

TC Abstract

I. Basic project data

• Country/Region :	NICARAGUA/CID - Isthmus & DR
• TC Name :	Public-Private Partnership (PPP) in Infrastructure for competitiveness in Nicaragua
• TC Number :	NI-T1204
• Team Leader/Members :	TORRES GRACIA,DANIEL - Team Leader FIORENTI, REINALDO DANIEL - Alternate Team Leader MONDRAGON MENDOZA,JORGE OSMIN - Fiduciary Financial Management Specialist LAZO,JUAN CARLOS - Fiduciary Financial Management Specialist CASTILLO,SANTIAGO ALEJANDRO - Procurement Fiduciary Specialist RODRIGUEZ GUEVARA,MARIO ERNESTO - Operational Analyst CENTENO LAPPAS, MONICA CLARA ANGELICA - Attorney PASOS CONTRERAS, REYNA ELISA - Project Assistant SALAZAR GALEANO, ALFONSO - Team Member CABRERA CANTU, DANIEL ENRIQUE - Project Assistant
• Indicate if : Operational Support, Client Support, or Research & Dissemination.	Client Support
• If Operational Support TC, give number and name of Operation Supported by the TC:	
• Reference to Request :(IDB docs #)	
• Date of TC Abstract :	21 Nov 2016
• Beneficiary (countries or entities which are the recipient of the technical assistance):	Nicaragua
• Executing Agency and contact name (Organization or entity responsible for executing the TC Program) {if Bank: Contracting entity} { if the same as Beneficiary, please indicate}	US-IDB - Daniel Torres Gracia
• IDB Funding Requested :	\$ 362,250.00
• Local counterpart funding, if any :	\$ 0.00
• Disbursement period (which includes execution period):	24 months
• Required start date :	
• Types of consultants (firm or individual consultants):	Individuals Firms
• Prepared by Unit :	Transport
• Unit of Disbursement Responsibility :	COUNTRY OFFICE NICARAGUA
• Included in Country Strategy (y/n): TC included in CPD (y/n):	No No
• Strategic Alignment:	Productivity and innovation , Economic integration

II. Objective and Justification

The objective of this technical cooperation is to support the consolidation of the regulatory framework and the structuring of projects related with Public Private Partnerships (PPPs) in Nicaragua, through support in the review of the recently approved PPP law, the structuring of an infrastructure project with funding potential through PPP and, the strengthening of the institutional framework necessary for the proper implementation of the PPP scheme in the country.

However the recent economic growth of Nicaragua (3.9% between 2001 and 2015), the analysis of total factor productivity, shows that it has had a volatile behavior decreasing by 0.5% on average between 1996 and 2015, which means that productivity, rather than boosting economic growth, has constrained it, mainly due to three factors: (i) lags in human capital; (ii) gaps in the stock of infrastructure, (iii) institutional challenges (microeconomic risks), and (iv) coordination failures (market failures).

In the transport sector, although there has been a significant investment in the last five years, there are still challenges of network integration and road density gaps. Gaps in rural areas are greater and affect: mobility of people and goods to and from national/regional production markets, access to health & education services and, the integration of areas with poor road connectivity. According to a gap analysis associated with an optimal level of infrastructure investment in the basic road network, Nicaragua would require US \$ 180 million per year during the next 20 years, with an annual gap up to 25% per year of this value.

The development of PPPs in Nicaragua is part of the actions that the Government is exploring as an alternative of public projects financing, and it also represents a major challenge to stimulate the financing of private sector companies, to reduce the physical capital gap in infrastructure and logistics, and to promote productive investment at the national level.

The regulation of the APP will strengthen the legal certainty necessary for both the public sector and the private investor and, will provide better rules and transparency regarding the benefits, responsibilities and risks of participating in a public-private project, helping to the develop of an instrument to attract private investments in important projects of infrastructure, energy, communications, among other sectors. All Central American countries, with the exception of Nicaragua, have a legal framework that regulates the execution of projects under the model of Public Private Partnership.

III. Description of activities and outputs

The main products of the TC include; i) a review of the regulations of the PPP law; ii) pre-feasibility and feasibility analyses for the development, through the PPP scheme, of an infrastructure project and; (iii) an analysis of strengthening of the institutional framework of PPPs and PPP workshops / seminars. The activities contemplated for the development of these products include, among others: i) hiring specialists in the legal framework of PPP (individual consultants or firms), for the review of the PPP regulatory framework ; ii) hiring specialists in the structuring of PPP projects (individual consultants or firms) for the structuring under the APP scheme, of a pilot infrastructure project and; (iii) recruitment of PPP institutional development specialists (individual consultants or firms) to review of the APP's institutional framework.

Outcomes

Name:

Components

Name: Support in the revision of the regulations of the APP Law

Description: This component aims to support the Government in the revision of the Regulation established in the APP Law

A report on the review of the regulations of the PPP law elaborated

Name: Support in the structuring of an infrastructure project with financing potential under the APP

Description: This component will support the development of a public infrastructure project on a public good and for the provision of services of public interest or general interest for the construction, execution, repair, use, maintenance, modernization, or improvement, And that can be implemented through the APP schema

Pre-feasibility & feasibility analyses for the development through a PPP scheme, of an infrastructure project

Name: Support to the strengthening of the institutional framework necessary for the adequate implementation of the APP scheme

Description: This component aims to support the institutional assistance of the authority in charge of implementing the National Public Private Partnership System, through the financing of operational and logistical activities associated with the implementation of components 1 & 2

A report on the APP's institutional framework elaborated

Name: Monitoring and Evaluation

Description: This component will finance all the activities related with the verification and evaluation of the TCs objectives and products

Final Evaluation report presented

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Support in the revision of the regulations of the APP Law	\$ 50,000.00	\$ 0.00	\$ 50,000.00
Support in the structuring of an infrastructure project with financing potential under the APP	\$ 250,000.00	\$ 0.00	\$ 250,000.00
Support to the strengthening of the institutional framework necessary for the adequate implementation of the APP scheme	\$ 30,000.00	\$ 0.00	\$ 30,000.00
Monitoring and Evaluation	\$ 32,250.00	\$ 0.00	\$ 32,250.00

V. Executing agency and execution structure

The Bank will contract individual consultants, consulting firms and different consulting services in accordance with the Bank's current policies and procedures. TSP/CNI will act as the Basic Responsibility Unit (URB) and will be responsible for the publication of the request for expressions of interest, preparation of short lists, request for proposals, evaluation and selection of consulting firms and individual consultants, contract negotiation and technical follow-up. The consultants deliverables must be approved by the beneficiary, who will designate a technical counterpart for the coordination.

As TSP/CNI will act as URB, the execution structure will follow the same structure applied to other TCs executed or currently under execution by INE/TSP.

VI. Project Risks and issues

The TC does not present fiduciary management risks as it will be executed by the IDB. For this reason, no financial audit is required. For more information on the planned acquisitions, consult the procurement plan.

VII. Environmental and Social Classification

The ESG classification for this operation is [C]