one prioritizing informed decision-making. Mechanisms such as publishing long-term infrastructure plans, incorporating economic principles and evaluations for project selection, and conducting stakeholder impact assessments (including community impacts) are complementary components of an effective prioritization framework, which can provide strong assurances against ad-hoc selection or wasteful “white elephant” projects. Region-wide efforts toward expanding the use of these measures and creating more consistent and transparent methodological tools will go a long way toward mitigating near-universal problems such as poor or reactive planning, regressive investment, over-commitment, information asymmetries and unwarranted political interference.¹⁷

A number of countries have incorporated one or two of these principles while failing to explore others, despite the fact that each serves a very different purpose. This is true even for countries with otherwise strong PPP frameworks. Mechanisms such as published long-term infrastructure plans and needs assessments help national authorities determine budget allocation across sectors, sub-national units and geographies, considering the priorities of key stakeholders in a holistic manner. Incorporating different economic principles for project selection similarly ensures that the administration is taking a responsible approach to fiscal management and that the

most suitable modality is used to develop quality projects.

Project preparation and support

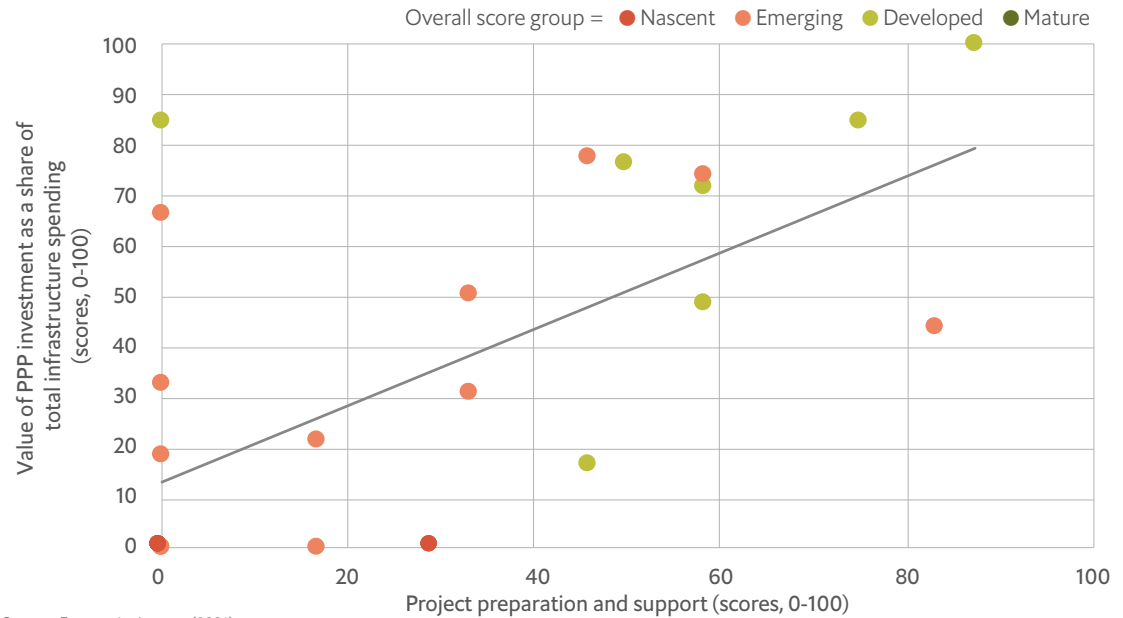
Access to project preparation and associated support for implementing efficient and sustainable infrastructure PPPs emerges as a critical area for improvement across LAC. Across the Infrascope’s first four categories, this measure sees the highest number of countries scoring zero on all indicators. Access to support mechanisms such as project preparation facilities, project development funds and viability gap funds can inform systemic improvements across many areas including institutional coordination, bankability and sustainability outcomes (see Figure 7). These arrangements are associated with high returns across all aspects of PPP development and implementation, and their use corresponds with 41% of the variation in the value of countries’ PPP investment.¹⁸

Facilities for project preparation are available in 12 of 26 countries in the region, with dedicated budgetary allocations in all but Haiti, where domestic funding is subject to political willingness, but support is provided by multilateral development organisations. Regional performance drops significantly when it comes to standardized tracking platforms for project preparation. Only six countries utilize a standardized platform or online system to coordinate activities across project stages and stakeholders in a systematic, transparent manner. Such systems are used as inter-agency, cross-functional coordination and tracking tools (including among private participants), enhancing process efficiency and the ongoing identification of readiness (and gaps) in project preparation.

17 World Bank PPP Group. 2016. “An Alternative Approach to Project Selection: The Infrastructure Prioritization Framework”. [<https://thedocs.worldbank.org/en/doc/844631461874662700-0100022016/original/160423InfrastructurePrioritizationFrameworkFinalVersion.pdf>]. Accessed October 2021.

18 The Infrascope analysis does not support causal inference. This statistic relates to the squared Pearson product-moment correlation coefficient (r^2) between country scores (0-100) for project preparation/support and scores (0-100) for the value of PPP investment. It describes the strength of a linear relationship, and the full range of determinants of PPP investment is not accounted for here.

Figure 7

Project preparation support mechanisms help support higher PPP investment¹⁹

Source: Economist Impact (2021)

There is significant room for improvement in project preparation, with 15 countries not offering institutionalized project support. Project development funds (PDFs) and viability gap funds (VGFs), for example, alleviate the burden of upfront procurement costs, therefore enabling the development of economically justified PPPs. Colombia, Honduras and Peru recently welcomed new PDFs, bringing this year's total of countries offering this support to ten. VGFs, however, are rare in the region, partially the result of fiscal hesitancy, with a number of countries relying exclusively on multilateral support for viability gap financing. Brazil and Mexico do sponsor VGFs; however, only the latter has disbursed funds toward developing PPPs. Other countries, such as Jamaica and the Bahamas, rely on ad hoc funding to close viability gaps—this is less dependable and could mean delaying or dismantling project plans

due to financial considerations, irrespective of their strategic importance.

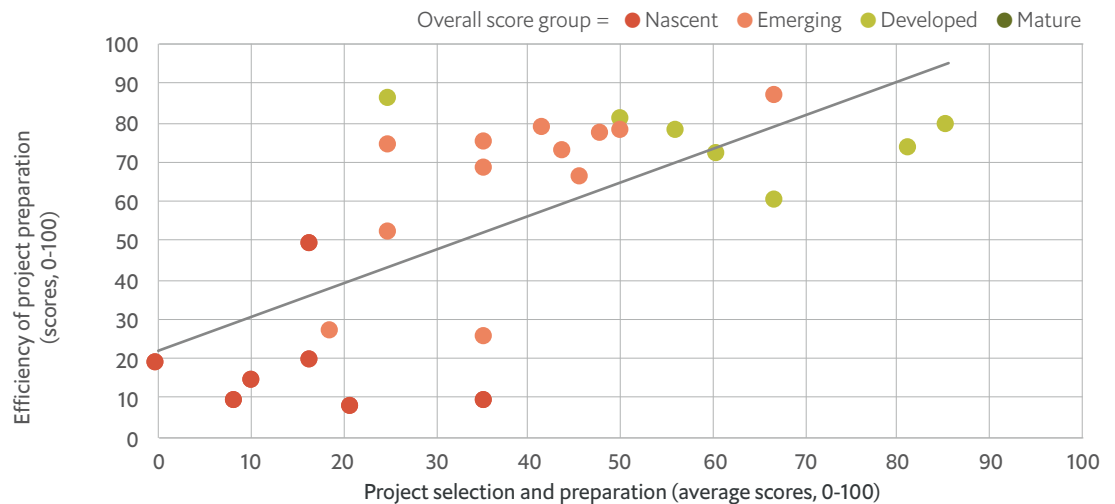
Efficiency of project preparation

The Infrascopes captures the general efficiency of the project preparation process through countries' ability to guide projects from tendering to financial close, countries' level of concentration in the industry, and whether governments offer support for land acquisition. This indicator group is more output-oriented than many others in the index framework. Given this, with the exception of assigning management and support responsibilities to a government entity, progress on these indicators will significantly depend on country performance across the aforementioned, directly actionable areas (project selection, preparation and support—see Figure 8).

¹⁹ This type of chart does not imply causality. The Infrascopes analysis does not support causal inference but may highlight possible directionality or correlation between the variables. The full range of determinants is not accounted for here.

Figure 8

More comprehensive project selection standards and supports are positively associated with more efficient preparation outcomes²⁰



Source: Economist Impact (2021)

Although regional performance on these indicators is higher than elsewhere within Project Preparation and Sustainability, no country receives a score of 'mature' for each of the three indicators, and scoring differentials are almost entirely driven by levels of concentration among firms being awarded infrastructure PPPs. The level of concentration is a strong indicator of procurement competitiveness within countries; we observed less concentration in six countries relative to 2019, but this remains an area for improvement across LAC.

With respect to land administration, scores for 13 countries fall under the 'emerging' category. Although all but six countries have taken steps to build institutional support arrangements for land administration, countries in the region have still struggled to record improvements across areas such as the ease of obtaining construction permits or operating licenses.

Finally, Panama and Uruguay outperform in terms of their project conversion rate, with a particularly high proportion of tendered PPP projects reaching financial close. The Dominican Republic and El Salvador are also in the 'mature' category for our measure of project conversion rate, although it is worth noting that the two countries have tendered relatively fewer PPPs.²¹ The Bahamas, Bolivia, Guyana, Haiti, and Trinidad and Tobago faced particular difficulty on this front, with a number of tendered PPPs stalled for many years. In a few cases, these were followed by project cancellations after significant expenditure on project preparation, pre-feasibility or feasibility studies, and impact assessments. Because the precision of this measure is diminished in countries that have only just started to implement economic and social infrastructure PPPs, progress over the next few years will be of particular interest as countries continue to deepen their PPP markets and hopefully prioritize sustainable infrastructure development within covid-19 recovery plans.

