

**CENTRO DE
INVESTIGACIÓN**



**UNIVERSIDAD
DEL PACÍFICO**

Consulting Report:

**“CTI: Peer Review and Capacity Building on APEC
Infrastructure Development and Investment (Reviewed Economy:
Peru”**

Prepared for:

**ASIA-PACIFIC ECONOMIC COOPERATION
Secretariat**

Prepared by¹:

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**Deliverable 1: INCEPTION REPORT
Revised version²**

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¹ The views expressed in this document are solely those of the authors and do not necessarily represent the views of the Research Center at Universidad del Pacífico (CIUP).

² This version considers comments received from APEC PSU, Proinversión, Japan METI and Peru MEF during the Inception Report presentation by the Review Team on Tuesday, 1 July 2025 (Peruvian time).

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1. INTRODUCTION

Public-Private Partnerships (PPPs) have been a key tool to mobilize private sector resources for infrastructure development in Peru. Between 2002 and 2022, 112 PPP projects were awarded, totaling USD 30.3 billion in investment (excluding VAT), with an average of five projects per year and a peak of 17 in 2014, representing USD 12.3 billion (Proinversión, 2024). Same year, Peru ranked third in Latin America and the Caribbean for sustainable and efficient PPP implementation, behind Brazil and Chile, according to the 2014 Infrascope index. However, by 2021/2022, it had dropped to fifth place, trailing Colombia, Uruguay, Brazil, and Chile—reflecting growing challenges in awarding new PPPs since 2015.

Indeed, projects like the National Fiber Optic Backbone Network (13,400 km; USD 276 million transport component), the Chinchero International Airport (USD 658 million), and the long-delayed second runway and new terminal at Jorge Chávez Airport illustrate the need for stronger government capacity to better identify, formulate, and structure infrastructure projects. This is essential to ensure infrastructure quality—a priority recognized in the 2013 APEC Leaders’ Declaration³. Beyond improving processes, it is crucial to understand both the impacts of private participation and the factors behind them. To scale up investment sustainably, the government must learn from past experience, define expected outcomes, and address prior shortcomings (Andrés et al., 2008).

Given the above, according to the Terms of Reference (ToR), the objective of this Consultancy is the conduction of peer review on policies and practices, including relevant laws, regulations and guidelines relating to the planning, selection and implementation process of infrastructure projects in Peru through Public-Private Partnerships (PPP), and the identification of capacity building needs of Peru based on the results of the peer review focusing on the sanitation, health and transportation sectors.

Thus, in addition to this short introduction and following the ToR, this report contains: (i) the activities to be undertaken and the methodology; (ii) a timeline; (iii) a proposal of the final report outline, (iv) the plan to integrate the analysis of the three sectors, and (v) details of the review team members.

³ See: https://www.apec.org/meeting-papers/leaders-declarations/2013/2013_aelm

2. SCOPE OF STUDY: ACTIVITIES AND METHODOLOGY

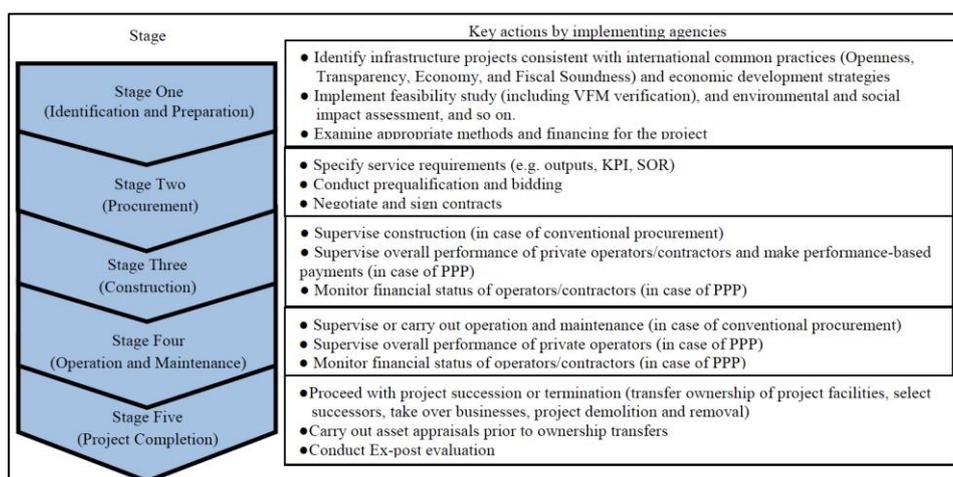
The review team has the following roles and responsibilities in implementing the review:

Activity 1.- Analysis and evaluation on the relevant laws, regulations and guidelines and their implementation by document-based review and review visit, from the viewpoint of “quality of infrastructure” and “people-centered investment, and good practices and principles” as well as “PPP” where applicable.

