



Ministerio
de Economía y Finanzas



Gobierno del Perú



BICENTENARIO
DEL PERÚ
2021 - 2024

ECONOMIC REACTIVATION MEASURES

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Minister of Economy and Finance

February 2023

Con
PUNCHE
Perú

Content



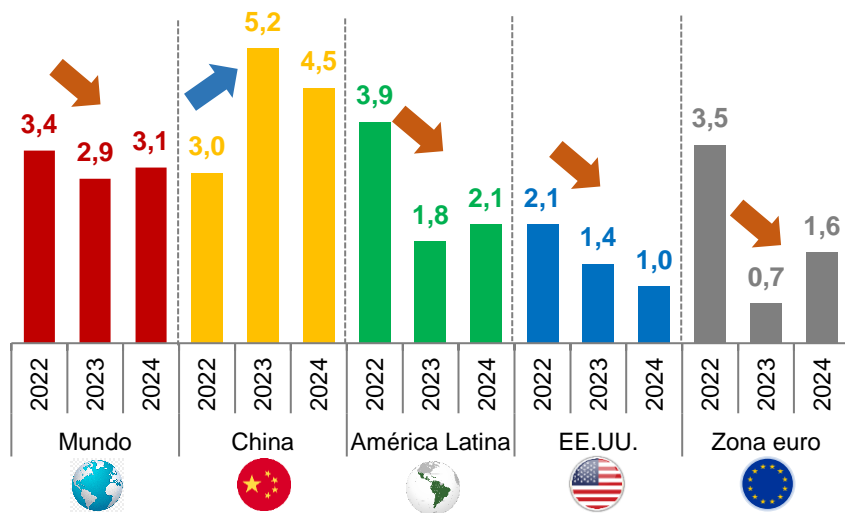
Economic context



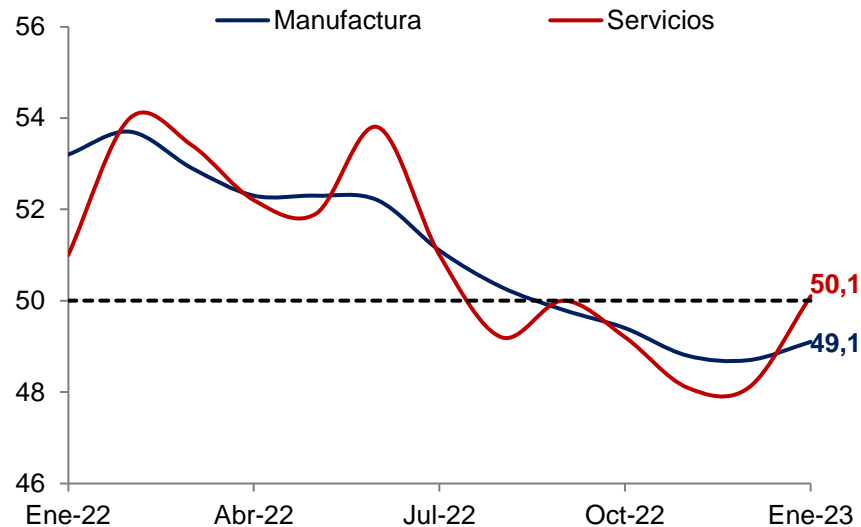
Progress of economic measures

In 2023, lower global growth in most regions and leading indicators show signs of improvement

World: GDP growth outlook by country ¹
(Real annual % change)



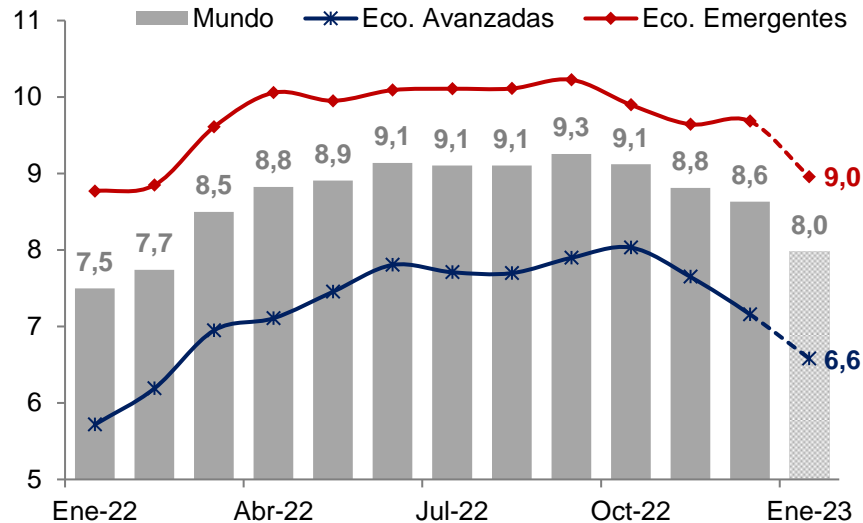
World: purchasing Manager's Index (PMI)
(Points, 50 >= "expansion")



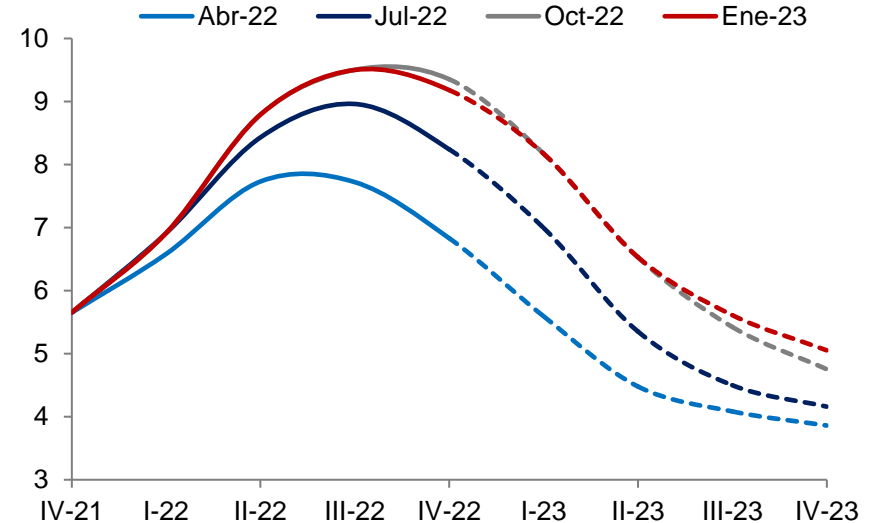
^{1/} Country growth projections for the period 2022-2024 are from the WEO (Jan-23).
Source: Bloomberg, IMF.