²⁰ This type of chart does not imply causality. The Infrascope analysis does not support causal inference but may highlight possible directionality or correlation between the variables. The full range of determinants is not accounted for here.

²¹ We consider the conversion rate of tendered projects to financial close in the past ten years. We take this approach for all countries, irrespective of the passage of PPP laws. In the case of the Dominican Republic, this measure corresponds primarily to the period before the approval of the 2020 PPP law.

Environmental and social sustainability

The final subcategory contains various measures assessing sustainability, including how much environmental and social sustainability considerations are incorporated in the project preparation process. Identifying and mitigating environmental and community impacts is not prioritized adequately across most countries in the region, with only three obtaining a score of 'developed' across these areas. Increased granularity in how we measure the stringency of environmental impact assessments reveals that while these assessments are typically part of the project preparation process (except in Barbados, Haiti and Suriname), much remains to be done in terms of ensuring their standardized application across PPPs through stipulated requirements. The same is true of consultations with affected communities—which nine countries do not require—and, across the remaining countries, publishing the findings is generally not mandated. Brazil, Chile, Guatemala and Panama emerge as the top performers in this area owing to the breadth of projects required to complete these consultations, their willingness to allow community members to request consultations at various stages of project development, and requirements for findings to be published. These four countries also have well-developed approaches to our indicators of risk management, and their superior performance here demonstrates that community consultations are a critical and undervalued component of risk management.

Very few countries in the region take a progressive approach to matters of social equitability within project selection, and only Brazil's and Nicaragua's regulatory frameworks score in the 'developed' range on this front. Job creation and social inclusion goals (support for minority, vulnerable or rural populations) are explicitly prioritized in project selection criteria in only nine countries. There is further room for improvement across the region in terms of importance placed on gender equity and support for micro-, small- and medium-sized enterprises as part of the project selection process.

The weight placed on projects' environmental and social sustainability has far-reaching implications, including for project bankability, quality, resilience and associated outcomes, from reducing the risk of delays to avoiding stranded assets. These concerns are particularly relevant in the transport and energy sectors, where social unrest and the clean energy transition have outsized impacts on project outlooks. Beyond risk mitigation for the project itself, linking infrastructure development to social inclusion goals can result in the strategic integration of multiple, economy-wide benefits and spillover effects.

3. Financing

Under our revised Infrascope methodology, the Financing category has been significantly expanded. It now places more weight on the ability of countries to navigate ongoing challenges around mobilizing adequate and diversified project funds for implementing infrastructure PPPs, particularly through private investor participation. This assessment category contains general indicators of financial market depth that are favored by prospective investors, as well as PPP-related indicators of the health and diversity of project financing mechanisms. Regional performance across this category is impressive given the economic turmoil of the past two years, with average performance second only to Regulations and Institutions. Most countries in the region appear well poised to take advantage of support from multilateral and development finance organizations, both of which can act as catalysts or even multipliers for private sector involvement. More mature markets perform particularly well, owing to a strong track record of delivering infrastructure PPPs, deep capital markets, and growing interest from the private and institutional investor circuit.

Brazil is the leader and the only country to score above 80, while ten countries exhibit 'developed' financing environments—of which Chile falls just shy of a score of 80, with Uruguay, Peru, Panama and Colombia also approaching the 'mature' level. Like-for-like comparisons against the 2019 index are not possible due to the extent of the expansion and modifications in this category. However, overall we are cautiously optimistic regarding the financial capacity for infrastructure development in the region, especially in the wake of recent market turbulence and our pre-analysis expectations.

3) Financing

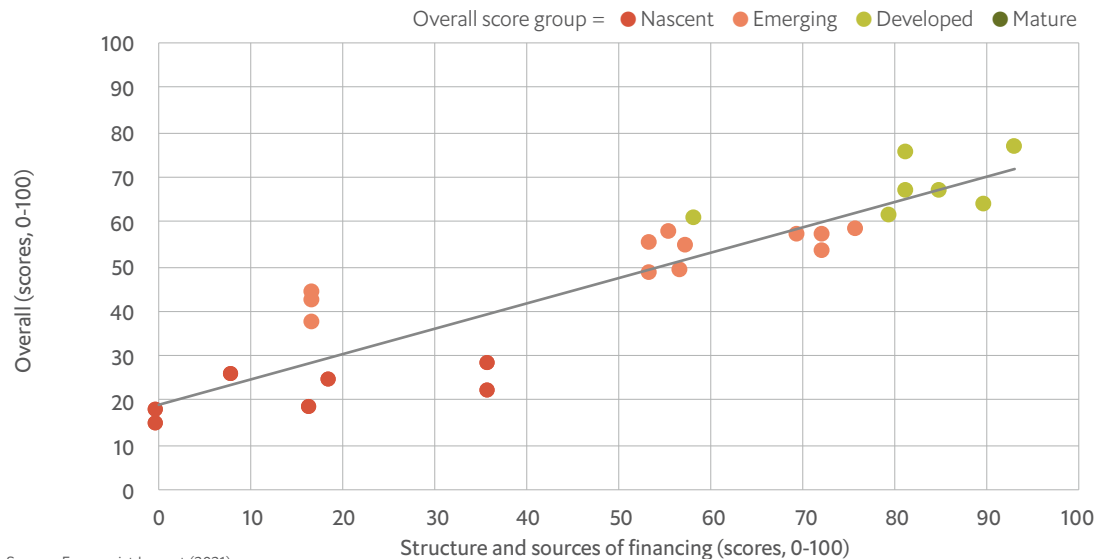
(neutral weights)

	Rank		Score /100
	1	Brazil	80.7
	2	Chile	79.9
	3	Uruguay	77.1
	4	Peru	76.2
	5	Panama	75.6
	6	Colombia	75.3
	7	Mexico	71.0
	8	El Salvador	67.1
	9	Dominican Republic	66.9
	10	Costa Rica	66.3
	11	Honduras	61.6
	12	Paraguay	56.9
	13	Jamaica	53.9
		AVERAGE	53.5
	14	Argentina	53.4
	15	Guatemala	52.0
	16	Nicaragua	44.5
	17	Ecuador	43.8
	18	Guyana	42.4
	19	Trinidad and Tobago	40.4
	20	Barbados	38.3
	21	Haiti	36.1
	22	Bahamas	35.2
	23	Bolivia	34.8
	24	Belize	33.3
	25	Suriname	15.7
	26	Venezuela	11.4

■ MATURE (80 to 100) ■ DEVELOPED (60 to <80)
 ■ EMERGING (30 to <60) ■ NASCENT (0 to <30)

Score 0-100 where 100=best. Rank out of 26 countries across LAC, 1=best, = before the rank indicates a tie.

Figure 9
“Structure and sources of financing” is tied²² as the strongest single subcategory-level predictor of overall Infrascope scores²³



Source: Economist Impact (2021)

Structure and sources of financing

Although regional scores average around 50 for the Structure and sources of financing subcategory, performance in this area is tied as the strongest single subcategory-level predictor of the overall Infrascope scores (see Figure 9). Countries' progress within our measures of institutional investor participation and the share of PPPs using project financing mechanisms in the past ten years track closely with overall country performance in the index. In part, this reflects the increased granularity of scoring in this subcategory. However, these relationships also lend credibility to the notion that financial market depth and off-balance-sheet project financing are central to evaluating the ability of countries to implement efficient and sustainable infrastructure PPPs. Strong performances on indicators in this area reflect access to quality infrastructure investment opportunities and the level of private investment activity in countries.

Diversified finance is a highly effective approach to reducing exposure, distributing risks equitably, garnering credibility and boosting investment interest in infrastructure PPPs. Dynamics within this subcategory are specific to PPPs (as opposed to broader infrastructure market dynamics), and most relevant to projects' financial and operational structuring. The degree of access to diversified sources of finance also plays an important role in determining the total financing available to projects; however, the primary determinants of this are captured in subsequent subcategories measuring access to finance and financial sector maturity.

As part of this assessment, we identified three key areas for improvement in the region. First, the use of project financing mechanisms and documented institutional investor participation track particularly well with countries' overall index performance, although six countries have not taken advantage of either. Eight countries do not allow

²² See also 5.2 Maturity and quality

²³ This type of chart does not imply causality. The Infrascope analysis does not support causal inference but may highlight possible directionality or correlation between the variables. The full range of determinants is not accounted for here.

for payments to be made to private partners based on the completion or quality of certain project milestones—either explicitly through their public accounting mechanisms or as a matter of common contractual practice.

Turning now to the use of sustainable financing instruments and multilateral financing or support, half of the index countries have issued green-, climate- or development impact- bonds for financing infrastructure. A clear marker of progress in the region, Argentina, Barbados, the Dominican Republic and El Salvador issued their first infrastructure sustainable financing instruments in the past few years, and some of these countries have also implemented sustainable capital market strategies and protocols.²⁴ However, the remaining 13 countries have yet to utilize sustainable financing instruments for infrastructure development, a missed opportunity to field additional resources and capitalize on the benefits of green infrastructure. Our measure of multilateral participation shows a near-even distribution of countries within the mature, developed, emerging and nascent categories. Scoring and interpretation on this indicator requires careful attention, given that “more is better” only applies to multilateral investment in countries with less experience with PPPs. For countries that struggle to finance projects and where technical capacity may be lacking, support from multilateral development institutions can be invaluable, lending credibility, expertise and security to PPP projects. However, over-reliance on such support in more developed PPP markets that have access to diversified financing is neither necessary nor desirable. These dynamics are reflected in our approach to scoring this indicator and should be borne in mind as countries look to advance in this space.

The issuance of project bonds remains a grossly underutilized avenue for infrastructure financing in the region. Average regional scores for this indicator are some of the lowest across the Infrascope’s first four categories, with 19 countries scoring at the ‘nascent’ level, including 17 that have not issued any project bonds in the past ten years. Among countries with some experience in this space, Costa Rica and Paraguay have the highest proportion of projects financed partially or in full through project bond issuances, followed closely by Brazil, and then Argentina, Ecuador, Mexico and Peru in the ‘emerging’ category.²⁵

Access to capital

Access to capital is influenced by a range of PPP-specific and broader, country-level dynamics. It reflects the average cost of capital, governments’ willingness to provide financial support and incentives, and broader financial market dynamics within a country. Both access to capital and financial sector maturity (which is measured in our next evaluation area) impact the level of financing available to projects. However, there are more direct levers available to governments to improve access to capital (such as offering financial support and incentives to project companies), whereas improvements in financial sector maturity are a longer-term undertaking.

