

# MCC Support for Private Investment in the Northern Triangle



# MCC Investments in N. Triangle

**\$277m**  
**El Salvador**  
Compact  
(Signed Sept  
2014)

**\$28m**  
**Guatemala**  
Threshold  
Program  
(Signed Apr  
2015)

**\$15.6m**  
**Honduras**  
Threshold  
Program  
Signed (Aug  
2013)

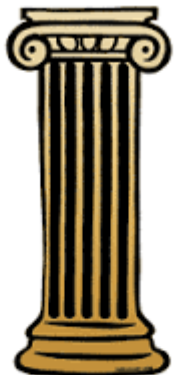
Infrastructure	Workforce Development	Gov't Efficiency
<ul style="list-style-type: none"> <li>• <b><u>Public Private Partnerships (PPPs)</u> - \$11m to strengthen gov't capacity to develop &amp; manage PPPs</b></li> <li>• <b><u>El Salvador Investment Challenge (ESIC)</u> - \$75m to provide infrastructure that potential private investment needs to be viable</b></li> <li>• <u>Roads &amp; Trade Facilitation</u> - \$125m to improve highways and border crossings</li> </ul>	<ul style="list-style-type: none"> <li>• \$100m to strengthen workforce by: <ul style="list-style-type: none"> <li>○ Improving secondary education in 45 school clusters serving 176,000 students</li> <li>○ Reforming TVET to improve technical skills</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• \$6m to streamline for: <ul style="list-style-type: none"> <li>○ Imports/exports</li> <li>○ Environmental procedures</li> <li>○ Municipal permits (e.g., construction permits)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b><u>PPPs</u> - \$4m to strengthen gov't capacity to develop &amp; manage PPPs</b></li> </ul>	<ul style="list-style-type: none"> <li>• \$20m to strengthen workforce by improving: <ul style="list-style-type: none"> <li>○ Quality of lower secondary education</li> <li>○ TVET in upper secondary education</li> </ul> </li> </ul>	<p>\$2m for improvement in tax &amp; customs administration</p>
<ul style="list-style-type: none"> <li>• <b><u>PPPs</u> - \$5.5m to strengthen gov't capacity to develop &amp; manage PPPs</b></li> </ul>		<p>\$10m to improve public financial management in order to better provide public services</p>

# 3 Pillars of PPP Support in N. Triangle

## 1. Specific Project Support

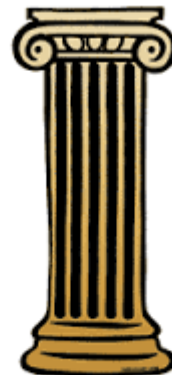
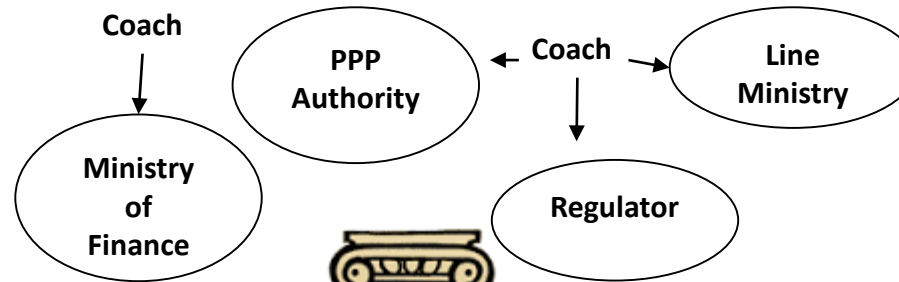
MCC funds the following services to bring specific PPP projects to market in El Salvador, Guatemala and Honduras:

Screening /  
Prefeasibility  
Study | Feasibility  
Study | Transaction  
Advisor



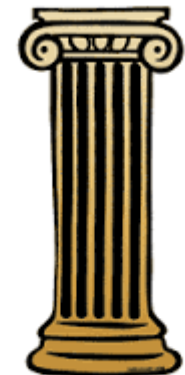
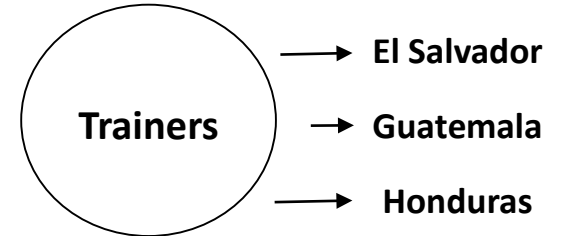
## 2. Day-to-Day PPP “Coaches”