Progressive moderation of inflation

World: inflation by economic blocs¹
(Annual % change)



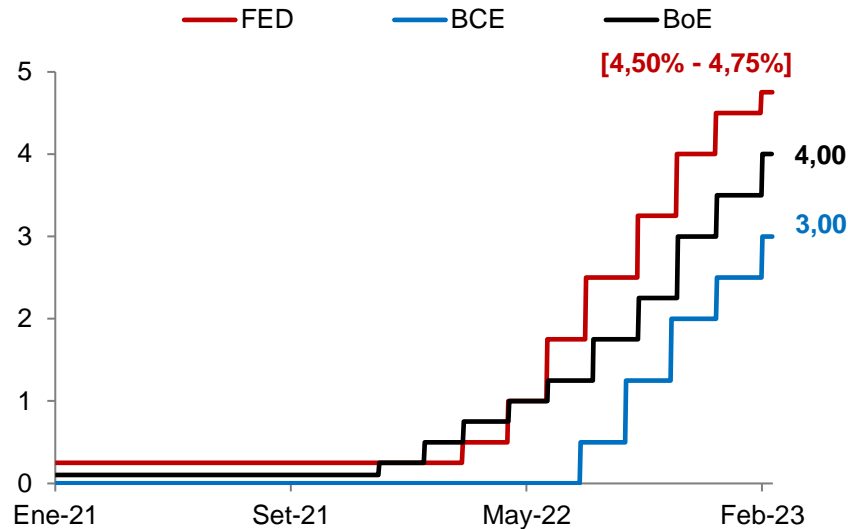
World: revision of global inflation projection²
(Annual % change)



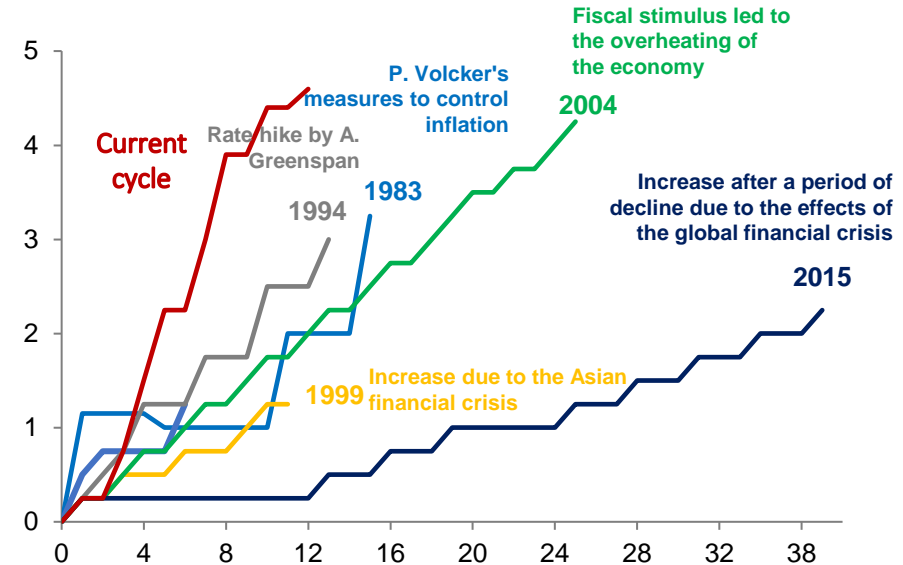
1/ Data from the most important countries and blocs are considered for the estimation of economic groups: Advanced economies (USA, Canada, UK, Japan, Eurozone) and Emerging economies (China, India, Russia, Latin America and the Caribbean). The estimation of this last bloc considers data from Argentina, Brazil, Chile, Colombia, Mexico and Peru. 2/ The revisions in the inflation projection are those published by the IMF in the WEO.
Source: Bloomberg, IMF, MEF estimates.

Monetary policy interest rates are still at high levels.

Monetary policy interest rate¹ (%)



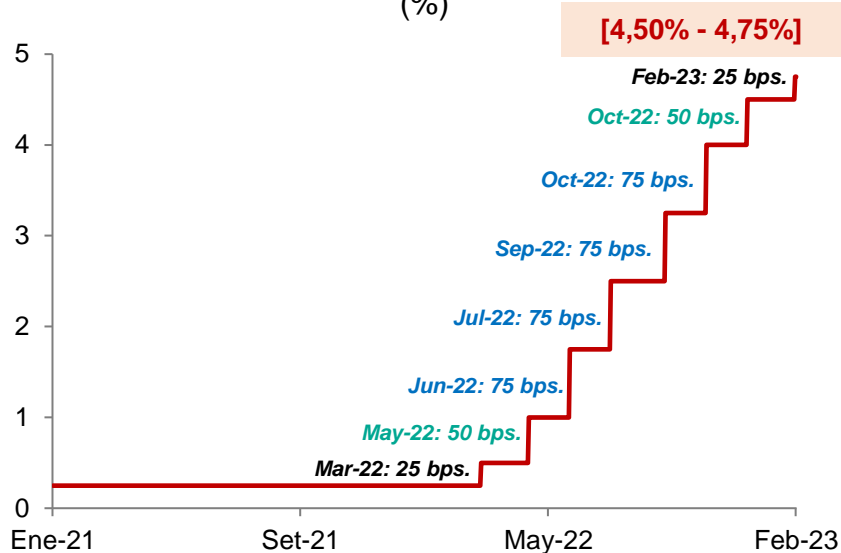
USA: Interest rate in different episodes (%, monthly increases)



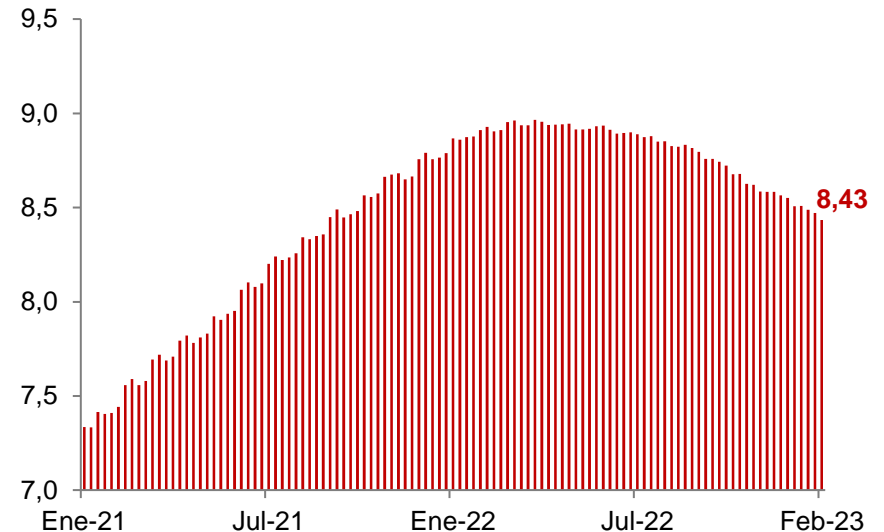
^{1/} The chart shows information from the FED (Federal Reserve), ECB (European Central Bank) and BoE (Bank of England).
Source: Bloomberg.

Federal Reserve's tight monetary policy continues; but at a slower pace

Average interest rate
(%)



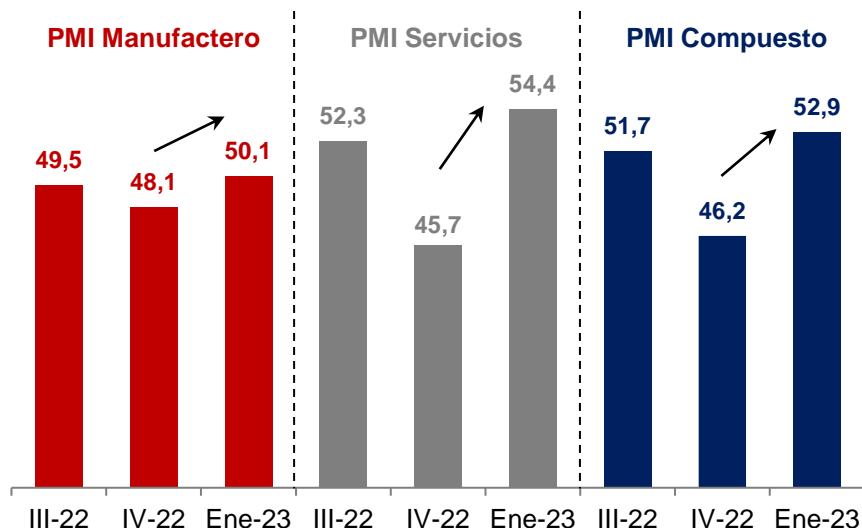
FED balance sheet
(Billions of US\$)



- **The Federal Reserve (FED) raised its policy rate for the eighth consecutive time since Mar-22 in Jan-23**, reaching its highest level since 2007. However, on this occasion, it did so at a slower pace.
- Since Nov-22, **the FED's balance sheet has been decreasing at an average pace of 2.3% per week**, as approved in Mar-22, to reduce the excess current liabilities that drove inflation higher in 2022.