Regional scores across our measures for average cost of capital and debt performance are generally robust in the Financing category. Most countries perform well on these measures, including many that receive overall index scores of ‘nascent’ and ‘emerging’. However, given the extent of non-traditional fiscal and monetary policy implemented during the covid-19 pandemic and the recent

24 According to its 2018 Capital Markets Law, Argentina’s bonds, investments and trust funds must follow international standards for green, social and sustainability bonds. As an example, in 2020 an Argentinian company issued local short-term green bonds (both class 1 and class 2). Since 2018 companies in Barbados have raised capital through green energy bond programs certified by the global Climate Bond Initiatives. In 2020, a firm in the Dominican Republic announced the issuance of green bonds to support development of renewable energy infrastructure. In El Salvador, green bonds were issued in 2019 with institutional investor participation. The country’s Salvadoran Banking Association (ABANSA) also received IDB support in 2019 toward implementing a sustainable finance strategy in the banking sector.

25 Costa Rica and Paraguay have relatively few total projects. This indicator is measured in relative terms, based on the proportion of a country’s projects that utilize project bonds. In absolute terms, Brazil far outpaces the region for the number of projects utilizing project bonds, followed by countries such as Peru and Mexico.

uptick in lending, strong performance on these indicators should be interpreted with caution. Non-performing loans (NPLs) may soon rise as repayment freezes are phased out and the post-pandemic boom in financial lending subsides. A number of countries are showing signs of deterioration, including Venezuela, which has the highest country risk premium, reflecting its ongoing economic depression, distortions in the financial system and bleak money market outlook. Belize, Guyana and Suriname also exhibit weak NPL ratios, and banks' appetites for financing large-scale projects in the near term is uncertain in these countries.

Capital portability allows cross-border investors to engage in the PPP process with relative ease, measured in the index by aggregate capital flows as a percentage of fixed investment. Small gains in capital portability at the regional level from 2016-19 (four percentage points) followed by a three-percentage point decline in 2020 mask divergent dynamics at the country level. Capital flows for countries with high overall index scores are relatively stable yet showed some signs of decline in 2020. Guyana is a top performer, reflecting significant capital inflows, possibly tied to recent oil discoveries. Uruguay, which has experienced significant year-on-year swings on this measure since 2016, is a notable exception to regional stability. Despite this, capital remains highly portable for Uruguay, driving strong performance on this measure, supported by the country's explicit focus on attracting foreign direct investment (FDI), the lack of limits on profit transfer or capital repatriation, investment protection regulations and numerous foreign trade agreements. Capital portability is relatively restricted in Ecuador, Guatemala and Paraguay, with Ecuador in particular recording the poorest performance on this measure across the region, despite concerted efforts to attract FDI in recent years.

Finally, government financial support is a new measure that considers whether incentives such as guarantees, special purpose vehicle (SPV)

equity provision, direct financing, and similar forms of financial support are made available in infrastructure PPPs. Across the region, 15 countries offer financial support to infrastructure PPPs. We note that 12 of these (except for the Dominican Republic, Haiti and Guyana) have also implemented a sophisticated and comprehensive approach to risk allocation. Grounding fiscal incentives in thorough risk identification and allocation frameworks is increasingly important, given the heightened uncertainty and growing importance of such measures to public and private parties. As governments focus on health and employment initiatives, providing this type of support to PPPs can act as a reliable signal to private investors that their public partners remain committed to risk-sharing and the development of new and existing infrastructure.

Macro environment

The macro environment is exclusively determined by country-level dynamics, not specifically linked to PPP development and implementation processes. We expect significant impacts from covid-19 on this Infrascopes area. While our macro environment measures are relevant to PPP investment decisions and operations today, countries have few options to shift performance quickly or through targeted interventions in this evaluation area.

At the regional level, there are widespread vulnerabilities in macro environments, with low average scores and 20 of 26 countries in the 'nascent' and 'emerging' ranges. Our indicator measuring country risk considers sovereign, currency, banking sector, political, economic structure and interest rate risk, while our indicator measuring financial maturity considers marketable debt levels, the market environment and the health of domestic banks. Chile and Mexico are the only countries to receive a score of 'developed' on both of these indicators, with nine other countries receiving a score of 'developed' for financial maturity. Also noteworthy are Guatemala and Paraguay—which have some of the most favourable

country risk environments in the region despite their less mature financial sectors.

Within country risk, economic structure risk is a strong predictor of overall index performance. This measure considers structural (rather than cyclical) risk, and therefore is relatively insulated from pandemic impacts. The impact of exogenous shocks will inevitably be felt across all aspects of an economy. However, the fact that economic structure risk exhibits a stronger relationship with overall scores than other components suggests that non-cyclical dynamics constitute the primary foundation of countries' ability to implement successful PPPs, in conjunction with other financial sector realities.

4. Risk Management and Contract Monitoring

Risk sharing and contract monitoring are central tenets of an efficient relationship between public and private parties engaged in any PPP. Although countries have made much progress on adopting broad principles and best practices around risk management and contract monitoring, the detailed application of these concepts remains complicated in practice. For example, all countries in the LAC Infrascopes require some form of risk identification analysis and take regulatory steps to guard private participants against the risks associated with unilateral government action. However, much remains to be done, clearly demonstrated by the fact that no country reaches the 'developed' range consistently across our four key areas of evaluation in this category (see Figure 10).

The region performs best in risk allocation, with 14 of 26 countries scoring 'developed' or 'mature'. Significant improvement is possible when it comes to national monitoring and reporting, disaster risk and risks related to unilateral government action. All countries could stand to benefit from a greater variety of policy guidelines, standardised methodologies and tools, and institutional support mechanisms, which would provide clarity and nuance to navigating risk management in different contexts.

4) Risk Management and Contract Monitoring (neutral weights)

Rank		Score /100
1	Chile	74.9
2	Brazil	70.3
3	Uruguay	69.4
4	Costa Rica	68.8
5	Panama	68.1
6	Colombia	66.3
7	Guatemala	63.5
8	El Salvador	63.3
9	Mexico	61.0
10	Guyana	56.1
11	Peru	54.3
12	Nicaragua	50.3
13	Bahamas	50.1
	AVERAGE	47.6
14	Honduras	46.6
15	Argentina	46.3
=16	Dominican Republic	45.3
=16	Paraguay	45.3
18	Ecuador	44.0
19	Jamaica	42.6
20	Trinidad and Tobago	26.4
21	Haiti	24.2
22	Suriname	23.6
23	Belize	23.3
24	Barbados	21.8
25	Bolivia	16.5
26	Venezuela	16.2

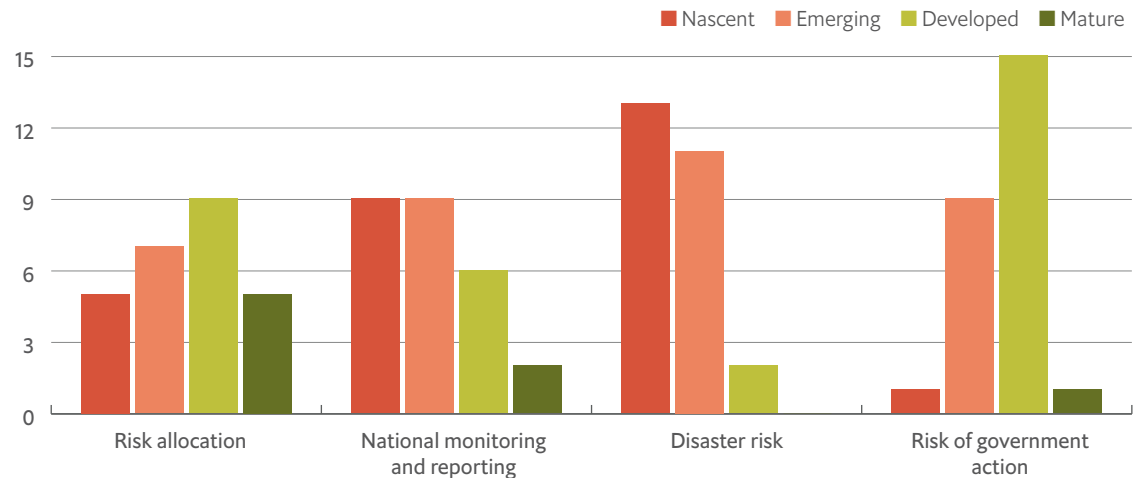
■ MATURE (80 to 100) ■ DEVELOPED (60 to <80)
 ■ EMERGING (30 to <60) ■ NASCENT (0 to <30)

Score 0-100 where 100=best. Rank out of 26 countries across LAC, 1=best, = before the rank indicates a tie.

Figure 10

Count of countries by scoring group

No country achieves 'mature' or 'developed' scores (green) across all four evaluation areas in Category 4. For disaster risk, there is particular room for improvement.



