

TRANSPORT

UPPER MIDDLE INCOME *

TRADE-ENABLING

ARGENTINA

Roads

GIF FUNDING & LEVERAGE

GIF Project Definition Grant:

\$288,000

Estimated Project Support:

N/A

Potential Private Investment
Mobilized:

\$4 billion

The road sector has been identified as an “early-mover” of potential PPP projects to attract private investments in the infrastructure sector of Argentina, which has been very limited since the early 2000s. GIF is supporting the Government to review their existing portfolio of project prospects, identify the optimal program strategy, and develop pilot PPP projects in the road sector, while putting in place the right conditions to roll-out the country’s broad PPP program and attract international investors.

EXPECTED PROJECT OUTCOMES

- ◆ Develop business model options for each road corridor that incorporate international experience in road concession programs
- ◆ Bring the road concession program to market following a clear strategy and action plan
- ◆ Successfully roll-out the broader PPP Program and attract up to \$4 billion in private investment in highways

TECHNICAL PARTNERS



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

* Based on World Bank Group classification by income

BACKGROUND

Despite its long history of private participation in infrastructure, the economic crisis of 2001 led to the cancellation or renegotiation of many concessions in Argentina, and since then new private investments in infrastructure have been very limited. The new administration is undertaking deep policy changes to spur economic growth and private investment, and has taken steps to raise investors interests by passing a PPP Law and hosting an investor forum in 2016. In this context, the Government is now identifying high-priority projects that could be implemented as PPPs. The road sector, along with the water sector, has been identified “early mover” for the new PPP Program and OCCOVI, the agency responsible for road concessions, is designing a PPP investment program along 15,000 km of highways divided in 12 geographical corridors. The investment requirements will comprise upgrading, rehabilitating and/or expanding the existing roads to accommodate growth in demand, maintain road safety, and to provide acceptable riding quality. This new generation of road concessions will bring important challenges for Argentina, including securing savings for the road users while benefitting from the efficiency of concessionaires, and structuring contracts that provide the right incentives and ensure flexibility to adapt to new circumstances.

PROJECT FEATURES

GIF is supporting the Government of Argentina and OCCOVI with developing pilot PPP projects in the roads sector. This will put in place a systematic, coherent approach to the development of the country’s broader PPP Program, including: refining the strategy for private sector investment in national roads; confirming the selection of “early-mover” projects and the sequence and timeframe for pursuing them; and assessing and planning the detailed

work to successfully take those projects to market. The scope of work has two components:

- ◆ Program-level Enabling Environment Support: technical assistance to strengthen the enabling environment that is necessary for the successful implementation of the identified projects, and in turn support the broader PPP Program.
- ◆ Roads Concession Program: provide a quality assurance review of existing studies and incorporate international best practices and experience into ongoing pre-feasibility studies.

Groups of road corridors within the program may be bundled and procured as a single project to enhance the financial viability of the Program.

WHY GIF

The Government of Argentina’s PPP agenda is ambitious: spanning multiple sectors with high-priority investment needs, and with the explicit objective of attracting a wide range of investors. Given the background and context described above, this will require the Government to develop and follow a strategic, coherent approach in bringing projects to market. The GIF platform structure will be instrumental in providing the required coordination across Government entities and among the main development partners, as well as timely and wide-reaching consultation with a range of prospective investors. This will complement well the support that GIF is providing, under a separate activity, to advance PPP projects in the country’s water sector. GIF’s technical expertise will ensure that a coherent and logically-sequenced approach is adopted, and that the PPP Program can be structured to adequately respond to the risk appetites of diverse international infrastructure investors.

The Global Infrastructure Facility, or GIF, is a partnership of governments, multilateral development banks and private sector financiers that facilitates private-sector investment in complex infrastructure projects in emerging economies. We serve as a platform through which governments collaborate with international financial institutions and private sector investors to design, structure and implement these complex projects.

The comprehensive project-preparation support provided by the GIF draws on the expertise of its advisory partners which includes commercial banks and institutional investors. The broad partnership ensures that well-structured and bankable infrastructure projects are brought to market in a way that meets the needs of governments and service users in a sustainable way.