Review process

Once this Inception Report is agreed by the facilitating economy, reviewed economy and the review team, the peer review will be performed in accordance with the process described in the Reference Guide for Peer Review and Capacity Building on APEC Infrastructures Development and Investment (APEC 2019), Annexes 1 and 2. Specifically, during the review process, for each sector (transportation, sanitation and health) criteria described in Annex 2 will be considered, focusing on aspects such as: (i) general, (ii) project planning, (iii) feasibility study (including cost effectiveness issues such as life-cycle costs -LCC), (iv) procurement (considering also an analysis on competition factors⁴), and (v) ex post evaluation (considering in the analysis mechanisms like availability payments, especially on health and sanitation sectors, trying to understand how their design, monitoring, and fiscal implications differ from traditional user-fee schemes, and examining where availability payments have been applied in practice -e.g., hospitals, water systems). Certainly, this will entail assessing whether the five key elements that ensure quality infrastructure are being carried out by the agencies and entities responsible for promoting PPPs -(i) Alignment with development strategy, openness, transparency and fiscal soundness, (ii) Economic and financial soundness, (iii) Stability, safety and resiliency, (iv) Social and environmental sustainability, and (v) Local high-quality development- considering the typical life cycles of infrastructures projects (Figure 1) (APEC Guidebook, 2018).

Figure 1. Infrastructure Projects Stages and Key Actions by Implementing Agencies



Source: APEC (2018)

⁴ Competition factor: This refers to the variable or set of variables used to compare technical and economic offers submitted by bidders during the competition stage, enabling the determination of the project’s awardee.

It must be specified that this review process will enable a more detailed assessment on practical operation of policies and the status on implementation of the relevant laws and regulations; an analysis of PPP enabling environment to attract private investors, including government support, regulatory framework establishment, institutional arrangement, and incentive measures; and an evaluation of criteria used for technical and economic offers for the granting in concession of project by Proinversión. This may include the discussion on baseline, target, and achievement indicators for access, quality and equity in the selected sectors.

The review process will be complemented with a qualitative methodology, which encompasses (i) literature review: in order to provide a preliminary answer to the questions within the review criteria regarding existing infrastructure policies; and develop the interview guidelines for evaluating the implementation of infrastructure PPP projects in transportation, sanitation and health sectors. In this regard, the Review Team considers also doing a benchmarking (based on a rational sampling and availability of information) with other economies in Latin America APEC, or OECD (see as a reference, Infrastructure governance, OECD⁵) in order to capture best practices; (ii) in depth interviews with stakeholders of the three sectors under study to assess the implementation of infrastructure projects and identify main problems and recommendations that will allow adequate capacity building; and (iii) focus groups/workshops discussions with selected public officials (from Proinversión, Ministry of Economics and Finance, Ministry of Housing, Construction and Sanitation, Ministry of Transport and Communications, and Ministry of Health) and private operators (from the Association of Infrastructure Operators related to infrastructure projects, for instance: <https://afin.org.pe/>) for the analysis, evaluation and main findings of the review on the three sectors under study. It is important to mention that, although the Review Team has conducted similar interviews and workshops in previous consultancies, new interviews and new focus groups/workshops will be developed for this peer review study to be able to obtain more updated information.

In addition, as is well known, although private participation in infrastructure initially began through an ambitious privatization program of public enterprises⁶, in the early 2000s a concession award program was launched alongside the promotion of alternative modalities of investment in infrastructure and public services, such as Public-Private Partnerships (PPPs), Asset-Based Projects (ABPs), and Works for Taxes (WfT). Certainly, to enable this, the regulatory and institutional foundations were established to guide and support the development of significant infrastructure in the economy. Among the listed alternative schemes, the review team considers that it is relevant to include the Works for Taxes (WfT) scheme in the analysis.

Works for Taxes is a modality for the execution of public investment projects allowing private participation to tackle infrastructure and service shortfalls in Peru. Through this mechanism, private companies advance their income tax payments to directly finance and implement prioritized public investment projects—selected by subnational or national government entities—in a fast and efficient way. Peru can be considered a pioneer in the implementation of this scheme, which began in 2009 with two projects. By 2022, a total of 232 projects have been completed under this model, representing an investment of USD 2.1 billion (with 47% and 17% of this investment allocated to the transportation and sanitation sectors, respectively).