Source: Economist Impact (2021)

Risk allocation

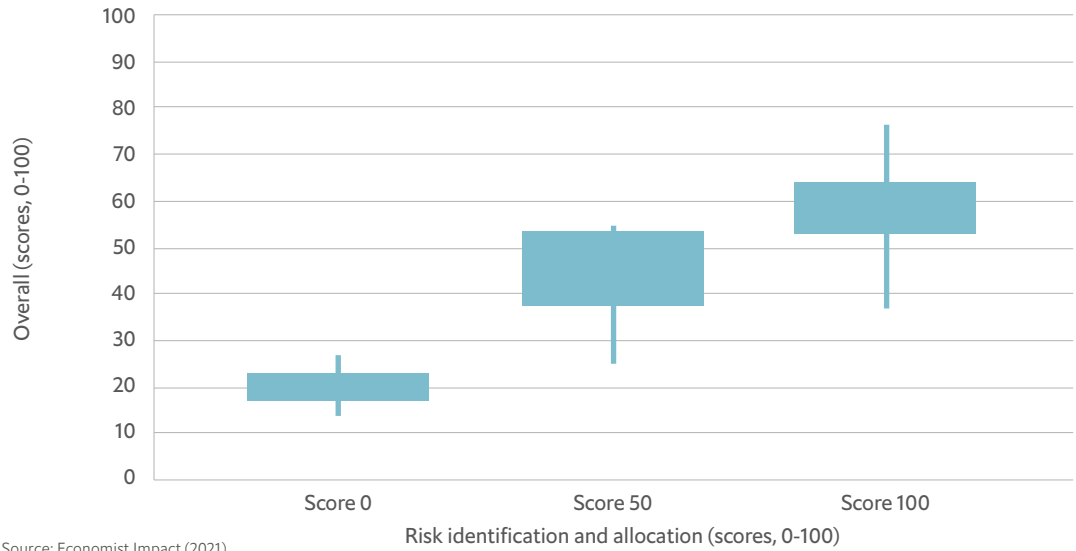
Country performance on our measures of risk allocation varies significantly. Sixteen countries demonstrate sophisticated risk identification and allocation procedures, yet only four of these have offered a diverse range of sovereign guarantees to PPP projects over the past ten years. Of the six countries that do not mandate any risk identification, four also lack PPP procurement frameworks that meet our “minimum standards”²⁶ to enable successful projects. Performance here is the strongest single indicator-level predictor of overall index performance (see Figure 11a). In addition, prospective investors and private participants clearly place much weight on the existence of a comprehensive and systematic approach to risk management on contracts and projects, critically important in countries with heightened macro environment risk (as measured

by our country risk and financial maturity indicators). However, our analysis finds PPP risk allocation frameworks to be especially lacking in such countries. Haiti is somewhat of an exception, taking a relatively more sophisticated approach to risk allocation than peers with similarly heightened macro environment risk (see Figure 11b).

This evaluation area also considers the regulatory and budgetary treatment of contingent liabilities, where most countries fall within or above the ‘developed’ scoring range. In the eight countries with ‘nascent’ scores, there is no consideration of contingent liabilities by either regulatory frameworks or budget offices. For the remaining 18 countries, budget offices’ adherence to international accounting standards is more common than a consistent legislative approach to contingent liabilities for PPPs and traditional infrastructure projects.

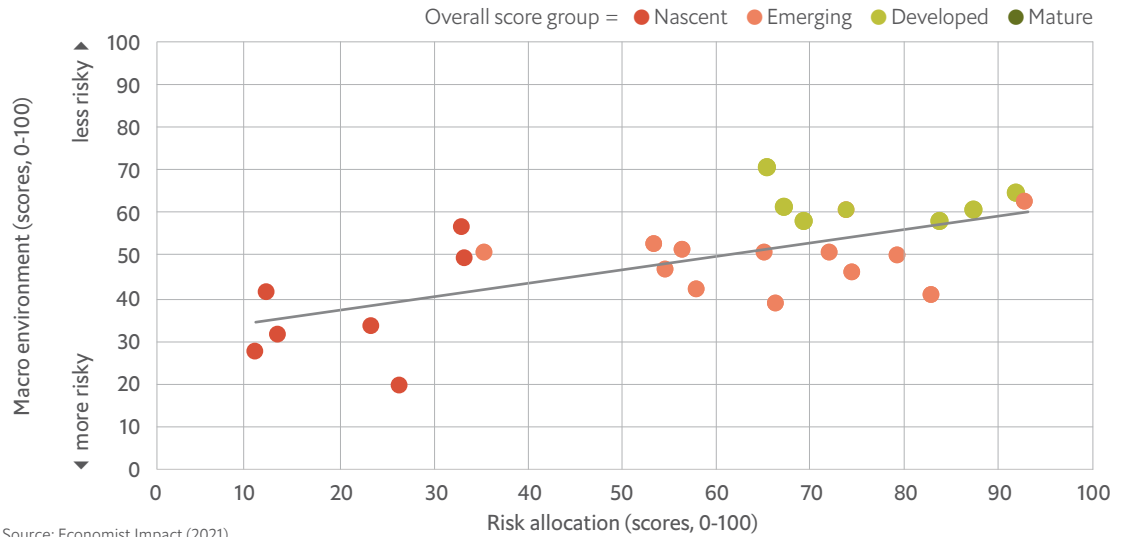
²⁶ PPP procurement frameworks should, at a minimum, define government jurisdictions that can contract and approve PPPs, define sectors, define modalities or contract types, and define key contract characteristics (see sub-indicator 1.1.1.b).

Figure 11a
Performance on our risk identification and allocation indicator (4.1.1) is the strongest single indicator-level predictor of performance on the overall index



Source: Economist Impact (2021)

Figure 11b
PPP risk allocation frameworks tend to be lacking in countries where they could help offset heightened macroeconomic risk²⁷



Source: Economist Impact (2021)

²⁷ This type of chart does not imply causality. The Infrascopes analysis does not support causal inference but may highlight possible directionality or correlation between the variables. The full range of determinants is not accounted for here.

Across our measures of lenders' step-in rights and government guarantees, average performance progressively worsens. Lenders' step-in rights are considered a standard protection mechanism for lenders (especially in the context of project-financing mechanisms). However, 12 countries in the Infrascope do not include this in their regulatory frameworks. Government guarantees is the lowest scoring indicator in this evaluation area, with 12 countries offering no sovereign guarantees of any kind to PPPs in the past ten years. Of note, there is significant overlap between countries that have not provided such guarantees and countries lacking experience in implementing successful PPPs. Such guarantees constitute one of the most effective tools that governments have at their disposal to encourage private investment, by effectively assuming risks that might otherwise fall on the private party. That being said, guarantees can also translate into significant public sector liabilities in cases of poor project selection and risk allocation, and some countries would benefit from greater capacity in those areas before making efforts to expand use of guarantees. Countries such as Brazil, Colombia and Mexico, on the other hand, issue guarantees frequently and are all well positioned to do so, given their strength in project selection and risk management; by the same token, countries such as El Salvador, Panama and Uruguay would do well to consider expanding their use.

Financial auditing and reporting standards is a measure that reflects the strength of countries' adherence to internationally recognized standards. Though no country scores in the 'mature' range on this indicator, average scores remain high, with 19 countries in the 'developed' range and only Haiti scoring below 30. Country scores are generally clustered just above 60 (the threshold between 'emerging' and 'developed').

National monitoring and reporting

National monitoring and reporting focuses exclusively on the construction and operation stages of PPPs, including contract management and regular reporting for ongoing and upcoming projects. Performance across these indicators and in the next category, Performance Evaluation and Impact (Ex-Post), suggests that countries have primarily focused their efforts toward improving PPPs during the pre-construction stages. While this is justifiable, performance on project implementation and managing projects after the financial close play an equally important role in the private sector's perception of PPP attractiveness.

Brazil and Chile lead performance across this area with 'mature' scores, followed by six countries in the 'developed' range and most (18) countries receiving 'nascent' and 'emerging' scores. Countries with significant room for improvement—Barbados, Belize, Bolivia and Haiti—have not mandated any form of contract management (such as requiring contracts to define construction and operation processes and transitions) or reporting by the national PPP agency (such as progress updates on pre-operational PPP assets or pipeline updates). Overall, regional adoption of policies in this area favors neither contract management nor published reporting, with half of countries performing better on the former and the other half better on the latter.

While almost all countries have some way to track project performance once completed, construction and operation processes are a black box for ten countries. At the upper end, only six countries score above 'developed' for contract management. In terms of gathering and publishing project performance data, only two countries have a long-term monitoring strategy in place and score in the 'developed' range. However, all countries except five have a mandate in place to collect performance data. Published reports with up-to-date information about ongoing PPPs and the project pipeline is another area for improvement.

The vast majority of countries in the region have not mandated the publication of regularly updated reports, which provide important benefits for tracking projects over time and ensure accountable and transparent operations.

Disaster risk

Disaster risk is the weakest subcategory in Risk Management and Contract Monitoring by a significant margin. Here, 12 countries receive scores below 30 on each of the three indicators. For five countries, there is no published evidence suggesting the existence of an approach to disaster risk, and these countries receive a score of zero across all three of our indicators for disaster risk regulation, insurance requirements, and *force majeure* management.

We first consider whether national PPP frameworks incorporate provisions on environmental risk analysis and disaster risk management. The former seeks to identify and assess environmental risks to the project and determine the best ways to balance or mitigate them. It is different from an environmental impact study, which just aims to predict a project's impacts on the environment and is much more common across the region. Only seven countries have implemented environmental risk analysis requirements for PPPs that account for disaster risk management and adaptation. Argentina, Brazil and Panama do require environmental risk analysis, but do not incorporate disaster risk management considerations such as explicitly defining risk allocation considering extreme climate events or requiring contingency plans to deal with the effects of climate change.

A more targeted approach to disaster risk management involves requiring the private party to take out insurance for coverage against disaster or catastrophic risk, ideally with a regulated minimum level of coverage. Only five countries follow best practice, and it is particularly interesting to note that these countries are among the 16 that do not mandate environmental risk analysis. While

specified levels of insurance are not a substitute for the more detailed analysis and contingency planning offered by environmental risk analysis, the poor performance of these countries on our measure of disaster risk is counterbalanced (quantitatively speaking) by their comprehensive approach to catastrophe insurance.

Our final disaster risk measure examines *force majeure*. This illustrates a larger trend of significant progress at the regional level on incorporating fundamental concepts of risk management into regulatory frameworks, but it also reveals a notable gap in the provision of guidance on how best to implement them across different projects. Across the region, 13 countries discuss *force majeure* in broad terms in the regulatory frameworks governing PPPs, often requiring contracts to include a clause on *force majeure* as a minimum requirement, but without providing any specific guidance on which events constitute this, compensation mechanisms, processes used to invoke the clause or a time limit for doing so. By contrast, six countries provide guidance on three of the four aspects outlined above. No country provides guidance on all four aspects, driving low scores on this indicator and in the disaster risk evaluation area.