China: economic and financial indicators are recovering due to the lifting of "Zero COVID" policy restrictions.

Official PMIs
(Points; "expansive" ≥ 50)

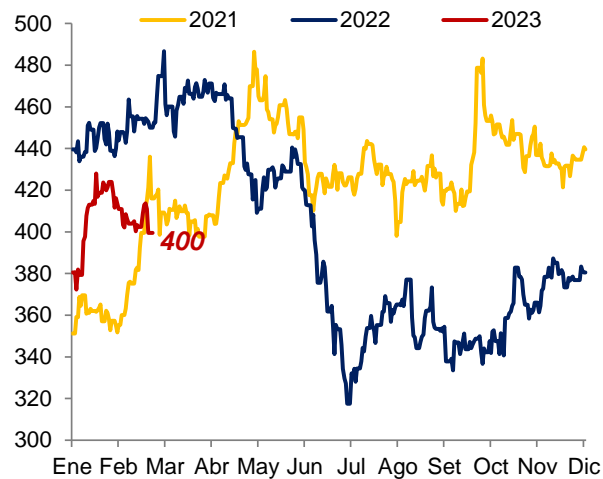


Financial indicators: Hang Seng and Shanghai rates¹
(points)

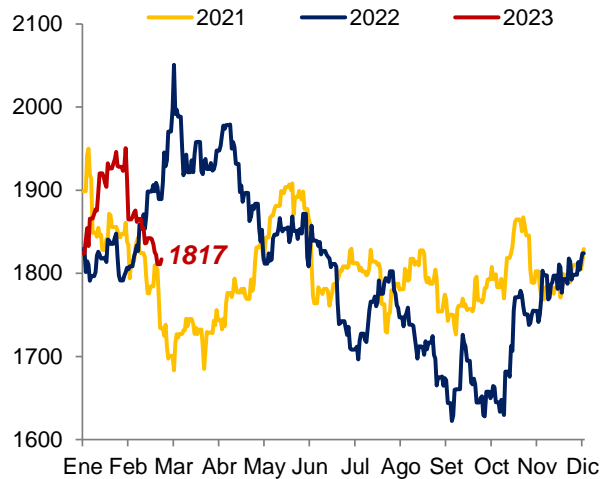


Commodity prices remain at elevated levels

Copper price¹
(cUS\$/lb.)



Gold price¹
(US\$/oz.tr.)



Oil price¹
(US\$/bar.)



Average price:



4Q-22 : cUS\$/lb.363
Jan-23 : cUS\$/lb.406
Feb-23¹ : cUS\$/lb.406



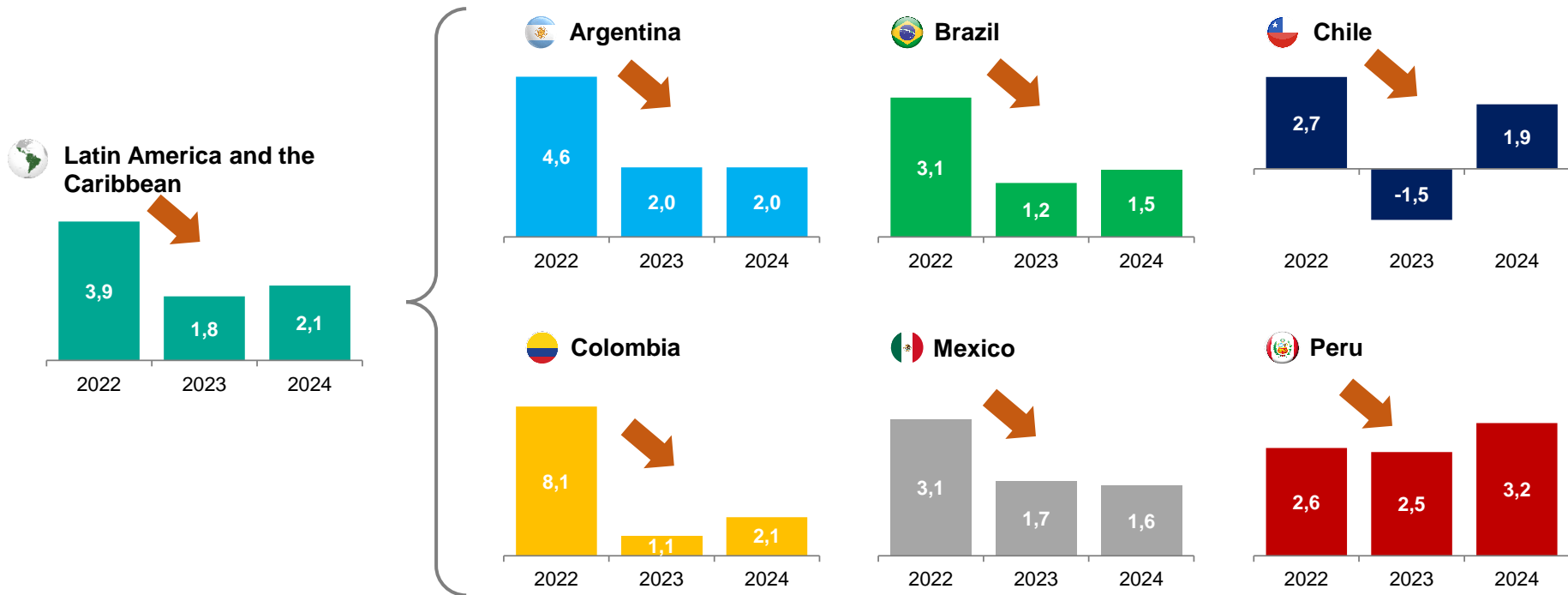
4Q-22 : US\$/oz.tr.1729
Jan-23 : US\$/oz.tr.1894
Feb-23¹ : US\$/oz.tr.1852



4Q-22 : US\$/bar. 83
Jan-23 : US\$/bar. 78
Feb-23¹ : US\$/bar. 77

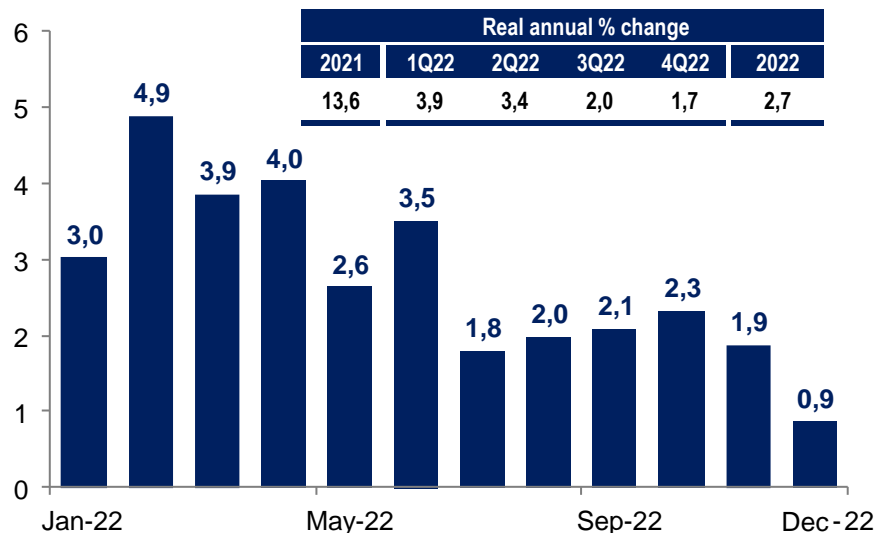
Latin America: moderation in economic growth in 2023 and subsequent recovery in 2024