MCC funds “coaches” to provide day-to-day support to staff in key government agencies in order to establish procedures for developing and managing PPPs and apply those procedures to specific PPP projects

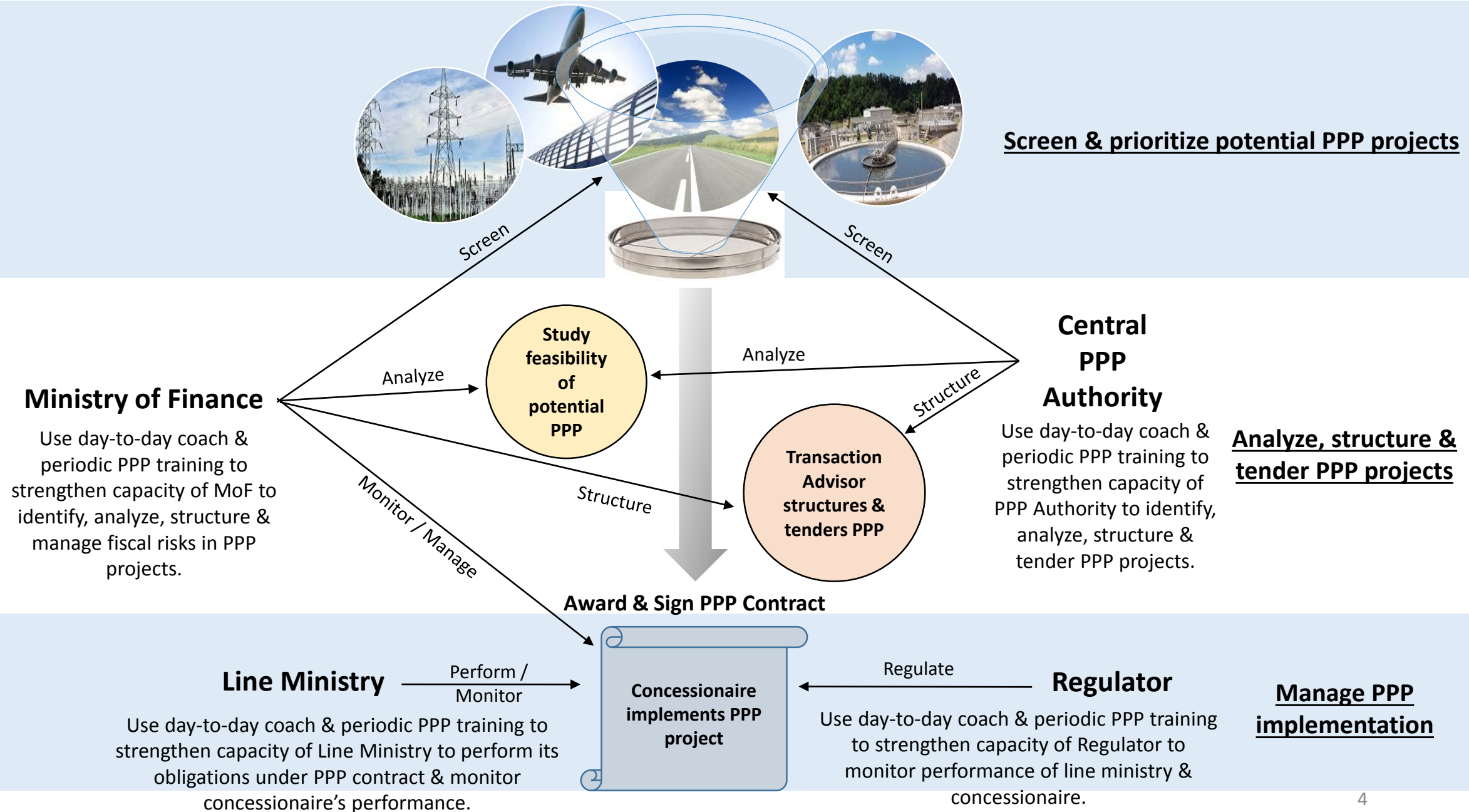


## 3. Periodic PPP Training

MCC funds trainers to teach the Certified PPP Professional (**CP<sup>3</sup>P**) program to staff in key government agencies in all 3 countries on a monthly basis



