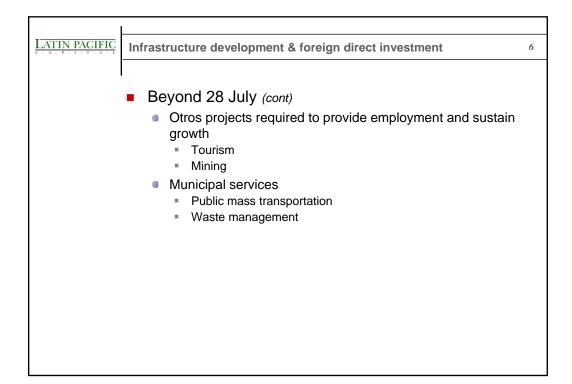
$\underbrace{\text{LATIN PACIFIC}}_{C + A + P + 1 + T + A + L}$
University of Florida
7th Annual Conference Legal & Policy Issues in the Americas
Infrastructure Development & Foreign Direct Investment
Carlos Montoya
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Environment	
Favorable economic conditions	
Well balanced & stable economy	
<ul> <li>Sustained growth</li> <li>Booming export sector</li> </ul>	
<ul> <li>High prices for commodities expected to prevail in the near future</li> </ul>	
<ul> <li>Need for substantial investment in infrastructure to increat coverage &amp; enhance quality (over US\$ 22 billion)</li> </ul>	se
<ul> <li>Change of administration is expected to bring about new priorities and changes in policy</li> </ul>	

$\underline{\text{LATIN PACIFIC}}_{c \ - \ x \ - \ p \ - \ 1 \ - \ T \ - \ x \ - \ L}$	Infrastructure development & foreign direct investment	4
	Beyond 28 July (cont)	
	Well defined strategy	
	<ul> <li>Strengthen participation of regional &amp; local governments</li> </ul>	
	<ul> <li>Define objectives &amp; sort out priorities</li> </ul>	
	Rank projects	
	<ul> <li>Promote private investment         <ul> <li>Private investment is key to stretch budget so as to accelerate program             <ul> <li>Private implementation and management promote efficiency</li> </ul> </li> </ul> </li> </ul>	
	<ul> <li>Select the best scheme to carry out selected projects</li> <li>Concessions are well known and accepted</li> <li>PPPs are key to allow feasibility</li> </ul>	
	<ul> <li>Assure fast implementation; get obstacles out of the way</li> </ul>	

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LATIN PACIFIC C.A. F. L. T. A. T. Infrastructure development & foreign direct investigation of the second	stment 5
<ul> <li>Beyond 28 July (cont)</li> <li>Sectors to focus on at national and local</li> <li>The "conventional"         <ul> <li>Water &amp; sewerage</li> <li>Ports &amp; airports</li> <li>Roads</li> <li>Power (increasing coverage is of prime of Generation</li> <li>Transmission</li> <li>Distribution</li> <li>Gas distribution (spreading the benefits of Telecoms</li> <li>"Non-traditional"</li> <li>Health</li> <li>General hospitals</li> <li>Clinics</li> <li>Testing &amp; diagnostic centers</li> <li>Education (new ways to improve coverage)</li> </ul> </li> </ul>	l levels concern) of Camisea)



LATIN PACIFIC	Infrastructure development & foreign direct investment	7
	<ul> <li>Beyond 28 July (cont)</li> <li>Regional projects <ul> <li>Infrastructure needs in the Regions are far greater than in Lima</li> <li>Regions are obtaining substantial inflows from the "Canon" which allow significant future investment</li> <li>Regional institutions urgently need strengthening; those involved in project preparation and evaluation, if they exist, are very poorly developed</li> <li>Well conceived programs could have a great impact on regional development</li> </ul> </li> </ul>	

LATIN PACIFIC CONFISION AND A CONTRACT INVESTMENT	8
<ul> <li>Widening options for implementation</li> <li>Conventional concessions for those areas in which business can "capture" a significant proportion of th benefits which are generated</li> <li>PPP schemes for projects with significant externalic cannot be captured by the private entrepreneur</li> <li>Cofinancing         <ul> <li>Access to subsidized financing (concessional loans)</li> <li>Complement in order to complete the financial plan</li> <li>Guarantees             <ul> <li>Loan or credit enhancement schemes to facilitate finant</li> <li>Subsidies</li> <li>Get direct subsidies "in the open"</li> <li>Use cross-subsidies where needed</li> </ul> </li> </ul> </li> </ul>	the ne ties which

LATIN PACIFIC	Infrastructure development & foreign direct investment	9
	<ul> <li>Concessions: strengths in Perú</li> <li>Well developed legal structure</li> <li>Established institutional framework</li> <li>Experienced institutions &amp; officials</li> <li>Creativity: authorities have been creative in developing solutions</li> </ul>	
	<ul> <li>Obstacles to overcome</li> <li>Political risk</li> <li>Changes in laws and regulations, especially of utilities &amp; natural resource based businesses</li> <li>Regulatory risk         <ul> <li>Changes in tariffs</li> <li>Changes in conditions affecting costs</li> </ul> </li> </ul>	

$\underline{\text{LATIN PACIFIC}}_{C \to A \to P \to 1 \to T \to A \to L}$	Infrastructure development & foreign direct investment	10
	<ul> <li>Infrastructure development &amp; foreign direct investment</li> <li>Some necessary changes <ul> <li>Alignment of all governmental institutions involved with agreed upon developmental objectives</li> <li>Assist Regions in structuring and promoting adequate projects</li> <li>Strengthen regulators <ul> <li>Support independence</li> <li>Strengthen professional staff</li> <li>Complement legislation, where necessary</li> </ul> </li> <li>Reorient <i>Contraloría</i> <ul> <li>Focus on supporting correct performance of duties</li> <li>Emphasis on understanding &amp; coordination</li> </ul> </li> </ul></li></ul>	10

