



Webcast Infrastructure

Event's notes

Resilience & Resumption

Impacts and responses to the effects of covid-19
Infrastructure chapter

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Speakers



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1. Introduction:

Infrastructure investments is a top priority for most governments in the region. This as unique opportunity to getting it right by taking advantage of three major trends we are seeing globally: one is the increased interest from investors in emerging markets; the second is that in emerging markets, PPP will continue to be a major procurement route to be used by governments and thirdly, particularly enhanced by this pandemic crisis, sustainability, resilience and economic and social development should be at the core of governments infrastructure prioritization.


FF presented some of the main results of the “infrastructure survey” (“The Changing Face of Infrastructure in Latin America – Public Sector Perspectives”), in which 80 public sector officials from all over the region were interviewed and sought to answer how prepared are governments in the region to boost economic growth in the post-COVID-19 recovery phase through investment in infrastructure. The officials who answered the survey observed, first, that the main obstacles to the effective use of monetary stimulus packages in infrastructure projects are i) the slowness of the approval process, ii) the lack of preparation of the projects to receive funds, iii) the lack of controls and monitoring tools and iv) the excessive restrictions of the regulations. Secondly, the respondents highlighted that the most important obstacles in the public sector to increase investment in infrastructure are i) the lack of financing, ii) the lack of a long-term investment plan, iii) the lack of political stability and regulations, and iv) the political use that is commonly given to investment in infrastructure, among others. Finally, the respondents to the survey considered that the most important initiatives that would positively impact the promotion of investment in infrastructure are: i) the training of officials, ii) the depoliticization of infrastructure investment, iii) greater and better use of PPP investment mechanisms, iv) more transparency, v) better understanding of the role of governments in these investments, and vi) better measurement of ESG impacts, among other elements. Likewise, the experts considered that the role of the private sector in investment and infrastructure development is extremely important (92%).

2. How are countries responding to current changes (pandemic)?

According to **MS**, the main agenda in Brazil is to increase public-private participation (PPP) to boost investments in infrastructure. Transportation, logistics and other important fields need to be developed to generate the necessary incentives to drive private investment. Brazil is moving towards a more liberal order, increasing economic freedom and creating a suitable regulatory framework for investment. In Brazil, investments are needed in health, water and sanitation, but also in energy, oil and gas and other sectors that are clear drivers of growth. Regarding the health crisis and its effects, **MS** assured that the authorities are seeking to balance the gains and losses of the concessions, especially by extending the agreements and other measures that somehow ensure the sustainability of the flow of investments to the country. Financing of projects is also being restructured through public financial entities, such as CAIXA, and the necessary measures are being taken to make their development transparent (hearings, webcasts, etc.). Finally, she highlighted the importance of projects based on international cooperation. In the short medium term they will be releasing many tenders, especially in terms of road, rail and port investments to connect a very large country, but also in 5G, energy and natural resources.

In Colombia (**DG**), the country is facing various infrastructure obstacles. Some measures are being taken to develop this important sector and improve people's lives and well-being. However, financing continues to be an important limitation, which is why the investment scheme with public-private participation (PPP) continues to be promoted in the development of infrastructure for most of the projects in the portfolio, as a more efficient way to place funds. **DG** assured that in Colombia there is still a significant infrastructure deficit, mainly in logistics. However, the country took important measures to counter the impact of COVID-19 on the economy and on the infrastructure sector, for example, the postponement of taxes, the extension of concession agreements, etc.; all of which help to create a friendlier business environment for private investment and accelerate recovery. Colombia's investment portfolio is varied and is especially supported by transport and logistics projects, with the aim of connecting the country inland and with the region (routes, roads, highways, channels, etc.).





In Peru, according to the [RU](#), the country is also facing various infrastructure obstacles. The country has a fairly mature portfolio in terms of projects, but at the moment they are in a transition in regulatory mechanisms, which could improve the business environment and allow the effective development of many of these projects (especially under the PPP model), which are mostly related with energy, transportation, roads, water and sanitation. With the new reality imposed by COVID-19, Peru is not going to eliminate or suspend PPPs because, despite the context, the country needs these investments today more than ever. Although COVID-19 made evident the gaps or infrastructure deficits that the country possesses, it also made evident that the authorities and the economy should encourage more investments and carry them out faster to make them come true. So, it is important to understand what the effects of the pandemic are on investment projects, their profitability and risk, and adapt them to the new reality.

3. Final thoughts:

1) To begin with, there is no doubt that infrastructure has an important role to play in driving economic growth in the region.

2) There are some challenges that must be overcome to improve investment in infrastructure. Our survey has highlighted slow approval processes, the need for projects to be better structured, the lack of a long-term infrastructure plan and the lack of financial resources, just to name a few;

3) Third, the survey also highlights some measures to improve the infrastructure environment, including increased capacity building, depoliticization of infrastructure, and greater use of PPP investment schemes.

4) Experts have noted that countries are making significant efforts to address these problems. It is an ongoing but pressing task

5) Finally, it is important to point out that, to carry out the infrastructure agenda in the region, new tenders are expected.