# Support for PPPs During Project Lifecycle



# InfraScope Index for Latin America (2014 vs 2017)



## InfraScope Index (Measures PPP Enabling Environment)

Country	2014							2017					
	Overall (rank / score)	Regulations (rank / score)	Institutions (rank / score)	Maturity (rank / score)	Investment & Business Climate (rank / score)	Financing (rank / score)		Overall (rank / score)	Regulations (rank / score)	Institutions (rank / score)	Maturity (rank / score)	Investment & Business Climate (rank / score)	Financing (rank / score)
El Salvador	9th / 41.6	9th / 46.9	11th / 33.3	10th / 31.3	10th / 59.3	8th / 47.2		8th / 64	3rd / 90	1st / 91	15th / 64	18th / 38	14th / 37
Guatemala	7th / 46.3	6th / 59.4	5th / 50.0	8th / 37.5	11th / 55.6	11th / 33.3		11th / 62	5th / 80	3rd / 80	14th / 65	15th / 53	18th / 31
Honduras	11th / 37.7	10th / 43.8	5th / 50.0	10th / 31.3	13th / 52.6	17th / 11.1		7th / 65	8th / 76	9th / 63	8th / 78	4th / 70	12th / 39

Mature

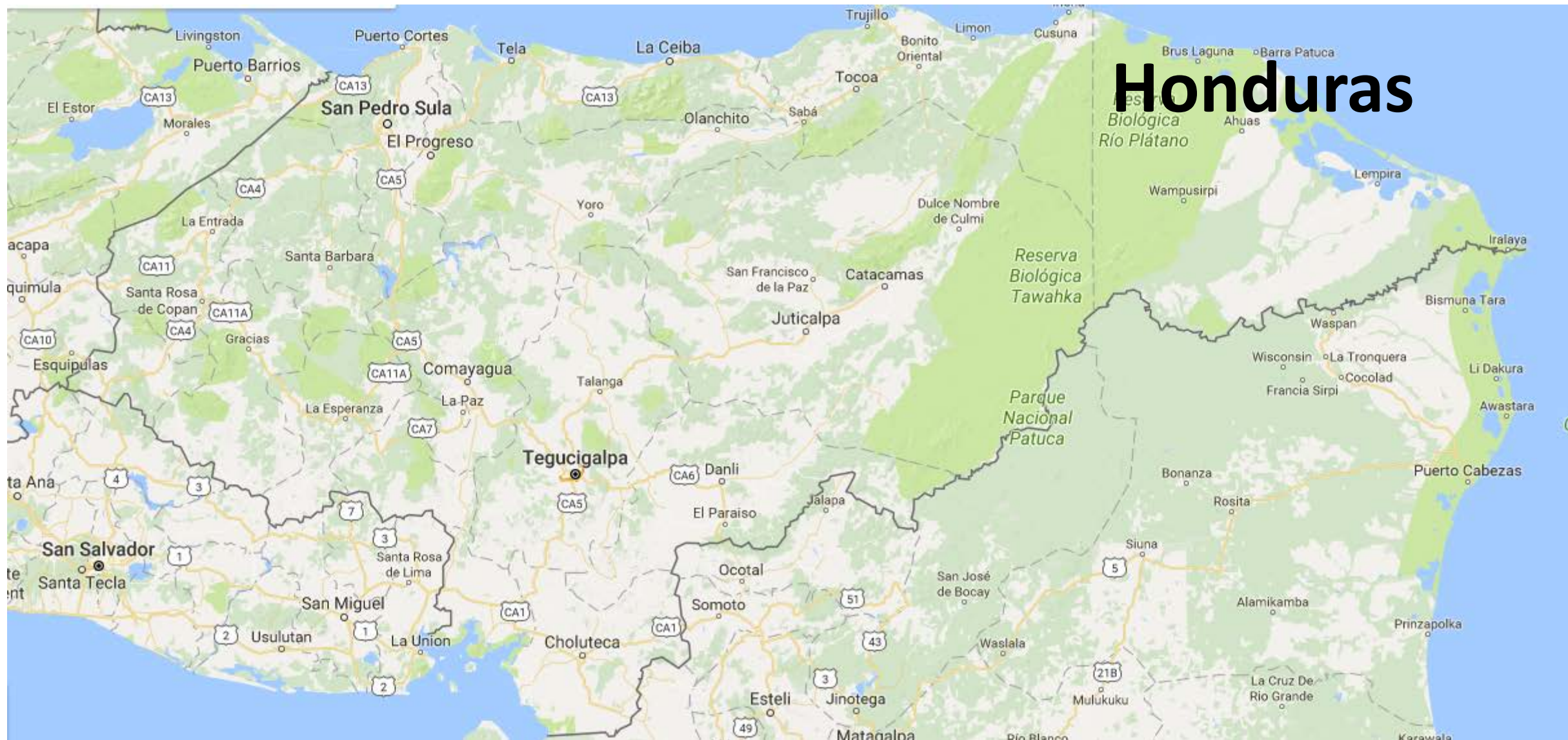
Developed

Emerging

Nascent

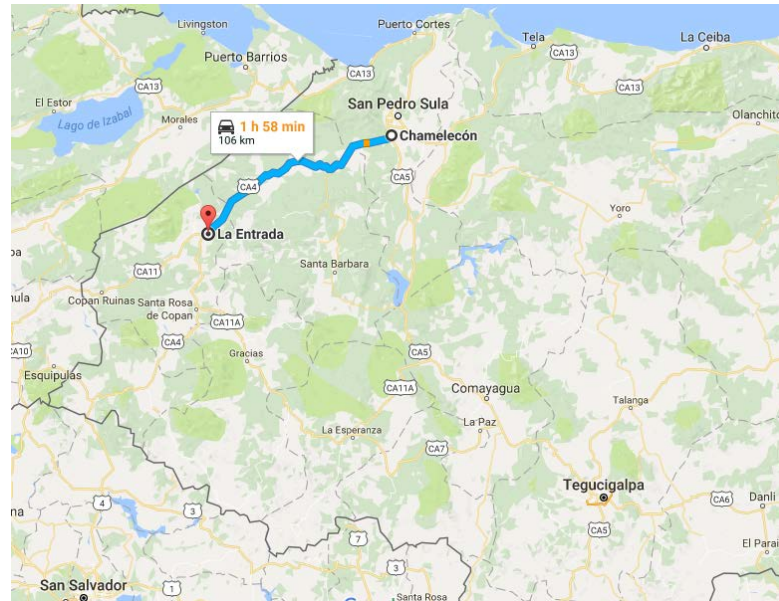


# Honduras



# PPP Project Development

## CA-4 North Toll Road



**Status:** GoH awarded a 30-year, \$225m concession to Meyan S.A. to rehabilitate and maintain a 106 km stretch of the CA-4 North highway from Chamelecón to La Entrada.



# PPP Project Implementation

MCA-Honduras (with MCC funding) procured a “coach” to help the GoH to manage and regulate the 20 year, \$95m Logistical Corridor Concession granted to Concesionaria Vial Honduras S.A. de C.V. in 2012





# PPP Project Implementation

MCA-Honduras (with MCC funding) procured a “coach” to help the GoH to manage and regulate the 30 year, \$98m Tourist Corridor Concession granted to Autopistas del Atlántico, S.A. de C.V. in 2012







# Guatemala

# PPP Project Development

1<sup>st</sup> PPP projects under new PPP law

## Light Rail – Guatemala City

Est. private investment: \$900m



**Status:** GoG will launch procurement for Transaction Advisor in October 2018

### Headwinds:

- Growing unpopularity of Pres. Morales may imperil projects that his administration is promoting (e.g., PPPs)