The review team considers also that it is beneficial to provide contextual insight through a diagnostic of PPP performance, based on impact evaluation studies conducted by members of

⁵ See: <https://www.oecd.org/en/topics/infrastructure-governance.html>

⁶ During the period from 1990 to 1999, the privatization process reached a total of USD 7.9 billion in assets, placing the country at the forefront of Latin American privatization efforts (MEF, 2016).

the consulting team in recent years. The rationale behind this proposal lies in the importance of quantifying the impact of PPP project performance on users, which involves testing the hypothesis that PPPs—when efficient and sustainable—can lead to positive socioeconomic outcomes. Such findings contribute to a more informed understanding of the real impacts of PPPs.

Capacity building

As indicated in Annex 1 of the APEC [Reference Guide](#), after the completion of the peer review by the review team, the facilitating economy, Japan, will develop capacity building programs that are required from the reviewed economy (Peru). For its implementation, the review team will identify the capacity building needs. The review team will link specific review findings to capacity gaps and propose targeted interventions that is aligned with the [APEC Guidebook](#).

Review of relevant laws and regulation

This activity will consist of an assessment of the legal framework surrounding PPPs. A qualitative diagnostic will be provided to highlight key progress and remaining challenges in areas such as contract renegotiations, land expropriations, and government response times, among others. It is proposed that this review include a timeline diagram illustrating the evolution of the regulatory framework, along with text boxes containing short case-based essays that may offer valuable lessons. This activity will take as a reference a study previously conducted by the consulting team for the Lima Chamber of Commerce, titled “Diagnosis, Challenges, and Proposals Regarding Concessions in Peru” (Urrunaga, Bonifaz, and Aguirre, 2015). The structure of this document remains a useful reference for identifying emerging bottlenecks and contextualizing persistent unresolved issues from the past. Furthermore, the Review Team will incorporate an analysis of the interplay between the Public Investment System and Public-Private Partnerships (PPPs).

Activity 2.- To request for the submission of necessary information to the reviewed economy.

For the execution of this activity, the review team will gather official information from public entities such as Proinversión, the ministries of transport and communications, housing, construction and sanitation, and health. Likewise, if necessary, conducting virtual or in-person interviews with public officials, representatives of the companies operating the projects, and experts will be considered to complement the review process and capacity-building analysis.

Activity 3.- To communicate and coordinate with the facilitating economy as appropriate in implementing the review; and Activity 4.- To compile review results and prepare a draft report and submit the draft report to the reviewed and facilitating economies.

The review team will follow the indications in the Terms of Reference (ToR) regarding communication and coordination with the facilitating economy, as well as the content of the expected deliverables of the study, in particular, inception report, draft progress report, draft final report, and also details of the review visits for the corresponding presentation of the reports.

| Deliverables (D) / Activities (A) | Jun | | Jul | | Aug | | Sep | | Oct | | Nov | | Dec | | Jan | | Day | |
|---|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|
| | Q1 | Q2 | | |
| D3.- Draft final report | | | | | | | | | | | | | | | | | | |
| A.7.- Incorporating comments received on the Draft Progress Report | | | | | | X | | | | | | | | | | | | |
| A.8.- Completion of draft final report | | | | | | | X | X | X | X | | | | | | | | |
| A.9.- Submission of draft final report | | | | | | | | | | | | X | | | | | 31 | |
| A.10.- Presentation of draft final report: review visit # 3 | | | | | | | | | | | | X | | | | | | |
| A.11. – Peru and Japan to provide feedback and confirmation on the Draft Final Report | | | | | | | | | | | | X | X | | | | | |
| A.12. - Incorporating comments from Peru/Japan on the Draft Final Report | | | | | | | | | | | | | X | | | | | |
| A.11. Circulation of Draft Final Report to APEC CTI for feedback | | | | | | | | | | | | | X | X | | | | |
| D.4 Final report | | | | | | | | | | | | | | | | | | |
| A.11.- Incorporating comments received on the Draft Final Report | | | | | | | | | | | | | | X | | | | |
| A.12.- Completion of Final Report (PSU/Peru/Japan to do final review) | | | | | | | | | | | | | | X | | | | |
| A.13.- Submission of Final Report | | | | | | | | | | | | | | | | X | X | 30 |

4. OUTLINE OF THE FINAL REPORT

Preliminarily, the following content for the final report is proposed, considering that the definitive version will be agreed upon with the facilitating economy:

