

Ecuador

Score: 56.8
out of 100

Rank: 9th
out of 26 countries

Ecuador attains an overall index score of 56.8 out of 100 (9th of 26 in the region). It has also seen a substantial improvement since 2021/22 owing to multiple new pieces of legislation and guidelines covering public-private partnerships (PPPs). Ecuador demonstrates a strong performance across sustainability and social inclusion indicators, and also stands out for its attention to performance evaluation and impact monitoring.



MACRO ENVIRONMENT

Population, 2023

18.2m

Source: The Economist Intelligence Unit

GDP (US\$), 2023

\$121.6bn

Source: The Economist Intelligence Unit

Sovereign risk rating, Dec 2023

B-

Source: S&P Global Ratings

PPP INVESTMENT

Projects, 2014-23*

10

Source: IJ Global†

Total (US\$), 2014-23

\$3.2bn

Source: IJ Global‡

% of all infrastructure investment, 2014-23†

20%

Source: IJ Global,‡ Infralatom, Economist Impact

PPP INVESTMENT BY SECTOR (US\$), 2014-23



Transport
\$3.1bn



Energy (non-renewables)
\$0.1bn

Source: IJ Global‡

* Number of projects that reached financial close, including subnational projects

† Value of infrastructure PPPs (see definition in IJ Global footnote) divided by total infrastructure spending (estimated using Infralatom's public sector estimates and Economist Impact calculations), averaged over the past ten years

‡ Source: IJ Global, cross-checked with the World Bank PPI database. Data may include projects that are developed under PPP, sectoral or concession laws, with differences among countries. Focuses on greenfield and brownfield projects; excludes asset acquisition, company acquisition, securitization and refinancing transactions.

OVERVIEW: PPP MARKET AND REGULATORY DEVELOPMENTS

Policies and institutions

Ecuador's infrastructure PPP market operates under the Organic Law of Incentives for PPPs, enacted in 2015, and the Regulation for Public-Private Partnerships, enacted in 2020. There are a few key entities involved in PPPs. The Committee of Public-Private Associations oversees all PPP initiatives, while the Secretariat of Public-Private Investments (the national PPP agency) reports directly to the Presidential Cabinet. Finally, the Sustainability and Fiscal Risks Unit, created in 2020, offers technical support and oversight for all PPP initiatives.

Recent market developments

In June 2023 Ecuador issued Decree 788, integrating disaster risk insurance into PPP projects and mandating environmental risk analysis for infrastructure projects. In December 2023 another law was passed in Official Registry Supplement 461, which added reforms to the original PPP law to promote transparency, fiscal sustainability, job creation and incentives for foreign investment. In 2024 (not covered within the index's timeframe) the PPP unit adopted the SOURCE platform for its national PPP registry, which is intended to foster greater transparency and promote an active pipeline of PPPs.¹

Political and public support

In recent years the Ecuadorian government has actively promoted its PPP program. There is bipartisan support for PPPs and foreign investment, evident through consistent legislation related to tax exemptions, involving both government and opposition parties. Despite successful adoption of multiple pieces of PPP legislation in 2023-24, political disagreements among parliamentary and state institutions have previously contributed to an investment law proposal's rejection in 2022 and subsequent legal challenges in 2023 (although experts have attributed these events to the political context).^{2,3,4}

1. <https://public.sif-source.org/uncategorized/ecuador-lanchas-source-as-the-national-ppp-registry-publishing-7-projects-prepared-on-the-platform/>
 2. <https://www.asambleanacional.gob.ec/es/noticia/89762-listo-el-informe-de-primer-debate-del-proyecto-de-ley>
 3. <https://www.expreso.ec/actualidad/asamblea-nacional-rechaza-ley-inversiones-lasso-primera-votacion-124155.html>
 4. <https://www.eluniverso.com/noticias/economia/por-que-la-corte-constitucional-rechazo-el-decreto-ley-de-reestructuracion-empresarial-nota/>

Ecuador

PERFORMANCE ACROSS THE INFRASCOPE INDEX

Notable strengths

Ecuador stands out for its focus on quality infrastructure outcomes. The country demonstrates a proactive approach to assessing environmental impacts, addressing disaster risk and integrating some social inclusion criteria into PPP development. It also requires regular monitoring and reporting for operational PPPs. Despite being a relatively newer PPP market, it has created up-to-date regulatory frameworks and guidelines, including specific rules for prioritizing and ranking PPPs in the development pipeline.

Notable challenges

Financing is Ecuador's lowest performing category, weighed down by weak access to capital and a less favorable macro environment. Risk management is also a concern: the country does not guarantee PPP investors the option of appealing in case of a contract termination and does not require that PPP contracts include details on termination procedures. Finally, the country still exhibits weakness when it comes to the project preparation capacity of its PPP unit, which it is working to expand.