## La Aurora Int'l Airport

Est. private investment: \$100m+

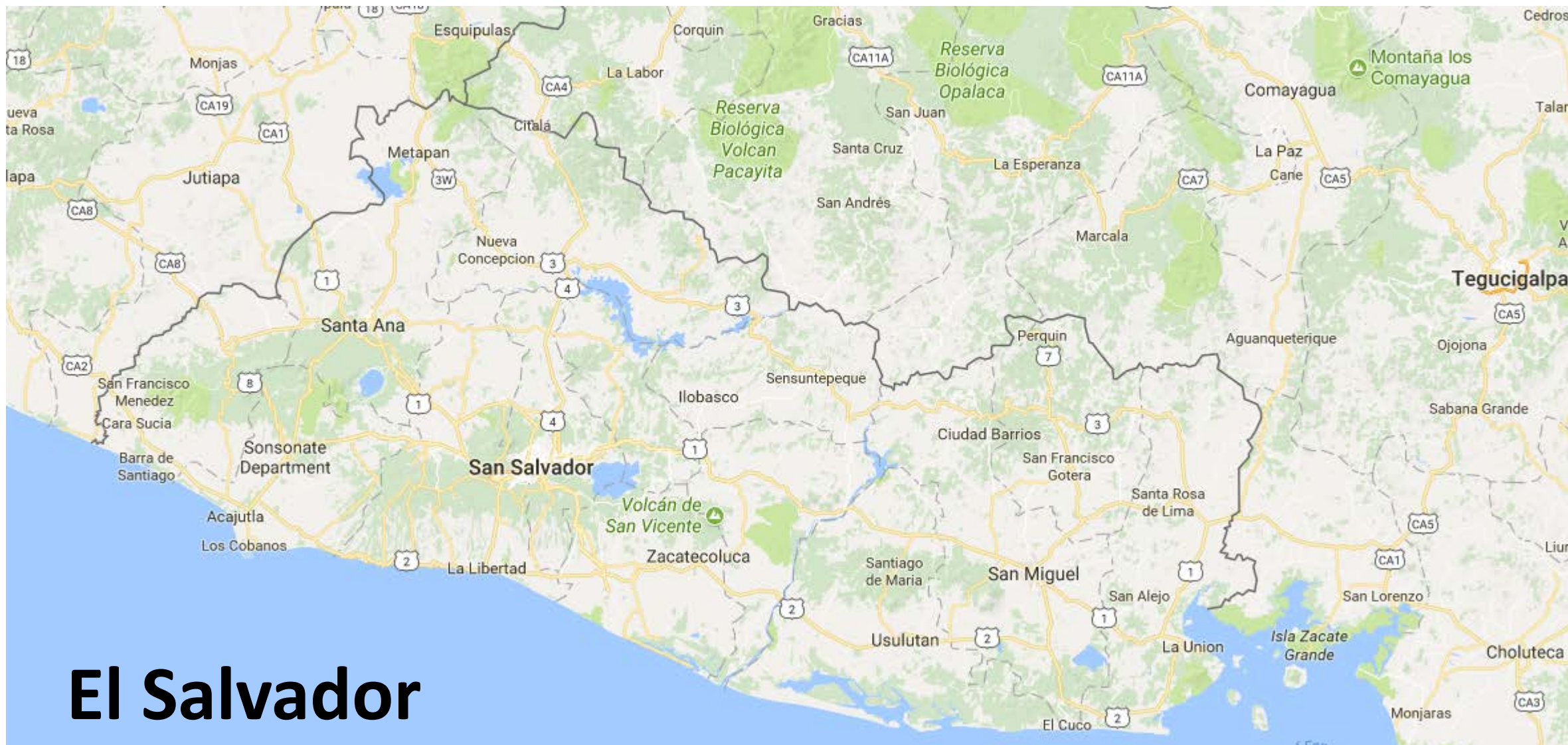


**Status:** Deloitte currently studying feasibility of this project (to be completed in Q2 2018)

### Headwinds:

- Growing unpopularity of Pres. Morales may imperil projects that his administration is promoting (e.g., PPPs)





# El Salvador



# PPP Project Development

1<sup>st</sup> PPP projects under new PPP law

## Cargo Terminal

Est. private investment:  
\$45m



**Status:** F2 launched procurement for Transaction Advisor (expected to begin in Q1 2018)

**Headwinds:** CEPA reluctantly approved procurement of Transaction Advisor due to labor union concerns, which may still undermine CEPA support for this project in the future.