Peer Review and Capacity Building on APEC Infrastructure Development and Investment: Peru

Executive summary

1.- Overview

- 1.1.- Introduction
- 1.2.- The Peruvian Legal System and Governance
 - 1.2.1.- Transportation sector framework
 - 1.2.2.- Sanitation sector framework
 - 1.2.3.- Health sector framework
- 1.3.- Mechanisms of financing infrastructure

2.- Peru's transportation sector

- 2.1.- Overview of the sector
- 2.2.- Institutional responsibility
- 2.3.- Investment needs
- 2.4.- PPP and WfT in the transportation sector
- 2.5.- Projects performance
- 2.6.- Benchmarking against peers in the Region

3.- Peru's sanitation sector

- 3.1.- Overview of the sector
- 3.2.- Institutional responsibility
- 3.3.- Investment needs
- 3.4.- PPP and WfT in the sanitation sector
- 3.5.- Projects performance
- 3.6.- Benchmarking against peers in the Region

4.- Peru's health sector

- 4.1.- Overview of the sector
- 4.2.- Institutional responsibility
- 4.3.- Investment needs
- 4.4.- PPP and WfT in the health sector
- 4.5.- Projects performance
- 4.6.- Benchmarking against peers in the Region

5.- Defining infrastructure quality

5.1.- Reviewing PPP regulations in Peru based on APEC Quality of Infrastructure Principles⁷ (using the review criteria and key elements). This section includes analyses on whether a requirement to consider Life-Cycle Costs is defined in the PPP-related regulations and systems in Peru, and, if so, how such consideration is implemented in an infrastructure project.

5.2.- Reviewing PPP regulations in transportation, sanitation and health sectors based on APEC Quality Infrastructure Principles⁸ (using the review criteria and key elements).

5.3.- The need for an institutional environment supportive of PPP

5.4.- The need for capacity building

5.5.- Overall evaluation

6.- Conclusions and recommendations

⁷ According to APEC Guidebook (2018) and APEC Reference Guide (2019).

⁸ Ibid.

5. PLAN TO INTEGRATE THE ANALYSIS OF THE THREE SECTORS

The strategy for integrating the analysis of the three sectors will follow transversal considerations based on the review criteria outlined in Annex 2 of the [APEC Reference Guide](#) (2019), such as the identification of gaps, inconsistencies, and outcomes—particularly in terms of achieved coverage and (potential) impacts.

Additionally, for each sector under review, key issues raised during meetings with stakeholders will also be addressed. For instance, Proinversión, the agency responsible for promoting private investment in Peru, plays a key role in implementing actions related to Public-Private Partnerships (PPP) and Works for Taxes (WfT) infrastructure projects. This enables an integrated and cross-sectoral analysis of the three sectors under study, addressing both regulatory and governance aspects.

Additionally, within the Ministry of Economy and Finance of Peru, a dedicated unit monitors these projects - Specialized Investment Monitoring Team (EESI for its acronym in Spanish), and consolidates information on any obstacles or issues that may hinder their implementation, or, if already underway, oversees their physical and financial progress. Furthermore, each sector ministry maintains administrative data that may become relevant throughout the study. This data can be supplemented by information from supervisory bodies such as Transport and Sanitation regulator entities (Ositran and Sunass, for their acronyms in Spanish).

In addition, an important partner is the Association of Infrastructure Operators (AFIN for its acronym in Spanish), which brings together a group of private operators responsible for executing the projects. This will make it possible to gather the investors’ perspectives and contributions during the building capacities analysis. Finally, the review team brings cross-sectoral expertise across all three areas, as demonstrated by the professional backgrounds and consulting or academic work of each team member, which will enhance the integrated analysis of the sectors under review.

The following figure could serve as a point of reference for integration plan for the three sectors:

Figure 2. Focus areas of the review

| Type of infrastructure | Sector | Focus area |
|------------------------|--|---|
| PPP | Transport Roads Railways Seaports Airports Sanitation Health | General Project planning Feasibility study Procurement Ex post evaluation |
| WfT | Transport Sanitation Health | Prioritization – Award - Implementation Ex post evaluation: schedule compliances, cost deviations, service coverage |

6. REVIEW TEAM

Team leader: Roberto Urrunaga

He is a graduate economist with more than 30 years of professional experience, mainly in teaching, research and consulting, both nationally and internationally, as well as in management positions in public and private institutions. Senior Professor of the Academic Department of Economics at Universidad del Pacífico and researcher of the Regulation, Infrastructure and Competition Area of the Research Center of Universidad del Pacífico. His main fields of study include economic regulation, economics of transportation infrastructure and public services, design and evaluation of public-private partnerships, taxation and financial issues. He has been General Director of the Graduate School of the Universidad del Pacífico, Dean of the School of Economics and Finance, Vice-Dean of Economics, head of the Academic Department of Economics, Director of the Master in Economics and the Master in Finance of the Universidad del Pacífico.