IMF: GDP of the main economies of Latin America and the Caribbean
(Real % change)

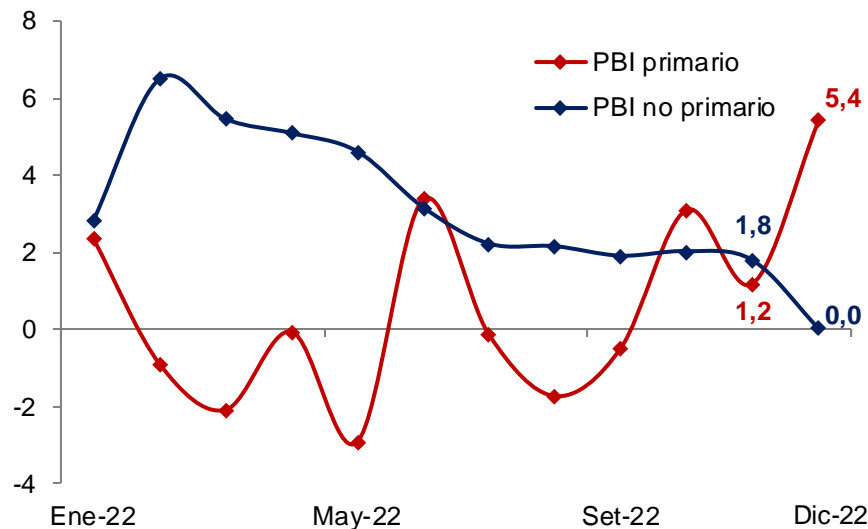


In 2022, GDP grew 2.7%, supported by the resilience of the non-primary sectors, and the start of mining production at Quellaveco in 4Q22.

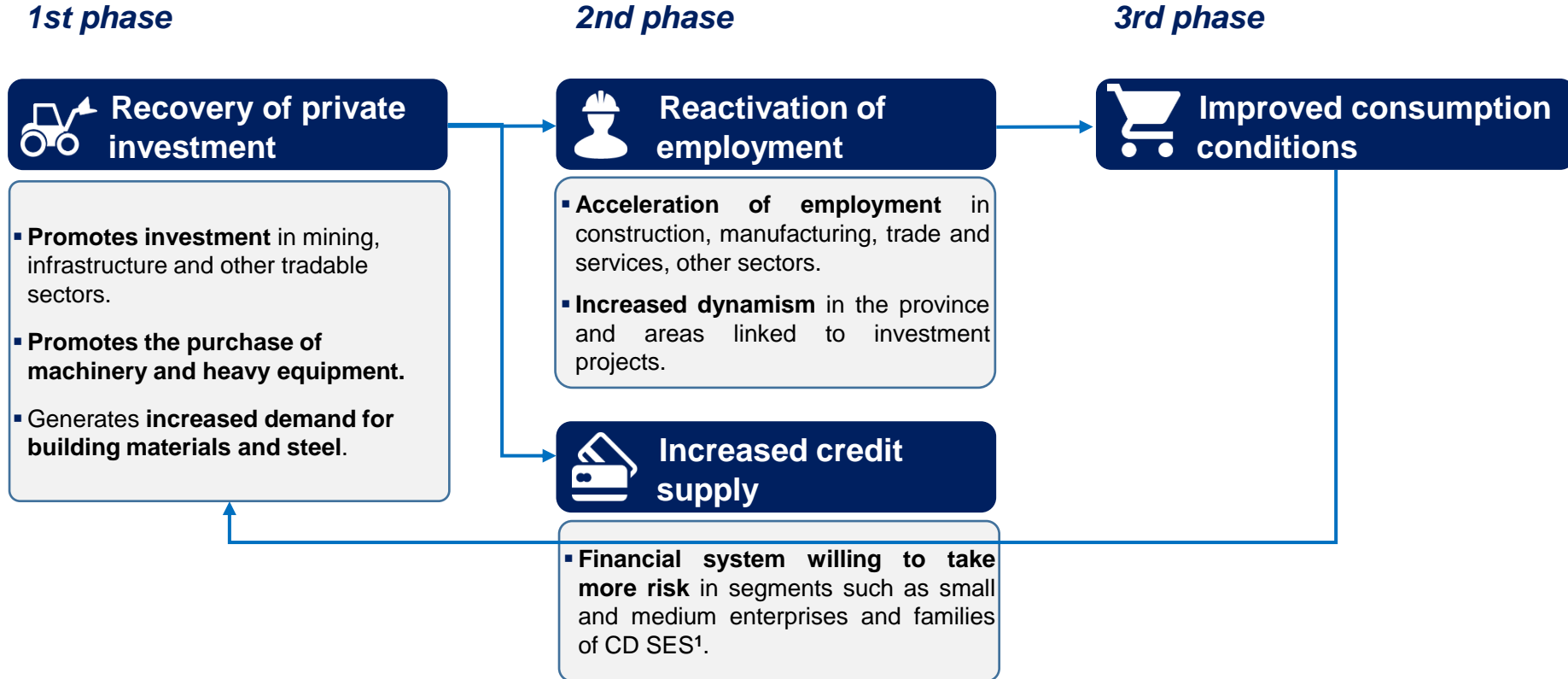
Peru: GDP
(Real annual % change)



Peru: Primary and non-primary GDP
(Real annual % change)

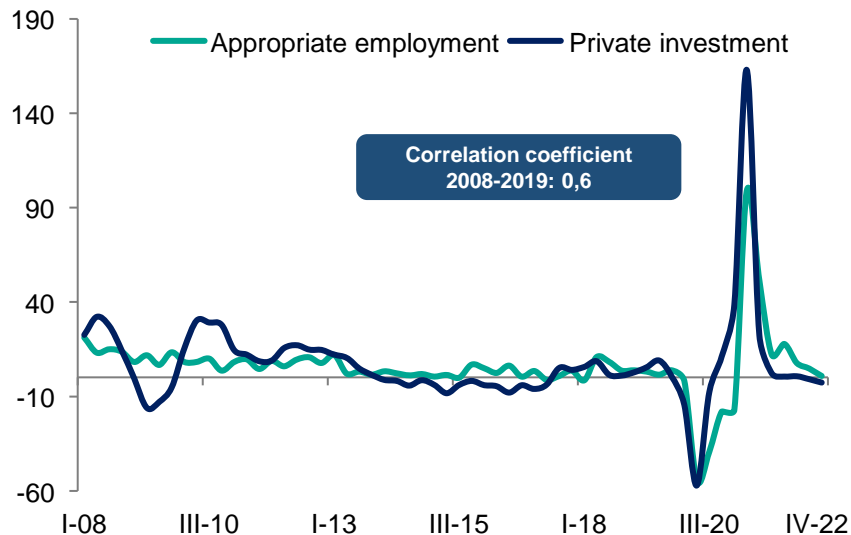


Private investment is a key variable in driving the virtuous investment-employment-consumption circle.