## Street Lighting / Surveillance

Est. private investment: \$23m

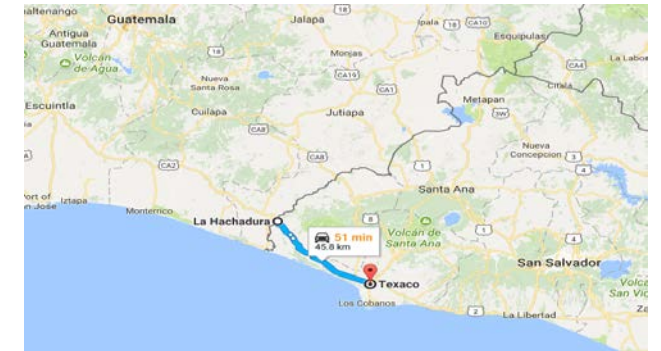


**Status:** F2 launched procurement for Transaction Advisor (expected to begin in Q1 2018)

**Headwinds:** Congress must amend law to allow highway advertisements and speed cameras (bill currently pending in Congress)

## Pacific Corridor Toll Road

Est. private investment: \$100m+



**Status:** Consultant will begin feasibility study of this project in October 2017 (expected to end in Q3 2018).

**Headwinds:** Potential political opposition b/c most people hate paying tolls on roads

# Advisory Council Advice

- How can MCC and F2 get the word out about these opportunities broadly? Are there associations, organizations, press or other means that we could leverage?
- More specifically, how do we build interest among US firms?
- Given that these are some of the country's first PPPs, how do we mitigate the headwinds?

# El Salvador Investment Challenge

ESIC is a \$75m facility that seeks to increase private investment in El Salvador's export sector by funding key public services (e.g., roads, water treatment, training) that potential investors need to make their proposed projects viable.

Fomilenio II  
(F2)



**F2 provides public  
goods**



**Key Stages in  
ESIC Process**

Call for Ideas

Screening &  
Feasibility  
Studies

Designs

Project  
Implementation

**Private Investor's  
Proposal**



Public  
Services



Private Investment



**Private  
Investor**



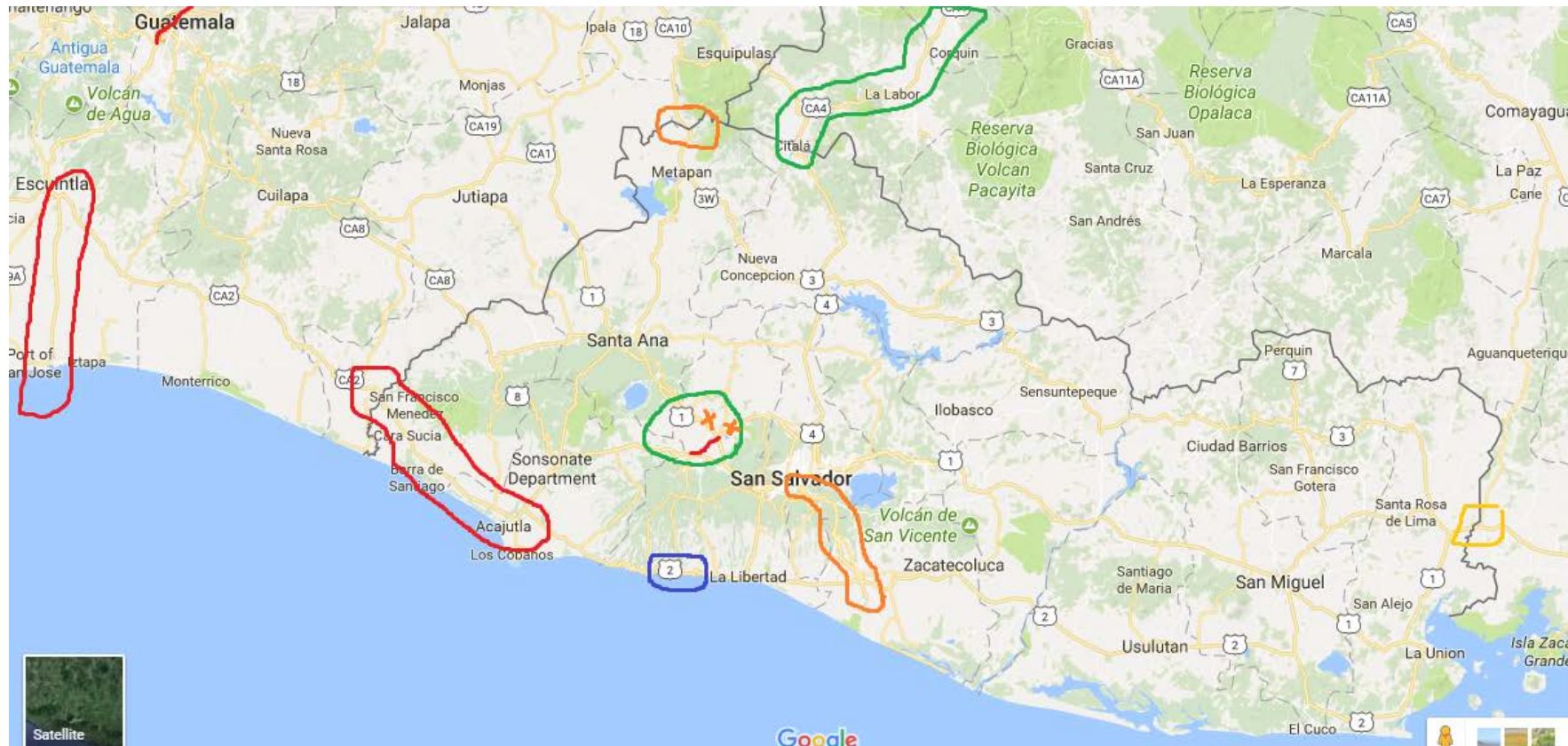
**Private investor provides  
private investment**



