

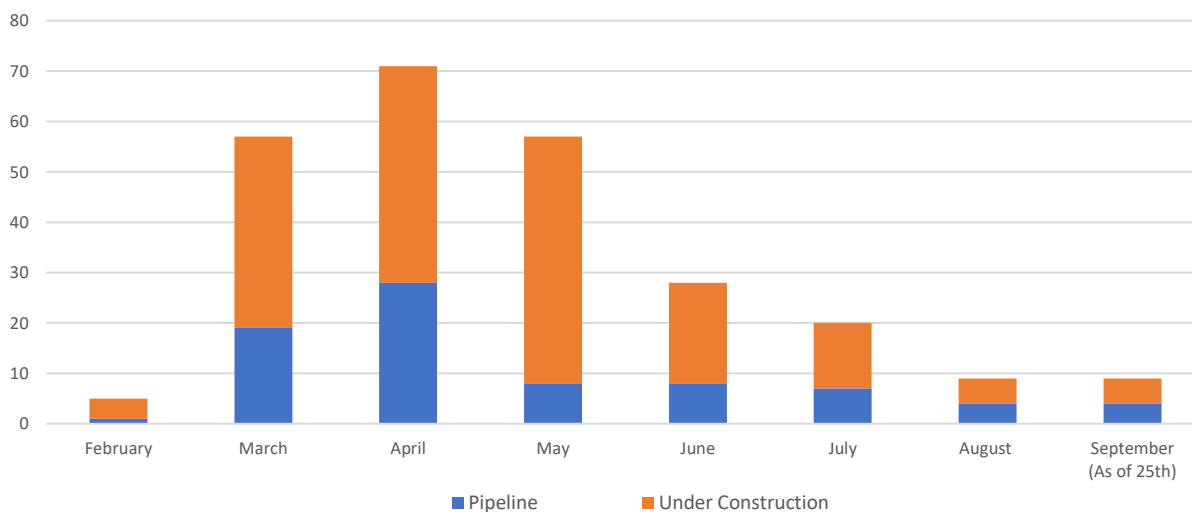
COVID -19 Operational Disruptions in Infrastructure

February – September 2020

This update is developed by IPG's Public-Private Partnerships Group using an automated search algorithm by Selenium to collect real-time information on operational disruptions of infrastructure projects (both public and private) due to COVID-19 in the energy, transport, digital development, and water sectors. The program helps collect open source information on projects **post-financial closure** and **projects in pipeline** that have reported delays due to the ongoing Covid-19 outbreak. If you have any inquiry about this document or wish to add more market update content, please send an email to Fatouma Toure Ibrahima (fibrahima@worldbank.org), PPP Group Manager, and Seong Hong (shong2@worldbank.org), Analyst.

The number of infrastructure projects that have been reported to be cancelled or delayed in emerging markets and developing economies (EMDEs) is 256 as of September 25, 2020. The data indicates that the number of disruptions for projects in pipeline peaked in April and has since been decreasing. For projects already under construction, the number of projects facing disruptions peaked in May and has since been decreasing as well.

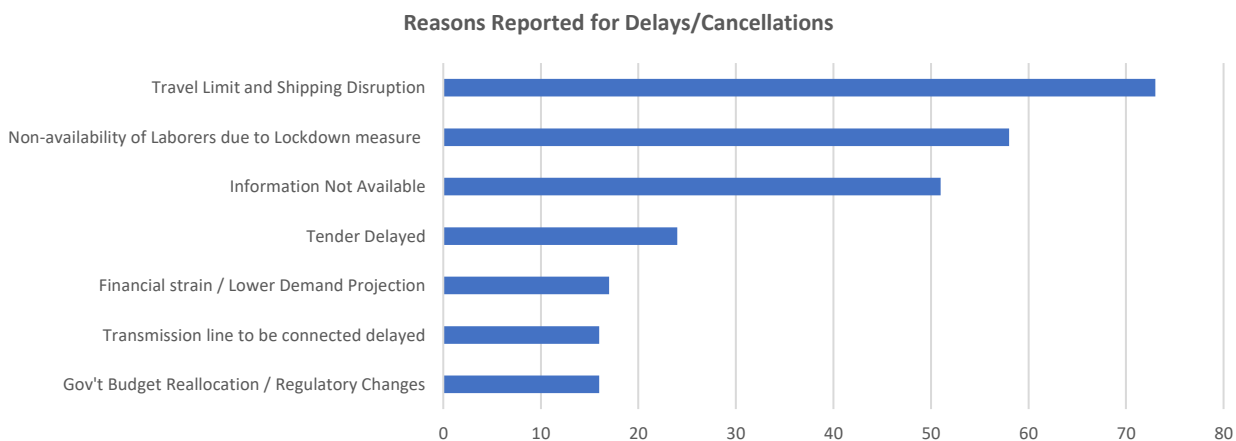
Number of COVID-19 Affected Infrastructure Projects in EMDEs by Month