Risk of government action

One of the most important aspects of contract monitoring from a risk management perspective is managing the risks and fallout related to unilateral government action, which can include expropriations, payment default or revisions to prices that were not covered contractually. This evaluation area explores the propensity of governments to take such unilateral actions, the extent to which private parties can respond and gain fair compensation, and the overall effectiveness of bureaucratic processes and enforceability of contracts.

Our indicator measuring government risks (expropriation, payment default or price revisions)

exhibits the best scores in this area. There is substantial correlation in terms of country performance across the three component scores—in 16 countries, there has been no form of unilateral government action in PPP projects over the past ten years. However, there has been evidence of both expropriation and payment default in Brazil²⁸ and Haiti.²⁹ In eight other countries, one type of unilateral government action has been observed (typically expropriation or payment default).

Our measure on contract termination assesses investors' right to appeal early termination of contracts by governments, expedited contract transfer options for project exit, fair compensation or indemnities in the case of early termination, and regulatory guidance on the procedure. This indicator mirrors 67% of the variation in overall index scores, suggesting that countries that implement these measures are likely to also have a mature approach to the entire PPP process. Only seven countries allow for investor appeals, and five codify the treatment of indemnities in their regulatory frameworks, making it applicable to all PPP contracts; Chile and Paraguay are the only countries to do both. Regional performance is far stronger in terms of allowing for early contract transfer and providing regulatory guidance on the termination procedure—17 and 19 countries, respectively, provide for these in their frameworks.

Regulatory risk considers two measures: an indicator of the risk that contract rights will not be enforced and an indicator of bureaucratic effectiveness, which measures the quality of a country's bureaucracy in terms of competency, training, morale, dedication, compensation, status and the pervasiveness of corruption among public officials. Regulatory risk is the weakest area in this subcategory by a significant margin. Six countries receive scores in the 'developed' range, while 13 show some, but insufficient, progress and seven

need significant improvement. Countries tend to perform slightly better on contract enforceability than bureaucratic effectiveness, and of the 17 countries where this is the case, performance in bureaucratic effectiveness is diminished by risk of corruption in five and by the quality of bureaucracy in the remaining.

²⁸ See the City of Rio de Janeiro's expropriation of the Yellow Line Highway concession and the City of Rio de Ostras's and the City of Mirassol's payment defaults related to sanitation PPPs.

²⁹ See Haiti's series of expropriations following the 2010 earthquake, including for Cayes Airport and various viaducts and roads. See also the default related to management of a drinking water network in Saint Marc.

5. Performance Evaluation and Impact (Ex-Post)

Across the Infrascopes's five categories, it is apparent that country performance tends to progressively weaken as the analysis shifts from the earlier PPP stages (eg, tendering, procurement, preparation) to later ones (construction and operations). There is much room for improvement across the region in Performance Evaluation and Impact (Ex-Post). Country performance within this category is significantly lower than elsewhere in the index (see Figure 12), with most countries lagging when it comes to conducting comprehensive ex-post project evaluations, implementing quality reporting for operational projects and effectively improving sustainability outcomes.

This is a new assessment category in the 2021/22 Infrascopes, focused on evaluating the performance and impact of ongoing, operational infrastructure PPPs, covering topics such as institutional responsibilities for performance evaluation, project maturity, quality of project management standards, and progress toward climate-related sustainability and resilience goals. These areas represent the fundamental ways countries can understand the performance and outcomes associated with infrastructure PPPs, identify strengths and weaknesses from the early phases of procurement through operationalization, and apply lessons learned for successful future projects. Central to this evaluation is regular tracking, systematic data gathering and strong analytics capabilities.

Ex-post evaluation of PPP projects

Across LAC, evaluating operational PPPs is a major area for improvement, with 15 of 26 countries still exhibiting 'nascent' evaluation environments (scoring below 30). Not only does this reflect a lack of institutional requirements and responsibilities, but it also reveals gaps in implementation. Irrespective of requirements, 14 countries show no documented evidence of actively conducting ex-post project evaluations.

5) Performance Evaluation and Impact (Ex-Post) (neutral weights)

Rank		Score /100
1	Brazil	71.9
2	Chile	64.8
3	Honduras	55.0
4	Uruguay	50.3
5	Colombia	45.3
6	Guatemala	43.5
7	Ecuador	43.2
8	Jamaica	41.2
9	Costa Rica	39.0
10	Dominican Republic	37.8
11	Panama	32.3
12	Peru	31.0
13	El Salvador	30.0
	AVERAGE	28.2
14	Paraguay	27.0
15	Nicaragua	24.1
16	Argentina	18.3
17	Mexico	17.3
18	Bahamas	16.2
19	Belize	12.2
20	Guyana	7.9
21	Suriname	5.1
=22	Barbados	4.8
=22	Bolivia	4.8
=22	Trinidad and Tobago	4.8
25	Venezuela	3.9
26	Haiti	2.2

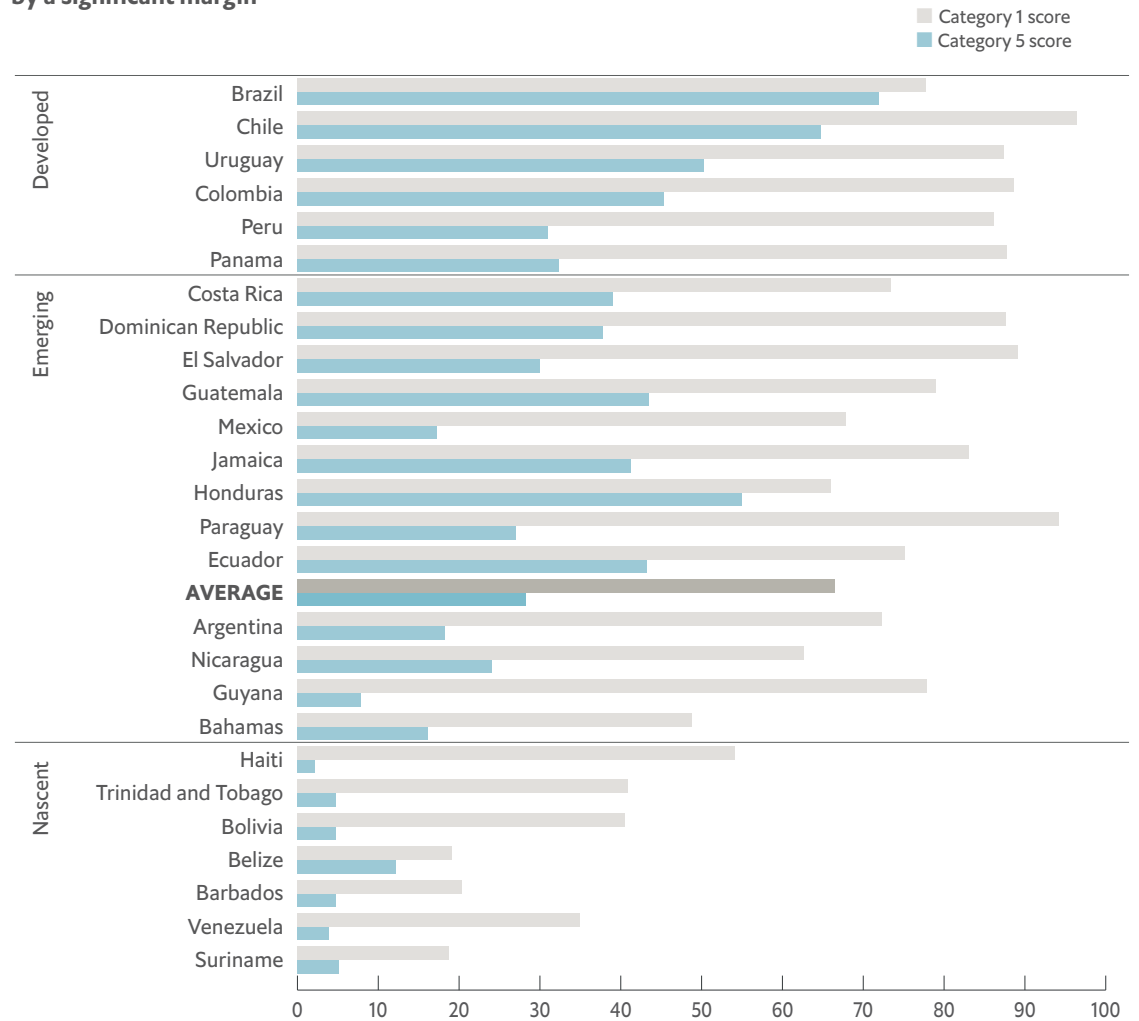
■ MATURE (80 to 100) ■ DEVELOPED (60 to <80)
 ■ EMERGING (30 to <60) ■ NASCENT (0 to <30)

Score 0-100 where 100=best. Rank out of 26 countries across LAC, 1=best, = before the rank indicates a tie.

In addition, gaps in the content of evaluations are evident; of the 11 countries that task an agency with ex-post evaluations, six fail to assess either risk performance, risk allocation, cost-benefit performance, or value-for-money performance.

While defining and conducting ex-post project evaluations is important, making effective use of those results is the integral next step in fostering an environment of continual improvement with respect to infrastructure PPPs. The Infrascopes

Figure 12
Country performance in Category 5 lags performance in Category 1 (Regulations and Institutions) by a significant margin



Source: Economist Impact (2021)

considers two key ways that countries put evaluation results into action: through publishing findings online and establishing processes for applying findings to future projects. On this front, even in the countries that mandate ex-post evaluations, we see significant room for improvement. Of the 12 countries that actively conduct ex-post evaluations, only seven publish the results online. Likewise, only five countries have established processes to apply such findings to future projects.