Recent progress

Since the 2021/22 Infrascope, Ecuador has seen improvements across every category. One of the key areas that strengthened is disaster risk, following a new sustainability and risk allocation regulation passed in 2022. In addition, Ecuador enhanced its institutional capacity by implementing training programs for its PPP agency and establishing a project development fund.

Top five recommendations for progress

(ordered according to index category)

1 Develop standardized methodologies and tools for project evaluation studies

Although a methodology exists for value-for-money assessments, standardized methodologies and evaluation tools are not available for other types of pre-project studies. Making such resources available will provide a consistent and objective framework to assess the viability, effectiveness and potential risks of various projects. (2.1.2.a, 2.1.2.b, 2.1.2.c)

Timeline to achieve **MEDIUM TERM** · Difficulty/complexity **HIGH**

Impact on category 2: *Project preparation and sustainability*

Ecuador: current score: **55.9** Score with recommendation applied: **60.7**

2 Establish project preparation facilities with a dedicated budget

As the Secretariat of Public-Private Investments works to expand capacity to support PPPs, establishing project preparation facilities and allocating a budget to support those services will be a crucial step, as these facilities boost project quality, help attract investment and streamline development. (2.2.1.a, 2.2.1.c)

Timeline to achieve **MEDIUM TERM** · Difficulty/complexity **MEDIUM**

Impact on category 2: *Project preparation and sustainability*

Ecuador: current score: **55.9** Score with recommendation applied: **64.2**

Continued on next page →

Top five recommendations for progress (continued)

(ordered according to index category)

3 Publish regular reports about ongoing PPP projects

Ecuador would benefit from greater transparency and regular progress reports about ongoing PPPs. Such resources help stakeholders and potential investors co-ordinate based on the latest information. Encouragingly, a registry of projects on the SOURCE platform has recently been created,⁷ which is an important step toward publishing regular project reports. (4.2.2.a)

Timeline to achieve **SHORT TERM** · Difficulty/complexity **LOW**

Impact on category 4: *Risk management and contract monitoring*

Ecuador: current score: **59.4** Score with recommendation applied: **65.7**

4 Continue to enhance disaster risk regulation

Ecuador's PPP framework now mandates an environmental risk analysis for PPPs, but this does not sufficiently account for disaster risk management (eg, through contingency plans, specific response measures or systematic mechanisms). Likewise, there is limited guidance on *force majeure* clauses in contracts. Strengthening these elements would improve alignment with Article 248 of Ecuador's Organic Code of the Environment in helping to mitigate potential climate-related disasters. (4.3.1, 4.3.3)

Timeline to achieve **MEDIUM TERM** · Difficulty/complexity **LOW**

Impact on category 4: *Risk management and contract monitoring*

Ecuador: current score: **59.4** Score with recommendation applied: **69.8**

5 Strengthen provisions around contract termination

The regulatory framework in Ecuador does not allow private investors to appeal in cases of contract termination. In addition, PPP contracts are not required to include detail on termination procedures (aside from the treatment of indemnities or compensation). Strengthening these provisions will further enhance investor confidence in Ecuador. (4.4.2.a, 4.4.2.d)

Timeline to achieve **MEDIUM TERM** · Difficulty/complexity **MEDIUM**

Impact on category 4: *Risk management and contract monitoring*

Ecuador: current score: **59.4** Score with recommendation applied: **63.6**

Assessment guidance:

Short term: achievable in months (ie, straightforward activities such as procedural updates)

Medium term: up to a year (ie, moderately involved activities such as building web platforms)

Long term: more than a year (ie, time-consuming activities such as new legislation/institutions)

Difficulty/complexity: rated as low/medium/high—often mirrors the time frame, but can differ based on how technical it is, how many resources are needed and how politically challenging it is, etc.