East Asia and the Pacific (EAP), Latin America and the Caribbean (LAC) and South Asia (SAR) are the three regions with the highest number of reported delays and cancellations. Within EAP, Indonesia has seen the largest number of delayed projects, especially in the coal power sub-sector. This is mainly because China and South Korea, both of which were COVID-19 hotspots in March, are major backers of Indonesian coal plant projects. Lockdowns in China and travel restrictions in South Korea had disrupted supply chains and skilled labor inflows into Indonesia, causing some level of delays on project timelines.

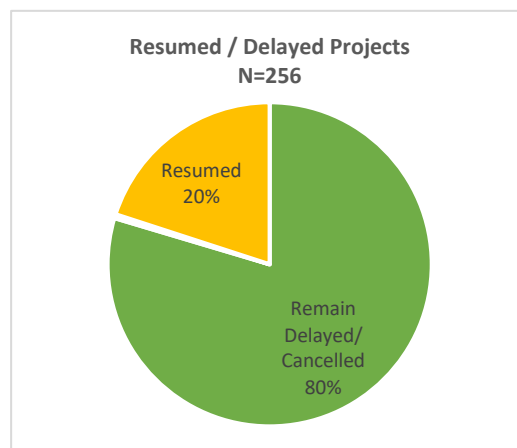
In LAC, COVID-19 has delayed or cancelled a significant number of projects in Colombia and Mexico. In Colombia, delays in the construction of a transmission line due to a community lockdown measure has put several development-stage wind farms under financial duress. In Mexico, the cancellation of the tenders came as a result of the government's non-indebtedness policy amid the crisis caused by the COVID-19 pandemic.

In SAR, India, Bangladesh, and Nepal have reported a large number of delays. In India, the lockdown has resulted in delays at various infrastructure project sites some of which might face closure. In Nepal, construction work has been shut down at nine hydropower projects after the enforcement of lockdown to control the spread of COVID-19 in the country. The Sub-Saharan Africa (SSA), Europe and Central Asia (ECA), and Middle East and North Africa (MENA) regions together reported 49 infrastructure projects that were delayed/cancelled due to COVID-19.



A large majority of the COVID-19-related delays/cancellations were due to **travel limitations and disrupted supply chains of construction materials. Projects sponsored by foreign entities were severely affected** as oftentimes the projects require the presence of foreign engineers and technicians at the construction site. Due to global travel restrictions, foreign engineers were unable to enter the project countries, causing temporary delays. The globally disrupted supply chain for construction materials is another reason for the delays. The construction industry is heavily reliant on manufacturers in China, where operations were heavily impacted by COVID-19 early in the course of the pandemic. **The global solar PV value chain was particularly hard-hit** because the manufacturing capacity for the segment is concentrated in a few major markets such as China.

The second highest reported reason is the **non-availability of laborers due to lockdown measures**. Countries like the Philippines, India, and Colombia enforced enhanced community quarantines that resulted in labor shortages at construction sites. However, it is noteworthy that lockdown measures and travel limitations caused only a temporary delay of infrastructure project delivery. Many major infrastructure projects delayed in the Philippines, for example, resumed construction activities as soon as lockdown measures were lifted. According to the data, **nearly 20 percent of disrupted projects have now resumed their development activities**.



Other reasons reported include a delayed/cancelled tender process, lower demand projections due to COVID-19, and government budget reallocation from infrastructure projects to tackle COVID-19 containment. For example, Mexico has cancelled a series of open tender processes citing the government's non-indebtedness policy amid the crisis caused by the COVID-19 pandemic. For about one-fifth of affected projects, information on the reasons for delay and/or cancellation was not available. This is because the news articles do not describe in-depth causes of delays or cancellation.