Overall, Brazil and Colombia stand out as top performers in terms of ex-post evaluations, with robust institutional arrangements, qualified technical capacity, comprehensive evaluation standards and processes for deploying the results. Chile, Honduras and Jamaica are also strong players, but with targeted room for improvement across areas such as content requirements or processes for publishing and using results.

Maturity and quality

The region's performance in this evaluation area, measuring the maturity and quality of infrastructure PPP markets, is the highest across this category. Encouragingly, five countries exhibit 'mature' infrastructure PPP environments, while another ten qualify as 'developed'—signifying low project mortality rates, a high proportion of total infrastructure spending (public and private) supplied through PPPs, and strong ratings in terms of overall infrastructure quality. "Maturity and quality" is tied³⁰ as the strongest single subcategory-level predictor of overall Infrascopes performance, indicating that infrastructure PPP investment is well targeted and happens most consistently in countries where there is a strong enabling environment for PPP development.

Project mortality rates for infrastructure PPPs are almost universally favorable across LAC, with 19 countries displaying perfect records over the past ten years (ie, no cancellations of projects post-procurement). With respect to the total value of PPP investment, Brazil leads the region with an average of 25% of its total public and private infrastructure spending over the past ten years being supplied through PPPs. Strong use of PPPs was also recorded by Panama, Peru, Honduras, Uruguay, Jamaica, Colombia and El Salvador, all of which have relied on PPPs for more than 15% of their infrastructure spending. The region as a whole performs well in terms of the overall quality of infrastructure, with 24 countries scoring above 50.³¹ However, no country scores above 76 and there is widespread opportunity for overall infrastructure outcomes to be improved through implementing efficient and sustainable PPPs.

Impact on infrastructure quality and outcomes

This evaluation area examines how countries monitor the quality of operational infrastructure. In general, performance here is significantly underdeveloped, with only five countries (Brazil, Chile, Uruguay, Ecuador and Guatemala) earning scores above 50. In one of the more surprising results, eight countries do not mandate monitoring the quality of services, including Peru, which has an otherwise developed PPP market. In some cases, lack of regulatory clarity is an issue—for example, there may be a requirement to monitor PPP contracts through construction, but it is less clear whether this also extends to monitoring the quality of services and the performance of operational infrastructure.

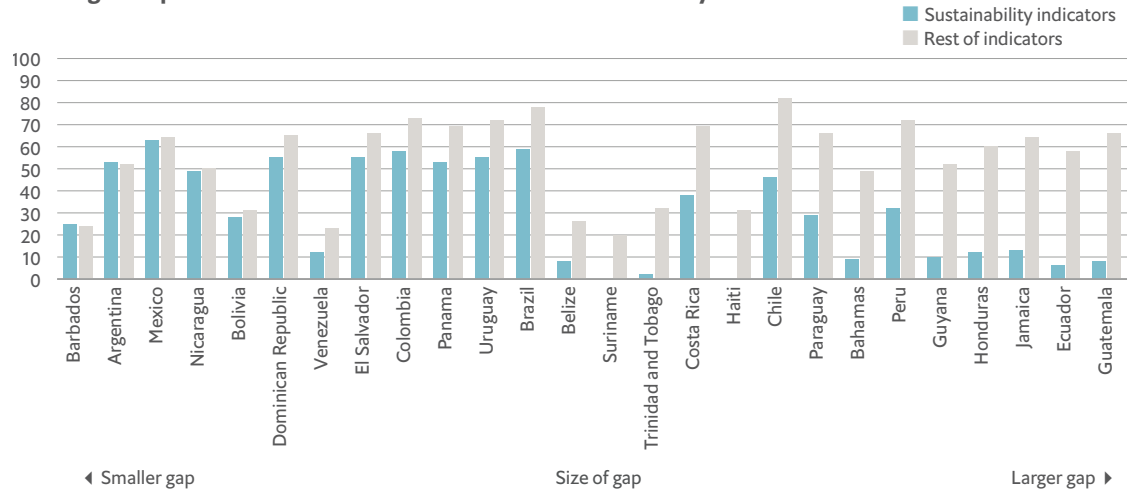
In addition to reviewing the existence of monitoring practices, the Infrascopes also considers their comprehensiveness, frequency and associated publication requirements. Just Brazil and Chile have instituted standardized procedures for monitoring operational infrastructure. Across the region, only five countries require the publication of project monitoring reports and, of these, only Brazil, Chile and Uruguay make the data available in formats conducive to analysis. These countries are also leaders in PPP preparation and development, and their willingness to facilitate third-party and public analysis of project performance is testament to the developed nature of their approaches to transparency.

With respect to the frequency of monitoring across key performance indicators (KPIs), there remains much room for improvement: only nine countries require annual reporting around financial and operational KPIs for operational infrastructure projects, and four countries require such reporting at least every five years. For the remaining 13 countries, there is no published or documented evidence of requirements to report on financial and operational KPIs.

³⁰ See also 3.1 Structure and sources of financing

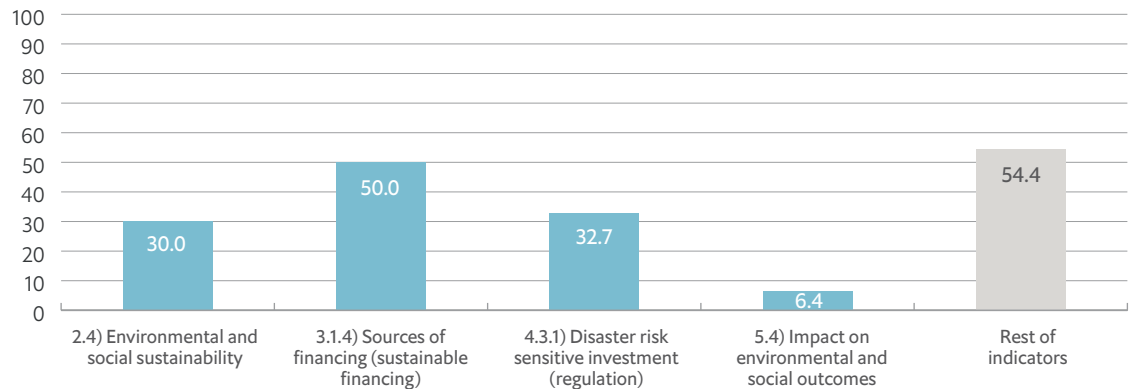
³¹ Infrastructure ratings from the World Economic Forum Global Competitiveness Index

Figure 13a
Low regional performance on indicators related to sustainability



Source: Economist Impact (2021)

Figure 13b
Low regional performance on indicators related to sustainability



Source: Economist Impact (2021)

Impact on environmental and social outcomes

The final evaluation area in the Infrascopes—and representing some of its most defining themes—highlights a striking lack of development across all countries. Here, 19 countries fail to score on any of the three indicators, including evaluating PPP performance against climate change goals,

evaluating performance against the Sustainable Development Goals (SDGs) and requiring PPPs to actively incorporate elements of “future-proofing” (eg, resilience or adaptability) into their design.

Of particular concern is that countries in the region do not evaluate infrastructure PPP performance against climate change goals. While climate considerations are considered in project preparation and selection criteria in six

countries, measuring actual project performance against those considerations once infrastructure is operational (ex-post) is a mission-critical component of a successful climate strategy. Given the immense importance of and risks associated with climate change in the coming decades, improved attentiveness on this issue (both in terms of project preparation and project outcomes) is a priority area for countries across LAC.

Just Costa Rica and Jamaica map PPP performance against the UN's SDGs, with Costa Rica going a step further, having formalized requirements for such monitoring in its national regulatory framework. However, neither country explicitly measures the extent to which SDG targets or commitments were achieved through infrastructure PPPs. Finally, only four countries—Chile, Honduras, Nicaragua and Panama—require PPPs to incorporate future-proofing (resilience or adaptability strategies) into their design. Such mechanisms are becoming increasingly important to ensure longevity of critical infrastructure, as the world's menu of risks expands to include climate-induced factors, pandemics, social and demographic change, economic crises, and other unforeseen drivers of disruption.

Country highlights

Seven of the 26 countries in the 2021/22 LAC Infrascopes earned 'developed' scores. Moreover, five countries with relatively nascent PPP environments have been added to this edition.

In absolute terms, countries' scores fall into five general performance groups:

- **Developed—Leaders:** Brazil and Chile
- **Developed—High performers:** Uruguay, Colombia, Peru, Panama, Costa Rica
- **Emerging—Growth markets:** El Salvador, Guatemala, Dominican Republic, Mexico, Jamaica, Honduras, Paraguay
- **Emerging—Mid-tier:** Ecuador, Argentina, Nicaragua, Guyana, Bahamas
- **Nascent:** Haiti, Trinidad and Tobago, Bolivia, Belize, Barbados, Venezuela, Suriname

Countries across LAC show significant variation across the Infrascopes's five categories, indicating a wide range of well-governed aspects and areas for improvement in relation to their capacity to implement sustainable and efficient PPPs in key infrastructure sectors.

Developed—Leaders: Brazil makes significant strides, while Chile maintains steady top-tier performance

Brazil and Chile, leaders of the LAC Infrascopes 2021/22, recorded a particularly strong performance underlined by vibrant infrastructure PPP activity, well-governed institutional machinery and continued prioritization of private participation in infrastructure. Their deep experience delivering and managing infrastructure PPPs goes hand-in-hand with a proven ability to attract domestic and foreign capital investment in infrastructure.