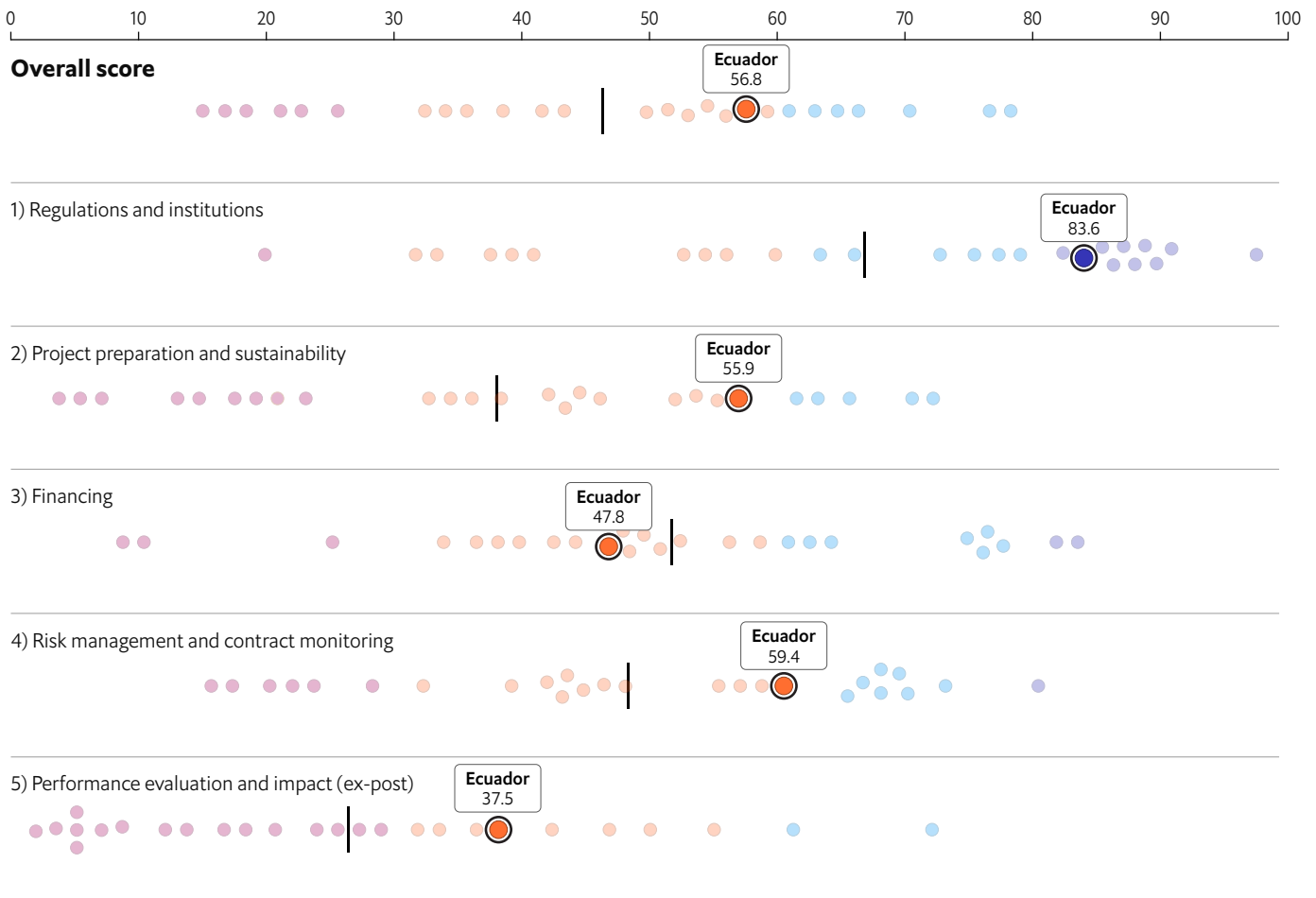
5. The registry was adopted in 2024, which is outside the timeframe of the index.

Ecuador



Country performance

Score 0–100 where 100 = best. Average includes 26 countries across Latin America and the Caribbean.



	Ecuador	Average
1.1) Conducive regulatory environment and political support for PPPs	95.6 ●	73.2
1.2) PPP dedicated agency	100.0 ●	57.7
1.3) Competitiveness and openness of bidding	66.7 ●	71.3
1.4) Fairness and openness of contract changes	72.2 ●	65.3
2.1) Project selection	64.2 ●	50.4
2.2) Project preparation facilities	41.7 ●	27.6
2.3) Efficiency of project preparation	64.0 ●	50.5
2.4) Environmental and social sustainability	53.8 ●	24.1
3.1) Structure and sources of financing	69.8 ●	48.8
3.2) Access to capital	30.0 ●	55.1
3.3) Macro environment	43.6 ●	51.5
4.1) Risk allocation	73.3 ●	54.9
4.2) National monitoring and reporting	51.8 ●	42.2
4.3) Disaster risk	58.3 ●	33.3
4.4) Risk of government action	54.2 ●	63.2
5.1) Ex-post evaluation of PPP projects	16.7 ●	21.8
5.2) Maturity and quality	66.6 ●	50.4
5.3) Impact on infrastructure quality/outcomes	66.7 ●	32.1
5.4) Impact on environmental and social outcomes	0.0 ●	1.9