

Ecuador P3 Market Snapshot

Since 2007, the Ecuadorian government has been making important efforts towards improving the competitiveness level of Ecuador. This has been done through the prioritisation of public investment for strategic projects which have as their main focus the transformation of the energy matrix and the improvement of transportation, communication and social infrastructure. In the current economic context, where Ecuador is facing severe public budget constraints, private sector participation becomes of particular relevance for the government to succeed in its goal to transform the country's production matrix and to reactivate the local economy.

In May 2015, the Ecuadorian government launched its Catalogue of Investment in Strategic Sectors (https://issuu.com/sectoresestrategicos/docs/investment_catalogue_in_strategic_s) which is aimed at promoting investment opportunities, strategic public private alliances and other contracting modalities worth 37 billion dollars. The catalogue encompasses opportunities in sectors such as basic industries, petrochemical industries, energy, water, communications and transportation.

In December 2015, in an effort to attract domestic and international private investors, Ecuador passed the "Incentives for Public Private Partnerships and Foreign Investment" law. This new legal framework sets the rules for "private developers" to generate projects in strategic sectors. It offers them stability and a number of tax incentives for Public Private Partnerships (P3s) in various strategic sectors such as: construction and sale of real estate, social housing and development works; hydroelectricity and alternative energy; construction, rehabilitation, operation and maintenance of public works that provide public services; and other projects categorized as a priority by the government.

More recently, the Ecuadorian government signed its first public-private partnership under this new legal framework, with Dubai-based company DP World and the Guayaquil Port Authority to build a 1.2 billion dollars deep-water port.

Ecuador has also announced its intention to sell a few public companies and strategic projects to private sector investors including hydroelectricity plants, telco companies and a public oil tanker fleet.

Following a similar path, the Municipality of Quito has recently launched the "Quito Invest Catalogue" which aims to attract some 3 billion dollar investment from the private sector to develop housing, water, urban transportation and tourism projects for the city.

Opportunities and challenges for Canada

Although it cannot be denied that Ecuador is currently facing economic difficulties as well as an uncertain political environment, in view of the forthcoming presidential elections, the fact remains that Ecuador offers real, medium and long term, investment opportunities for those companies looking to expand their presence in the region.

The fact that Ecuador took the step to pass a law on public private partnerships is a clear signal that the country is likely to adopt this as the new model to finance infrastructure construction in the future.

Canada's expertise in the use of P3s is an asset that can be shared with Ecuador with a view to identify business opportunities while the implementation of P3s projects is at a very initial stage. Canada can position itself as a partner of first choice for Ecuador, and benefit from being ahead of the game.

The Canadian Council for P3s Annual Conference is a unique opportunity to better understand the potential of the Ecuadorian market for P3s and build networks with key players.