Brazil (1st overall, index score of 76) outperforms other countries in the region across multiple categories in the Infrascopes. It leads by a large margin across environmental and social

Infrascopes 2021/22 Overall Score

(neutral weights)

Rank	Score /100
1	Brazil 76.3
2	Chile 75.3
3	Uruguay 66.8
4	Colombia 66.4
5	Peru 63.4
6	Panama 61.1
7	Costa Rica 60.7
8	El Salvador 58.1
9	Guatemala 57.2
10	Dominican Republic 57.1
11	Mexico 56.9
12	Jamaica 54.8
13	Honduras 54.6
14	Paraguay 53.4
15	Ecuador 48.7
16	Argentina 48.0
	AVERAGE 47.3
17	Nicaragua 44.2
18	Guyana 42.1
19	Bahamas 37.0
20	Haiti 27.5
21	Trinidad and Tobago 25.3
22	Bolivia 23.8
23	Belize 21.8
24	Barbados 18.0
25	Venezuela 17.4
26	Suriname 13.9

■ MATURE (80 to 100) ■ DEVELOPED (60 to <80)
 ■ EMERGING (30 to <60) ■ NASCENT (0 to <30)

Score 0-100 where 100=best. Rank out of 26 countries across LAC, 1=best, = before the rank indicates a tie.

sustainability standards, strength of financing sources and practices, and ex-post project evaluations—in each of these areas standing out for its high performance across the board. Likewise, Brazil demonstrates robust risk management and contracting practices, and the existence of institutional support to evaluate project performance on an ongoing basis. However, our analysis suggests that the country needs to invest in improving its regulatory and institutional capacity with respect to infrastructure PPPs. Noteworthy areas for improvement in this regard include

inter-agency coordination, published reporting through a PPP registry, and enhanced detail around renegotiation procedures.

Chile (2nd overall, index score of 75) exhibits consistently impressive performance across all categories in the Infrascopes, ranking in the top four in each of the five categories. In contrast to Brazil, Chile boasts the Infrascopes's strongest regulations and institutions; however, there is significant room for improvement around prioritizing sustainability and social inclusion-related considerations. A particular bright spot for Chile is the maturity and depth of its financial environment for PPPs—especially domestic financing—an area in which it leads the region alongside Brazil. In addition, Chile demonstrates best-in-class contract monitoring and reporting practices, and leads the region by a large margin in terms of regulatory or government-related risk, including robust protections in place regarding contract termination.

Developed—High performers: Panama makes significant legislative improvements, joining other strong performers including Colombia, Peru and Costa Rica; however, Uruguay is rethinking its PPP ambitions

Common denominators across most countries in the 'developed' range (above a score of 60) in the index include productive PPP markets strengthened by new PPP legislation, targeted efforts to improve institutional arrangements, and interventions to offer financial assistance for PPP development. However, there is notable room for improvement in areas related to project preparation, sustainability, and project monitoring and evaluation.

Uruguay (3rd overall, index score of 67) owes its strong performance to a conducive regulatory framework, comprehensive processes for monitoring ongoing and operational PPPs, and significant diversity of financing. However, political hesitancy around PPPs has been on the rise, with the new administration indicating its intentions to move away from large-scale PPPs in the roads sector in the face of project delays and financial concerns. On a positive note, forthcoming legislation has been planned that will seek to overhaul the institutional handling of private-participation contracts, tighten their management under a single agency, establish objective technical guidelines in line with international best practices, and increase the uptake of technical and multilateral assistance. Such improvements unlock important benefits for project selection and prioritization, currently one of the country's weakest areas in the index.

Colombia (4th overall, index score of 66) displays some of the most consistent scores across the Infrascopes's five categories. Its PPP agency excels in terms of the technical capacity of its staff and its monitoring and evaluation efforts, and the country offers an impressive array of financial support to infrastructure PPPs. Ahead of many other countries in the region, Colombia's regulatory framework governing PPPs includes robust risk allocation

standards and further mandates environmental and disaster risk analysis. However, in some areas, Colombia displays notable room for improvement, including across bidding and renegotiation procedures, land administration and reporting standards for operational projects.

Peru (5th overall, index score of 63) demonstrates robust capabilities in project development. Specifically, its infrastructure prioritization strategy and project selection methodologies are well ahead of countries in LAC. It also places in the top three for its comprehensive project preparation facilities and in the top four for the efficiency of its project preparation process. Peru can further improve these capacities by prioritizing environmental and social sustainability considerations across both project planning and ex-post evaluation of operational projects. The country will also see significant improvements by investing in stricter regulatory safeguards for contracts and building capacity around project monitoring. Notwithstanding these areas for improvement, Peru has one of the most active PPP environments in the region and has recently approved an infrastructure plan that places particular emphasis on promoting a diversity of financing mechanisms and expanding government financial support for projects.

Panama (6th overall, index score of 61) records a strong index performance on the back of implementing a new PPP law and associated regulations in 2019-20, driven by renewed political support for PPPs among different parties, including the opposition. In addition, the country boasts one of the Infrascoppe's strongest financing environments and demonstrates some of the best scores for risk management—due in large part to new monitoring and reporting requirements implemented in the recent PPP law, as well as comprehensive stipulations around *force majeure* and disaster risk. Moving forward, Panama should pay more attention to strengthening its framework for project selection and preparation and implementing a system for the ex-post evaluation

of operational projects.

Costa Rica (7th overall, index score of 61) just breaks into the 'developed' range, thanks to one of the LAC's strongest risk management frameworks, particularly for disaster risk and *force majeure*, and because of its comprehensive guidance around project selection and preparation. Similar to Brazil, Costa Rica performs more strongly across the Infrascoppe's latter four categories, despite having a relatively weak regulatory and institutional foundation (where it ranks 14th). Despite the country's fragmented PPP oversight mechanics and limited experience implementing PPPs in the past decade, Costa Rica exhibits one of the region's most stable PPP environments with respect to government-related actions such as expropriation, price revision, contract termination and bureaucratic risk.

Emerging—Growth markets: The Dominican Republic and Paraguay enact new PPP legislation; Mexico, Jamaica and Honduras maintain active PPP markets; and El Salvador and Guatemala face institutional and financial challenges in their pursuit of PPP development

Growth markets in the ‘emerging’ range score between 50 and 60, with performances that confidently outpace the regional average of 47. A common denominator for these countries is a lack of overall consistency—it is typical to see many impressive scores among this group, but each country exhibits one or more notable gaps in its PPP capacity. Addressing these areas will be key as these countries seek to strengthen their environments for implementing efficient and sustainable infrastructure PPPs.

El Salvador (8th overall, index score of 58) features one of the region’s most comprehensive regulatory and institutional frameworks for PPPs; however, its overall performance is weighed down by a lack of project preparation support, weak land administration and minimal consideration of environmental and social sustainability during project planning and ex-post evaluations. El Salvador performs particularly well in terms of provisions around *force majeure* and disaster risk management. The country also stands out for its robust PPP financing environment, where it has some of the region’s best rates of utilizing project finance mechanisms and attracting diverse sources of financing. Finally, like many of its peers, El Salvador is yet to implement institutionalized processes around evaluations of operational projects.

Guatemala (9th overall, index score of 57) demonstrates relatively strong and consistent scores across the Infrascope’s five categories, except for Financing, in which it is weighed down by an underdeveloped financial system. On the bright side, Guatemala is one of the safest nations in LAC from a country risk perspective (eg, sovereign, currency and economic structure risk), with a particularly high proportion of infrastructure

PPPs that utilize project financing mechanisms. Despite limited experience with PPPs, Guatemala has a well-established PPP agency and executive council with solid evaluation standards for project selection. It also features strong regulations governing contract disputes, renegotiations, risk allocation, and monitoring and reporting for PPPs.

The **Dominican Republic** (10th overall, index score of 57) published its national PPP law in 2020, featuring one of the more comprehensive regulatory frameworks in the region and earning the country a place near the top of the ‘emerging’ range. Although its performance is inconsistent across the five categories, indicative of a newly developing PPP market, the Dominican Republic boasts conducive conditions for project financing, and relative ease of access to capital. The regulatory framework governing PPPs also gives importance to ex-post project evaluation. A critical area of improvement is in the country’s risk management and contract monitoring stipulations, where its regulatory and institutional environment still has several gaps.

Mexico (11th overall, index score of 57) features some of the strongest and most well-funded capabilities in LAC with respect to project preparation support, alongside a robust and effective project financing environment. It also boasts the region’s strongest risk identification and allocation framework and the second safest environment (after Chile) for country risk. However, Mexico’s overall performance is weighed down by regulatory and institutional weaknesses as well as a lack of mechanisms for monitoring or evaluating operational PPPs. The country features somewhat decentralized regulatory oversight of PPPs, with transparency and oversight for renegotiations notably missing. With more PPPs under its belt than any country in the region except Brazil, Mexico can go from strength to strength by addressing its regulatory and project oversight gaps.

Jamaica (12th overall, index score of 55) demonstrates generally strong performance and experience with infrastructure PPPs, including the region's sixth-highest share of PPP investment relative to total infrastructure spending. The country's overall PPP environment would be significantly strengthened by improving the depth of domestic capital markets and addressing its limited focus on risk management and contract monitoring. In particular, the country should look to address regulatory gaps on topics such as disaster risk (for which amendments have already been already proposed), monitoring and reporting, and lender's step-in rights. On a positive note, Jamaica has a well-functioning pair of dedicated PPP units,³² and its project preparation capacity is well funded and efficient. In a rare feat for the region, Jamaica demonstrates strong performance across all aspects of evaluation and monitoring for ex-post project outcomes.

Honduras (13th overall, index score of 55) exhibits relatively consistent performance across the Infrascope's five categories, with the exception of Performance Evaluation and Impact (Ex-Post), where it registers the third-best score in the region. However, much remains to be done in terms of strengthening the country's regulatory and institutional foundation (where Honduras ranks 17th). On the whole, Honduras is no novice to PPPs, with the region's fourth-highest share of PPP investment relative to total infrastructure spending. The country's ex-post evaluation framework for PPPs is also one of the most comprehensive, defining multiple types of analyses to be conducted, including cost-benefit, value-for-money, risk allocation and risk performance. A notable area for improvement is strengthening its project prioritization framework, and especially incorporating environmental and social sustainability considerations into this process.

Paraguay (14th overall, index score of 53) exhibits an outstanding second-place score for Regulations and Institutions on the back of extensive new PPP legislation passed in 2020. However, the new law has not been in place long enough to support systemic change around PPP capacity—Paraguay's performance across the Infrascope's four other categories tracks with the regional average. The country's key areas of focus to promote infrastructure PPPs include implementing processes for risk identification, allocation and management, and instituting mechanisms for the ex-post monitoring and evaluation of operational projects.