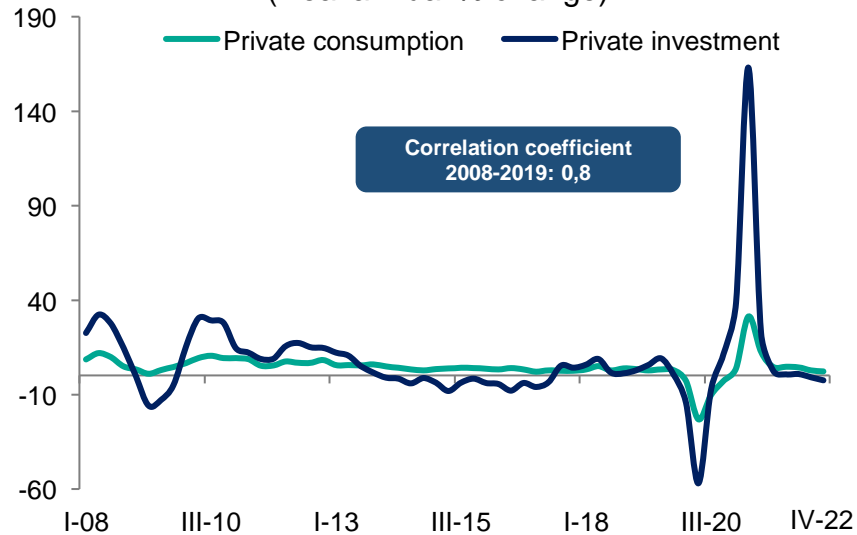


Private investment contributes to the generation of employment and increases household consumption.

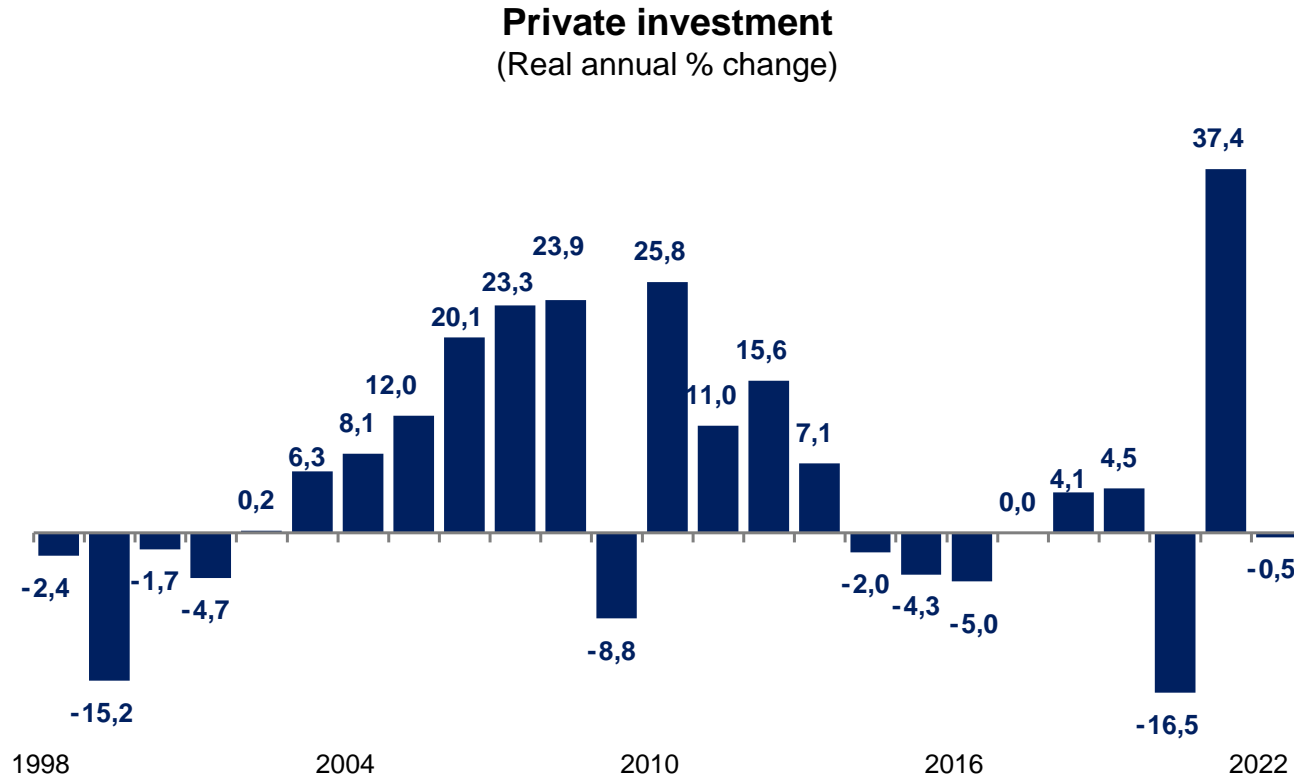
Private investment and employment (Real annual % change)



Private investment and private consumption (Real annual % change)

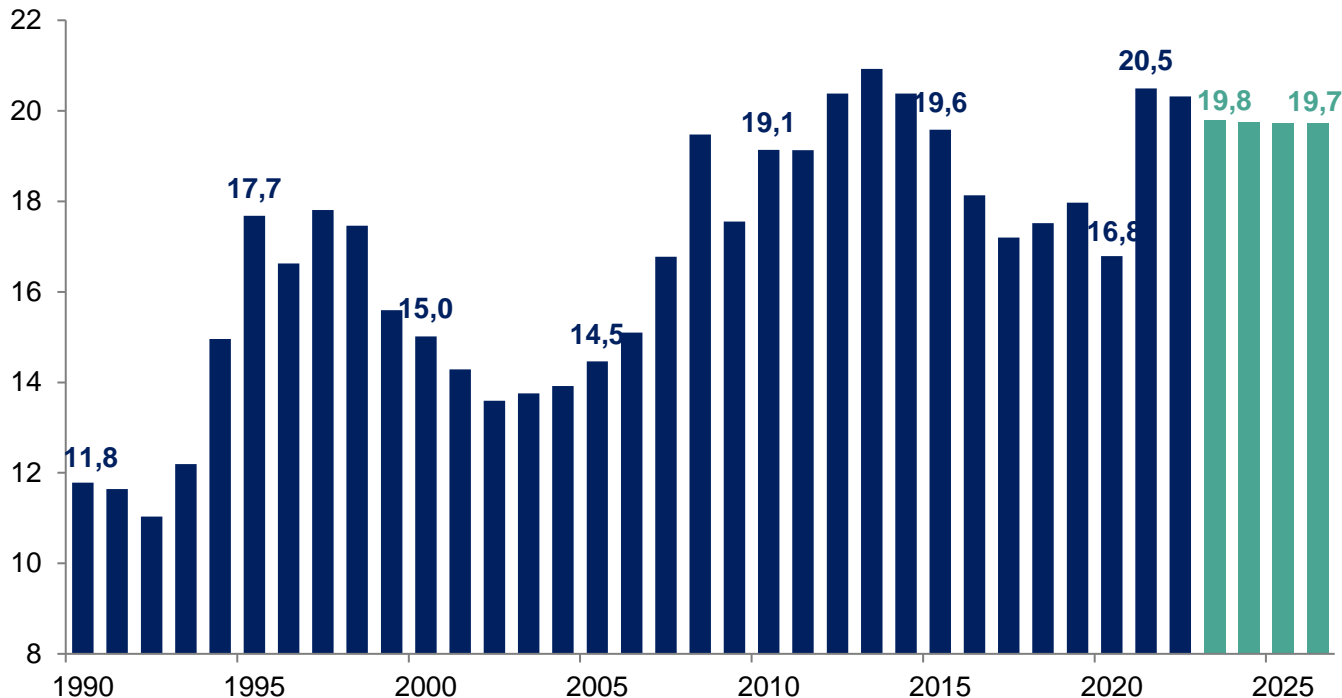


It is necessary to promote investment projects to revitalize private investment growth.