# El Salvador Investment Challenge (ESIC) Overview

- **1 project signed** and in implementation (\$3m ESIC investment / \$32m private investment)
- **11 projects undergoing prefeasibility** studies (\$79m ESIC investment / \$233m private investment)
  - **2 projects being screened** (\$13m ESIC investment / \$23m in private investment)

Sectors represented: *Agribusiness (9 projects); Tourism (2 projects);  
Plastics (2 projects); Textiles (1 project); Aeronautics (1 project)*





Proposed Public Good	Approved by ESIC Investment Committee					Stage in Development
	Private companies	Sector	ESIC \$ (USD million)	Private \$ (USD million)	Private / Public Ratio	
Workforce Training	Aeroman	Aeronautics	3.4	32.2	9.6	Implementation
Nejapa Wastewater Treatment Plant	Lactolac, Grupo Calleja	Agribusiness	12.0	23.6	2.0	Submit to Investment Committee for approval in Nov 2017
El Zonte (La Libertad) Wastewater Treatment Plant	Roberto Oceano, Surfing Pacifica, Grupo Menendez	Tourism	3.0	4.7	1.6	Submit to Investment Committee for approval in Nov 2017
San Carlos (El Paisnal) Potable Water Plant	ACOPASCA	Agribusiness	0.5	0.8	1.6	Submit to Investment Committee for approval in Nov 2017
El Palmarcito (La Libertad) Potable Water Plant	Atami	Tourism	0.4	0.4	1.0	Submit to Investment Committee for approval in Nov 2017
Agriculture extension services	APANC	Agribusiness	0.05	0.2	4.0	Submit to Investment Committee for approval in Nov 2017
Cantón El Brazo (San Miguel) Flood control	Avicola Campestre	Agribusiness	2.2	10.7	4.9	Prefeasibility study ongoing
Plastic Institute - workforce training	TermoEncogibles, SalvaPlastic, IberoPlastic, Polietileno, Propladi, Sanchia	Plastics	8.0	13.2	1.7	Prefeasibility study ongoing
La Laguna flood control	TermoEncogibles, SalvaPlastic, St. Jacks	Plastics	6.0	9.0	1.5	Prefeasibility study ongoing
Anguiatu border crossing	Livsmart, Merlet, Negocios Div., Swisstex	Food & Beverage	25.0	43.5	1.7	Prefeasibility study ongoing
Irrigation system	La Cabaña, Diana	Agribusiness	10.0	58.0	5.8	Prefeasibility study ongoing
By-Pass road (b/w CA-1 & CA-2 highways)	Livsmart, La Cabaña, Diana, Swisstex, La Magdalena, La Sultana	Food & Beverage, Agribusiness	12.0	69.0	5.8	Prefeasibility study ongoing
Sub-Total			82.5	265.3		
Textile Institute - workforce training	American Park, Merlet	Textiles	7.0	7.6	1.1	Screening

ESIC Pipeline