³² Jamaica has two PPP units, one within the Development Bank of Jamaica (DBJ) and one within the Ministry of Finance (MoF). The DBJ's PPP Unit manages day-to-day coordination and project development, while the MoF's PPP Unit coordinates fiscal management of PPPs.

Emerging—Mid-tier: Ecuador enacts new legislation to address financing challenges; Argentina grapples with administrative uncertainty; and Nicaragua, Guyana and the Bahamas show promise but significant institutional weaknesses

Most countries in this range sit just below the Infrascope's regional average of 47. Of the five countries, Ecuador and Argentina have the most experience implementing infrastructure PPPs,³³ but still exhibit many traits of less developed PPP markets. By contrast, the greatest challenge for Nicaragua, Guyana and the Bahamas is a lack of experience with infrastructure PPPs.

Ecuador (15th overall, index score of 49) records a mid-tier performance aligned with the regional average across all categories, except for Performance Evaluation and Impact (Ex-Post), in which it excels on the back of a robust framework for monitoring and evaluating PPPs in the operational phase. The country also benefits from strong ratings for its overall quality of infrastructure, despite significant difficulties around access to financing. Ecuador approved new tax laws in 2018 and new PPP regulations in 2020, with the aim of providing greater security for private capital and more clarity for PPP participants. Such clarity is most evident in Ecuador's newly strengthened risk allocation framework, but there is still ample room to address gaps across transparency requirements, arbitration procedures, project selection standards and institutional guidance for project preparation.

Argentina (16th overall, index score of 48) demonstrates a conflicted PPP environment, with the administration elected in 2019 having discontinued all ongoing PPP projects instituted by the 2015-2019 administration. With no active infrastructure PPPs, the country is sending a weak message to prospective private investors. From a regulatory and institutional standpoint, however, Argentina displays positive capabilities,

despite recent organizational reshuffling. The country demonstrates strong standards for project development, where it ranks among the highest in the region in terms of its rigorous project selection methodologies and treatment of environmental and social sustainability. However, its scores are below the regional average with respect to project preparation facilities, disaster risk management, contract monitoring and the evaluation of operational infrastructure PPPs. Argentina would benefit greatly by strengthening its PPP agency and addressing its lack of project preparation support.

Nicaragua (17th overall, index score of 44) is one of the most consistent performers on environmental and social sustainability. It boasts particularly high scores for incorporating environmental and social sustainability considerations into project prioritization, for instituting requirements around disaster risk management and catastrophe insurance, and for promoting resilient PPPs through climate adaptation standards. However, these regulatory strengths have not been put to the test in many instances, given the country's limited experience with infrastructure PPPs. Attracting new private sector investment is a priority area for the government, which would be improved by addressing institutional weaknesses and establishing a formal PPP unit.

Guyana (18th overall, index score of 42) is a new addition to the Infrascope, scoring solidly in the 'emerging' range. Guyana's strengths lie in its regulatory framework, which is relatively robust in comparison to other emerging PPP markets. It features some of the region's best scores for competitive bidding, fairness and openness of contract changes, and national monitoring and reporting. As a country with a less developed infrastructure PPP market, Guyana still exhibits institutional weaknesses in the resource capacity of its PPP agency and project preparation facilities, but its economic and financial prospects are promising, especially in light of recent oil discoveries.

³³ This includes PPPs developed before recently passed PPP laws. Ecuador approved a PPP law in 2015, with further regulations in 2020. Argentina approved a PPP law in 2016, with further regulations and amendments in 2017 and 2018.

The **Bahamas** (19th overall, index score of 37) exhibits one of the Infrascope's weakest regulatory and institutional environments, hampered by its lack of a dedicated PPP agency, the creation of which has been stalled since the country's passage of a new PPP policy in 2018. Despite being a high-income country with moderate financial sector development, the Bahamas earns a low score in the Financing category, weighed down by its lack of project financing experience, weak government support, and poor accessibility of capital. On a positive note, the Bahamas scores second for having a low-risk environment (defined in terms of government-related actions, contract termination, and bureaucratic risk), and its contract management and monitoring practices are well defined.

Nascent: Haiti and Trinidad and Tobago struggle to expand the foothold of PPPs; Belize approves a PPP policy; Bolivia, Barbados, Venezuela and Suriname remain inexperienced with private participation in infrastructure

Countries in the 'nascent' range fall a significant step below the rest, with index scores below 30. Of the seven countries in this range, only Haiti and Trinidad and Tobago have passed regulations establishing PPP units; however, active staffing of Trinidad and Tobago's is unclear, despite the country featuring a PPP policy and political support for PPPs. Across the rest, experience with PPPs is frequently non-existent and the nature of private participation in infrastructure development is often not well defined—although Belize has just recently approved a PPP policy.

Haiti (20th overall, index score of 28) is a new addition to the LAC Infrascope, and despite efforts to strengthen the regulatory and institutional frameworks for PPP development, ongoing political turmoil, structural weaknesses in its economy and inefficient macroeconomic policies will likely continue to hamper its ability to implement regulatory, operational or market-based PPP reforms. Haiti benefits from the existence of a dedicated PPP agency and the codification of PPPs as a procurement modality (though without PPP-specific laws). Outside of the regulations and institutions space, Haiti demonstrates a stronger performance than many countries in this scoring range on the back of its approach to project preparation support and its requirements for insurance against disaster and catastrophic risk. Although these few bright points contribute to Haiti's position at the top of the 'nascent' range, significant institutional and capacity building will be necessary before Haiti is well positioned to implement efficient and sustainable infrastructure PPPs.

Trinidad and Tobago (21st overall, index score of 25) enacted its PPP policy in 2012, creating grounds for the establishment of a national PPP unit and defining the country's institutional processes for

managing PPPs. However, it still lacks experience with infrastructure PPPs, and its regulations and institutions for project preparation score among the lowest in the region, largely inadequate to enable developing and executing PPP projects. Despite this, Trinidad and Tobago has the third-highest GDP per head in the region and displays more favorable financing conditions for PPPs, as well as one of the better risk environments across LAC. Key next steps for the country include putting in place a development strategy, PPP project pipeline, and dedicating funding and staffing to its PPP unit.

Bolivia (22nd overall, index score of 24) exhibits inconsistent performance across the Infrascope, with signs of fragmentation in its regulatory approach to PPPs, institutional support and project preparation processes. Private participation is permitted in Bolivia within strategic sectors only when the Bolivian state has a majority stake; however, regulations do provide for competitive bidding and a structure for fair and transparent contract variations. Although it scores in the ‘emerging’ range for its PPP regulations and institutions, and it demonstrates relatively strong project preparation support and selection standards, the country does not have a dedicated PPP agency. It likewise falls significantly behind the region in its approach to risk management and contract monitoring. Establishing a PPP agency, committing to project monitoring and reporting, and significantly improving its approach to performance monitoring and impact evaluation will be important first steps for Bolivia as it works to develop its PPP market.

Belize (23rd overall, index score of 22) is an economy that benefits from open financial markets but otherwise lags most countries in the region in terms of institutional and operational capacity to implement infrastructure PPPs. Belize is one of three countries in the region with a ‘nascent’

score in the Regulations and Institutions category, due to the fact that PPP contracts have not been contemplated as a modality in the country’s decentralized public procurement system—until late 2021.³⁴ Although Belize has not managed to record a performance near the regional average on any of the five main evaluation categories in the Infrascope, the country does establish mechanisms to promote competitive bidding, and its treatment of environmental and social sustainability and *force majeure* events is above average. Once the groundwork has been laid for PPP development, which will require significant legislative and institutional improvements, Belize’s high level of indebtedness and significant fiscal constraints will present obstacles to public investment, if trends continue.

Barbados (24th overall, index score of 18) is yet to implement a regulatory framework or agency for PPPs, significantly impacting its performance across regulations, institutions, and project preparation in the index. Without policies and institutional support, projects with private participation in Barbados have faced challenges from non-competitive procurement processes and lacked proper risk allocation, according to previous audits. This is consistent with the country’s results in the Infrascope, where it ranks among the lowest in the region with respect to competitiveness of bidding and risk management. Financing is one of Barbados’s strongest areas, where it scores particularly well on our measure for financial sector maturity. Despite the country’s nascent PPP environment, support for PPPs is relatively widespread across political and party lines.

Venezuela (25th overall, index score of 17) has not developed a specific regulatory framework governing infrastructure PPPs. Although partnerships between public and private entities are legally permitted, infrastructure development in Venezuela is state-led, with majority ownership

³⁴ Belize approved a PPP policy in October 2021. However, this development occurred outside of the Infrascope’s scoring and analysis, which ended in September 2021. The text of the new policy was not yet publicly available as of this report’s completion in December 2021. Many indicators are likely to be affected by the new policy, and future editions of the Infrascope will fully consider any newly published regulations.

and control reserved for public companies. Existing national concession and contract laws contain some contradictory provisions, and *de facto* laws such as government action plans often take precedence over these, creating an uncertain environment for PPP development. Given Venezuela's ongoing economic turmoil, it comes as no surprise that its Financing scores are the lowest in the region. It also falls behind other countries in risk allocation, risks around unilateral government action, and the maturity and quality of its PPP infrastructure environment. Two bright spots in the index are Venezuela's bidding regulations and its considerable attention to environmental and social sustainability.

Suriname (26th overall, index score of 14) is in the midst of debt restructuring negotiations with the IMF and has recently discovered large oil deposits offshore. These developments are unlikely, however, to translate into significant gains for the country's ability to implement PPP projects soon. Fragmented procurement legislation, a lack of institutional arrangements for PPP development, and an almost non-existent framework for performance evaluation drive Suriname's performance at the bottom of overall country rankings on the Infrascope. Although Suriname has a few mechanisms in place to promote competitive bidding and guide project preparation, prospects for private participation in infrastructure appear bleak as the country seeks to stabilize its economy.

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