If nothing is done, the contribution of private investment to GDP will remain stagnant.

Private investment 1990-2026¹
(% of GDP)



^{1/} The 2023-2026 ratios correspond to the projections made for the Multiannual Macroeconomic Framework 2023-2026.
Source: BCRP, MEF projections

Content



Economic context



Progress of economic measures

The very short-term agenda

1



- Progress: **more than 90%** approved
- It will contribute about **0.8 p.p. to GDP** in 2023.

2



- Progress: **more than 50%** approved
- It will contribute around **1.2 p.p. to GDP** in 1S2023.

3

Delegation of legislative powers in economic matters

Main points:

- Boosting public and private investment
- Economic and financial management
- Improved tax aspects and formalization

Since the launching of the Plan, more than 50% of the measures have already been approved.

On December 29, 2022, we launched the “Con Punche Perú” Reactivation Plan.

1

Family economy
Reactivation

2

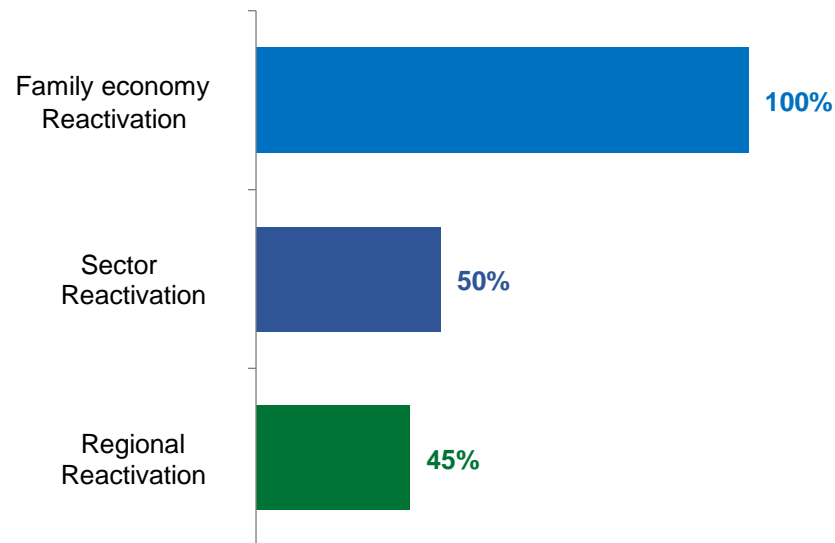
Regional
Reactivation

3

Regional
Reactivation

Progress of measures for each main point of the Plan

(% of total for each main point)



Measures have been implemented to boost private investment

1

Impulso Perú

- **New Regulations** for Public-Private Partnership (PPP) projects
- **Support for unlocking PPPs** with high economic and social impact
- **Monitoring and early warning** on the execution of PPPs
- **New Regulations** for Works for Taxes (OxI) projects
- **National Plan of Sustainable Infrastructure for Competitiveness 2022 - 2025 (PNISC)**

2

Con Punche Perú

- **PPP budget capacity**
- **Additional resources for priority interventions**
- **Accompanying and unblocking mining projects** representing a portfolio of US\$ 10,555 MM
- **Reactivation of emblematic projects** (CHAVIMOCHIC III and MAJES SIGUAS II).

