



# Chile P3 Market Snapshot

In Latin America, Chile's pioneering concessions system has had huge success in attracting private investment in public infrastructure. Since it was launched in 1992, Chile has awarded over 80 projects under the public-private partnership (P3) model, accumulating over US\$B 20 billion of private investment. This P3 system is managed by the Concessions Department of the Ministry of Public Works - MOP ([www.concesiones.cl](http://www.concesiones.cl)). Intercity and urban highways account for more than 80% of the total; other projects include public transport infrastructure (Transantiago), prisons, hospitals and airports. As a result, the Inter-American Development Bank (IDB) has consistently highlighted Chile's ability to implement P3s for large-scale public works projects.

## Chile's P3 Agenda

The Chilean government is currently delivering its infrastructure plan for 2018-2023. The plan promotes infrastructure concessions with a combined value of US\$B 14.5 billion. The government's concessions portfolio includes a total of 60 projects.

## Upcoming Projects

MOP's pipeline of P3 projects includes 24 highways (22 inter-urban and 2 urban), 18 hospitals, 7 airports, 2 dams, 3 tramways and 2 cable cars among others. Eventually, jails, ports and railways initiatives will most likely be added to this portfolio of projects.

Please refer to the following website to obtain a full list of the projects considered under President Piñera's Administration:

[http://www.concesiones.cl/proyectos/Paginas/AgendaConcesiones2018\\_2022.aspx](http://www.concesiones.cl/proyectos/Paginas/AgendaConcesiones2018_2022.aspx)

As a result of delivering this concessions plan, infrastructure investment will increase 10% with an average investment of US\$M 2 billion per year for the next 4 years.

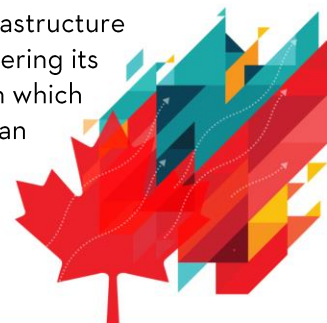
## Hospitals

The Chilean government has announced through MOP a US\$B10 billion investment plan for developing hospital infrastructure. The complete hospital infrastructure plan considers 75 hospital projects, 25 of which are expected to be finished by 2022, while 25 are expected to be in construction (including 18 hospitals under concession) by that date and the remaining 25 would be under study (design stage) or in their tender phase.

In total, the 18 hospitals that will be executed under the P3 model will involve US\$B 2.5 billion in investments and are expected to be under construction by 2022. The plan will feature "package" tenders, which will be executed under "groups of hospitals," meaning that each contract will entail the construction of several hospitals (more than one hospital will be awarded per tender).

## Transportation

In response to Chile's transport infrastructure deficit, the government is also delivering its Public Transport Infrastructure Plan which comprises urban cable cars, suburban railways, and subway expansions.



The Ministry of Transport will continue to develop a US\$B 1.4 billion investment in major port infrastructure (San Antonio large-scale port) and it has recently announced the requirements of the forthcoming tender process to renovate operators of half the routes of Santiago's bus system, Transantiago, which will now have 10 services units with operators managing 300 buses each. Route operations and vehicle supply will be handled in separate contracts. Bus terminals and stops will be provided and managed by the state. The new scheme is to be implemented by 2019.

President Piñera's government has also announced that they plan use a P3 model to build the Santiago-Valparaíso high-speed train, a US\$B 1.6 billion private initiative.

## Opportunities

This P3 spending program provides timely and tangible opportunities for Canadian companies interested in exploring P3 opportunities in Chile. Interested Canadian engineering design and consulting firms, general contractors, operating and maintenance companies, urban planners and architects, institutional investors, and private equity firms may all pursue these projects (including brownfield investments for those that are looking for stable and long-term profits).

Canadian presence in Chile accounts for more than US\$2 billion of realized investment in local public infrastructure firms – including urban highway and energy related projects.

## Challenges

The main challenge that interested Canadian parties will face in their efforts to enter the

market is a strong competition for large projects from other local and foreign companies. The Chilean government promotes competition as part of their mandate; therefore, Canadian participants should know in advance that they will be competing against at least 5 to 10 other consortiums (particularly during the prequalification phase). Canadian firms should also be able to offer long-term financing capabilities as part of their package.

Canadian companies interested in participating in Chile's public infrastructure market will need to find reliable and competitive local partners. They should have a good track record, proven experience (successful awarded projects), and tangible financial capabilities (equity and credit worthiness). International experience and local presence are also desirable. International joint ventures facilitate 3rd-country market opportunities together in the future.

Chile still does not have a politically independent public agency responsible for long-term strategic infrastructure planning. This has been identified as a major need by local industry since government terms span only 4 years.

MOP plans to draw up measures intended to improve Chile's concession process and make it more efficient. The objective is to reduce the costs involved in obtaining environmental permits (RCA) and to speed up preliminary studies. MOP also plans to implement a risk distribution system that will help finance part of the social and environmental mitigation works required to approve a project's RCA.

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