He has also held the following positions in Proinversión:

- Member of the Special Committee for Investment in Transportation and Telecommunications Projects - Pro-Transport and Communications (September 2018 - June 2021).
- President of the Committee on Road Infrastructure, Railway Infrastructure and Airport Infrastructure Projects - Pro-Integración (September 2014 – September 2018).

In addition, he has been:

- Chairman of the Board of Directors of Servicio de Agua Potable y Alcantarillado de Lima (Sedapal)
- Regulation Manager of the Supervisory Agency for Investment in Public Transportation Infrastructure (OSITRAN)
- Member of the Equity Restructuring Commission of the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI), and member of the Board of Directors of the Military and Police Pension Fund.
- Director of companies in the private sector.

Area of specialization

Regulation of public utilities, impacts of infrastructure development, analysis of concessions and public-private partnerships.

Team member: José Luis Bonifaz

He is a full professor at Universidad del Pacífico. He is also a senior lecturer at the same university. He holds a Master of Arts degree from Georgetown University and a civil engineering degree from Pontificia Universidad Católica del Perú. He has more than 20 years of professional experience in teaching, research and consulting, both nationally and internationally. His main fields of study include the regulation and competition of public services, infrastructure concessions and transportation logistics. He has been head of the Academic Department of Economics and vice dean of the Faculty of Economics and Finance at Universidad del Pacífico. He has served as general manager of the National Superintendency

of Sanitation Services (SUNASS), president of the Board of Directors of the Technical Organization for the Administration of Sanitation Services (OTASS), consultant for the IDB, CAF, ECLAC, GIZ, KfW and the World Bank, as well as leader of the infrastructure and regulation roundtable of the National Competitiveness Council. He has also served as a member of the Specialized Chamber N°1 of the Competition and Intellectual Property Defense Court of INDECOPI and member of the Pro-Development Committee of PROINVERSION.

In addition, he has been:

- Member of the Pro-Development Committee of PROINVERSION. Issues of concessions in sanitation, hospitals, cable cars, among other infrastructure sectors. From April 1, 2013, to January 10, 2017.
- Chairman of the Pro-Connectivity Committee of PROINVERSION. Concession issues in telecommunications, hydrocarbons and electricity. From January 11, 2017 to August 31, 2017.
- Member of Chamber N°1 of the Court for the Defense of Competition and Intellectual Property of INDECOPI. From August 26, 2012 to August 26, 2017.
- Member of the TECHNICAL GROUP SPECIALIZED IN ROAD SAFETY - ROAD INFRASTRUCTURE. National Road Safety Council of the Ministry of Transport and Communications. July. 2014.
- Chairman of the Board of Directors of the Technical Agency for the Administration of Sanitation Services (OTASS). From August 14, 2014 to November 29, 2015.

Area of specialization

Regulation and competition of public services, infrastructure concessions and transportation logistics.

Team member: Julio Aguirre

He is currently Vice-Dean of the Politics, Philosophy and Economics Department at Universidad del Pacífico. He is a full-time professor of the Academic Department of Economics and Researcher of the Research Center of the Universidad del Pacífico. PhD. in Economics from Universidad de San Andrés (Argentina), Master of Arts in Economics from Georgetown University (United States) - ILADES (Chile) and bachelor's in economics from Universidad del Pacífico. He has experience in the public sector in the areas of competition policy and regulation of public service infrastructures. He has developed several research projects on transportation and energy infrastructure regulation, impact evaluations (quasi-experiments) in the education and agriculture sectors, and environmental economics. He has been head of economic studies of the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI) and of the Supervisory Agency for Public Transportation Infrastructure Investment (OSITRAN). He has also worked as a consultant for the Inter-American Development Bank, the Economic Commission for Latin America and the Caribbean (ECLAC), the World Food and Agriculture Organization (FAO) and the German Development Cooperation (GIZ), among other public institutions (Ministry of Economy and Finance, Ministry of Production, Ministry of Agriculture, Metropolitan Municipality

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