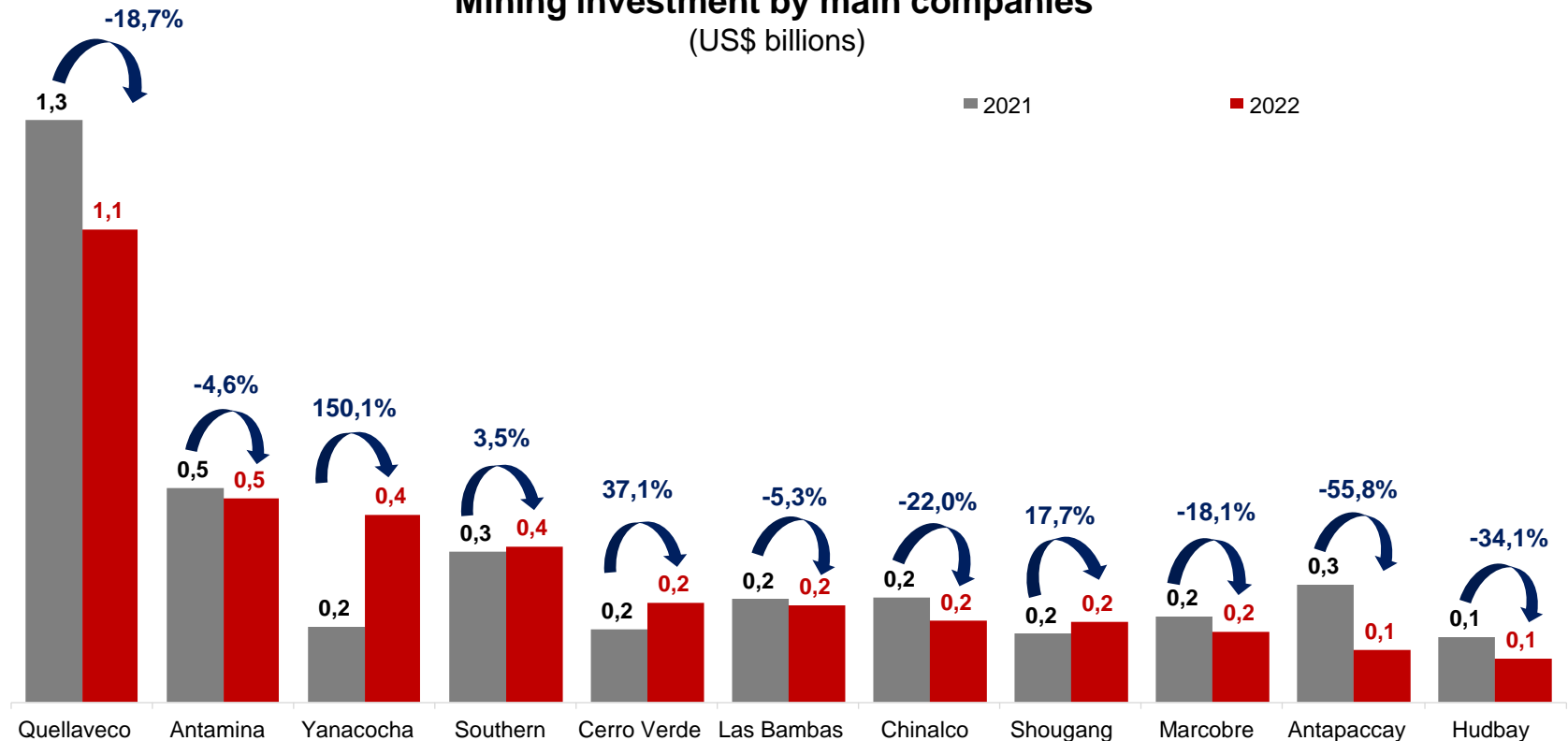
3

Delegation of legislative powers in economic matters

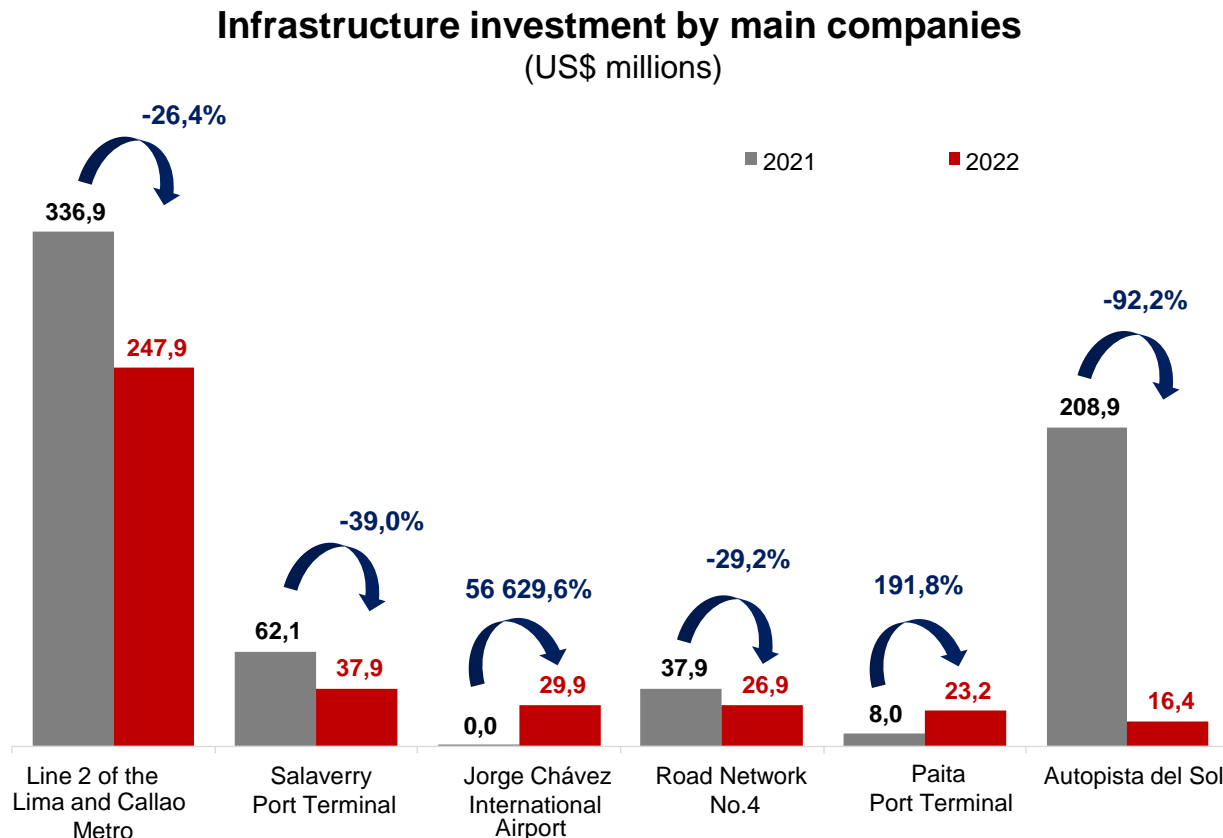
- **Optimize the management of land and interferences in investment projects:** expedite the acquisition and availability of land, release of interferences.
- **Optimize the procedure, evaluation and support of budget capacity for PPP projects.**
- Extraordinary measures to **promote 72 prioritized PNISC and other projects**
- **Enable additional financing for Works for Taxes (OxI) projects.**

In 2022, mining investments contracted due to social conflicts and the end of Quellaveco construction.

Mining investment by main companies
(US\$ billions)



In 2022, infrastructure investments contracted due to delays and difficulties with interference release.



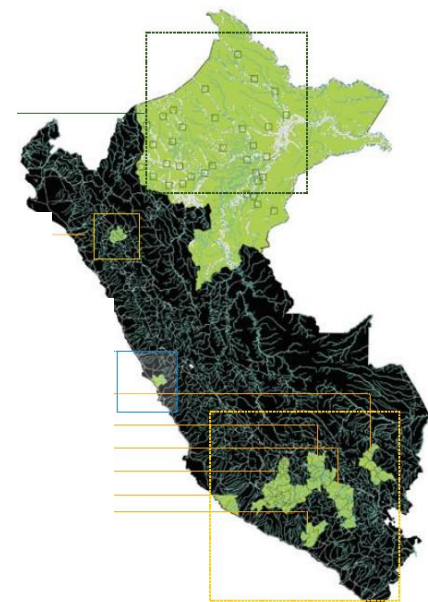
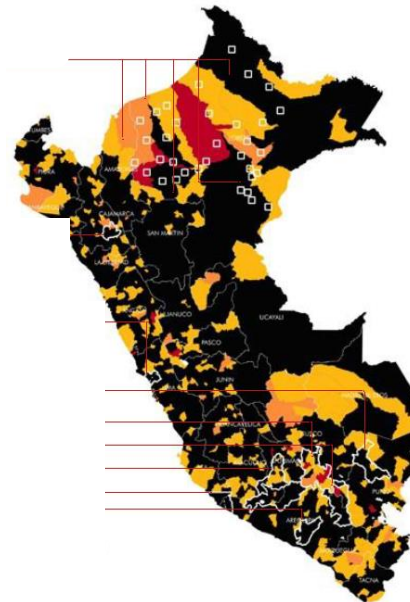
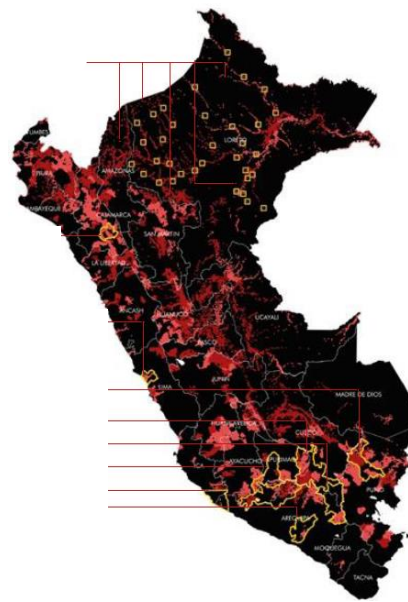
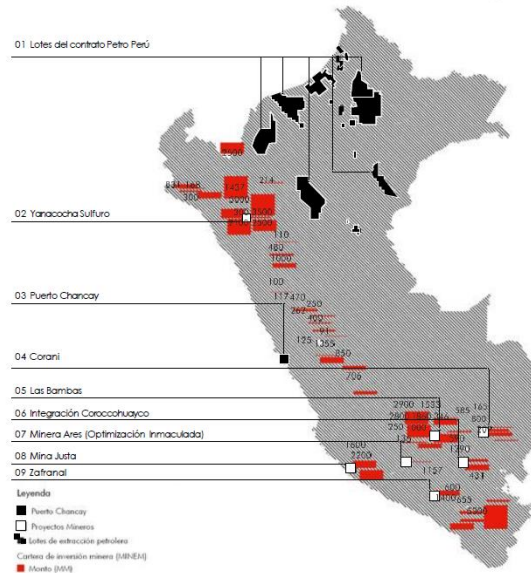
We have to recover the planning tools

1. **Nine areas** have been **identified** as having the highest concentration of private investment projects

2. In these areas there are **780 thousand people** with at least one **Unsatisfied Basic Needs (NBI)**.

3. In these areas there are **69 social conflicts**

4. These areas have more than **2 million people** in **191 districts**.



Multiannual Investment Programming

The EESI is promoting the implementation of a portfolio of strategic projects in different sectors

123 strategic projects: US\$ 68 371 MM



Transport

51 projects, 36% of total investment

- *Line 2 of the Lima-Callao Metro*
- *Chancay Port Terminal*
- *Jorge Chávez Expansion*



Mining

11 projects, 45% of total investment

- *Quellaveco, Toromocho*
- *Yanacocha Sulfuros, San Gabriel*



Hydrocarbons

7 projects, 11% of total investment

- *Lot 95, Distrib. of natural gas to the Piura Region*



Electricity

21 projects, 2% of total investment

- *Mantaro-Nueva Yanango-Carapongo Link*
- *Nueva Yanango - Nueva Huanuco Link*



Sanitation

13 projects, 2% of total investment

- *Titicaca WWTP*
- *Puerto Maldonado WWTP*
- *Calana WWTP*



Telecommunications

13 projects, 1% of total investment

- *Creation of Broadbands for the regions of Amazonas, Arequipa, Ancash and San Martin.*



Agriculture - Agrifood

5 projects 2% of total investment

- *Majes-Siguas II*
- *Chavimochic III*

Peru has a relevant portfolio of PPP projects to be awarded

PROJECTS WITH AWARD MILESTONE

PROJECTS AWARDED 2023

- ❑ **2 LT LINKS: ICA - POROMA and CÁCLIC - JAEN (Milestone achieved)**
 - Investment Amount: US\$ 130 MM (Exc. VAT)

PROJECTS TO BE AWARDED 2023

- ❑ **2 ESSALUD HOSPITALS IN PIURA AND CHIMBOTE (PNISC)**
 - Investment Amount: US\$ 331 MM (Exc. VAT)
- ❑ **2 RADIO SPECTRUM BANDS, AWS AND 2.3GHZ (PNISC)**
 - Investment Amount: US\$ 268 MM (Exc. VAT)
- ❑ **LT PIURA NUEVA FRONTERA**
 - Investment Amount: US\$ 217 MM (Exc. VAT)
- ❑ **PUERTO MALDONADO WWTP**
 - Investment Amount: US\$ 89 MM (Exc. VAT)
- ❑ **ANCON INDUSTRIAL PARK (PNISC)**
 - Investment Amount: US\$ 762 MM (Exc. VAT)
- ❑ **2 LT LINKS: HUANUCO - TOCACHE AND CELENDÍN - NUEVA PIURA**
 - Investment Amount: US\$ 611 MM (Exc. VAT)
- ❑ **PACKAGE OF 5 ELECTRICAL TRANSMISSION PROJECTS**
 - Investment Amount: US\$ 139 MM (Exc. VAT)

PROJECTS WITH MILESTONE DECLARATION OF INTEREST

PRIVATE INITIATIVES WITH TARGET DECLARATION OF INTEREST BY 2023

- ❑ **PERIPHERAL RING ROAD (PNISC)**
 - Investment Amount: US\$ 2380 MM (Exc. VAT)
- ❑ **MARCONA PORT TERMINAL**
 - Investment Amount: US\$ 520 MM (Exc. VAT)
- ❑ **5 WWTPs (CHINCHA, CAJAMARCA, CUSCO, HUANCAYO, TARAPOTO and SAN JOSE DE SISA) (PNISC)**
 - Investment Amount: US\$ 443 MM (Exc. VAT)
- ❑ **2 PACKAGES OF SCHOOLS AT RISK - (METROPOLITAN LIMA AND VMT) (PNISC)**
 - Investment Amount: US\$ 323 MM (Exc. VAT)
- ❑ **COMPREHENSIVE MANAGEMENT OF SOLID WASTE (GIRSE)**
 - Investment Amount: US\$ 24 MM (Exc. VAT)

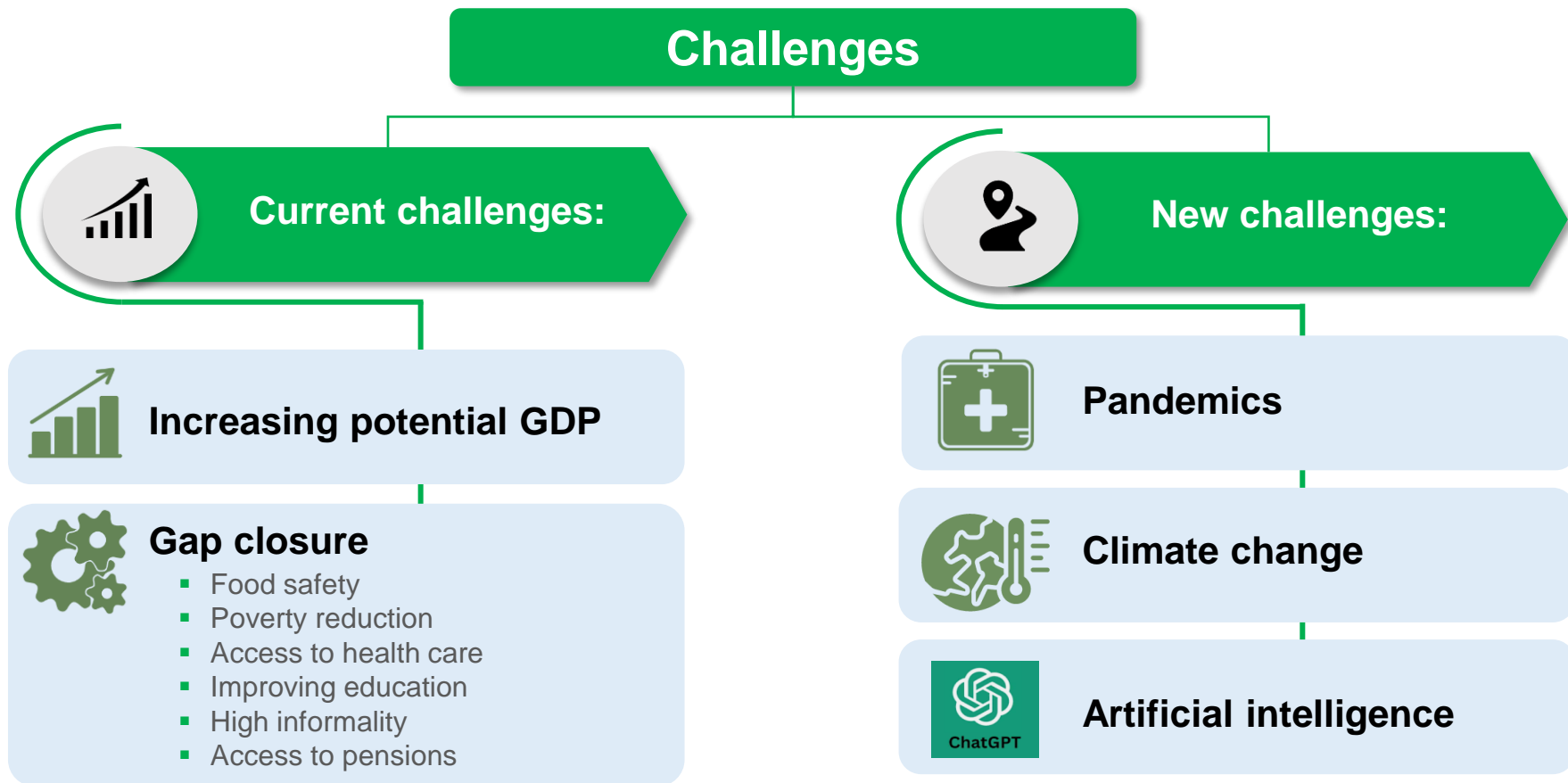
What's next?



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Medium-term economic policy challenges





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