



Guide to Investing in Infrastructure Projects in Peru 2024/2025



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Guide to Investing in Infrastructure Projects in Peru


2024/2025




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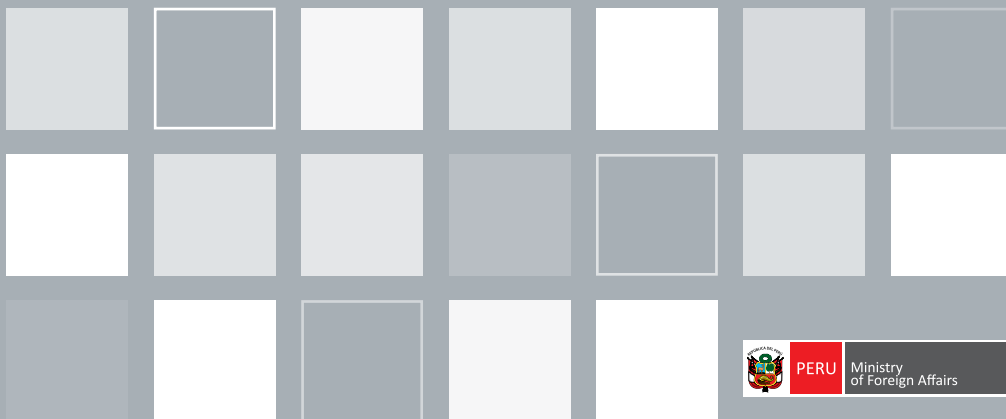
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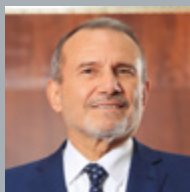
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A Note From the Minister of Foreign Affairs



Elmer Schialer
Minister of Foreign Affairs

I am pleased to present the Guide to Investing in Infrastructure Projects in Peru 2024/2025, developed in collaboration with EY Peru. This guide offers clear and up-to-date insights into Peru's infrastructure sector, highlighting the wealth of investment opportunities across a variety of projects planned for the coming years.

Over the past 30 years, Peru has implemented sound economic policies that have maintained exchange rate stability, managed inflation responsibly, and upheld strong regulations against unfair market practices. These measures have fostered healthy competition, unrestricted investment, and the free flow of capital for both domestic and foreign investors.

The Peruvian government remains deeply committed to enhancing the country's competitiveness and productivity by closing the infrastructure gap and improving public services. To this end, the National Sustainable Infrastructure Plan for Competitiveness 2022-2025 (PNISC 2022-2025) serves as a catalyst for economic growth, boosting competitiveness, reducing disparities, and unlocking long-term infrastructure potential—all while placing the needs of citizens at the forefront of national priorities.

The PNISC 2022-2025 outlines sector-specific infrastructure strategies, including comprehensive diagnostics, a long-term vision, and prioritization criteria aligned with sustainable infrastructure principles. It aims to reduce transaction costs, streamline information flows, and minimize transportation times.

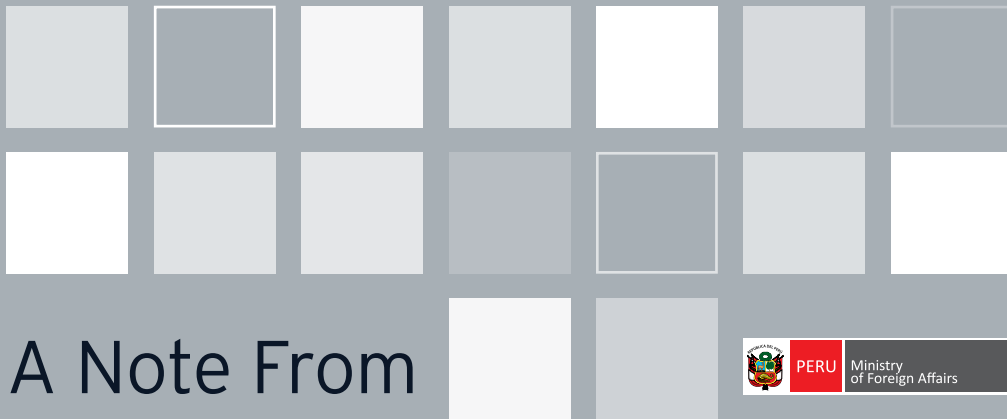
According to the Public Transport Infrastructure Investment Supervisory Agency (OSITRAN), investment in transport infrastructure reached USD723 million in 2023, driven by significant investments in ports, airports, and railways. Looking ahead, investments are projected to increase in 2024, particularly in concessioned transport projects such as the Anillo Vial Periférico bypass, the expansion of the Port of Callao, and new initiatives at the Port of Chancay and the Chavimochic III project.

Additionally, several infrastructure projects are being implemented through Government-to-Government (G2G) agreements, which help expedite management processes while fostering innovation and knowledge transfer to the Peruvian government.

It's also worth noting that Peruvian law guarantees critical investment safeguards, including the free movement of capital, free competition, and the protection of private property—key factors in attracting foreign investment and advancing priority projects.

I encourage you to explore the opportunities detailed in this guide, published as part of the Interinstitutional Agreement between the Peruvian Ministry of Foreign Affairs and EY Peru. Discover Peru's vast potential, and join us in driving the development of the national infrastructure sector.





A Note From the Director General of Economic Promotion



Augusto Morelli
Director General of
Economic Promotion

The Ministry of Foreign Affairs is pleased to present the Guide to Investing in Infrastructure Projects in Peru 2024/2025, prepared in collaboration with EY Peru. We offer a useful tool for those investors interested in establishing a presence in our country with information on the current infrastructure nationwide, highlighting key sectors such as transport, energy and telecommunications. It also provides detailed information on the regulatory framework, investment incentives and the Public-Private Partnerships (PPPs) opportunities available.

Peru stands out for its strong and stable macroeconomic environment, supported by responsible inflation management and a regulatory framework that fosters competition and investment. Investors active in Peru value the country's strict fiscal management, significant

international reserves, integration into global markets, and prudent economic and regulatory management. Furthermore, foreign investments in Peru are protected against risks such as inconvertibility and expropriation, thanks to bilateral and multilateral agreements. In this sense, the work of the Ministry of Foreign Affairs consists of promoting and participating in the negotiation of investment promotion and protection agreements, investment chapters in free trade agreements and double taxation and tax evasion treaties, which allows it to strengthen the legal basis necessary to attract investments to our country.

Infrastructure investments play an important role in Peru's economic development, thanks not only to their direct impact on macroeconomic indicators but also their ability to reduce inequality and poverty. By

connecting remote regions to urban centers, it creates employment opportunities and facilitates access to essential services such as education and health. This contributes to a more equitable distribution of economic opportunities and helps to break cycles of poverty. More and better infrastructure generally translates to a higher quality of life for all sectors, given its capacity to connect farming or mineral extraction regions and the country's main urban markets.

According to the National Sustainable Infrastructure Plan for Competitiveness, the estimated infrastructure gap for Peru is USD110 billion (2019-2038). This gap is mainly concentrated in critical sectors such as transport, sanitation, health, water, telecommunications, electricity and education. Peru aims to consolidate key projects to strengthen connectivity and logistics infrastructure.

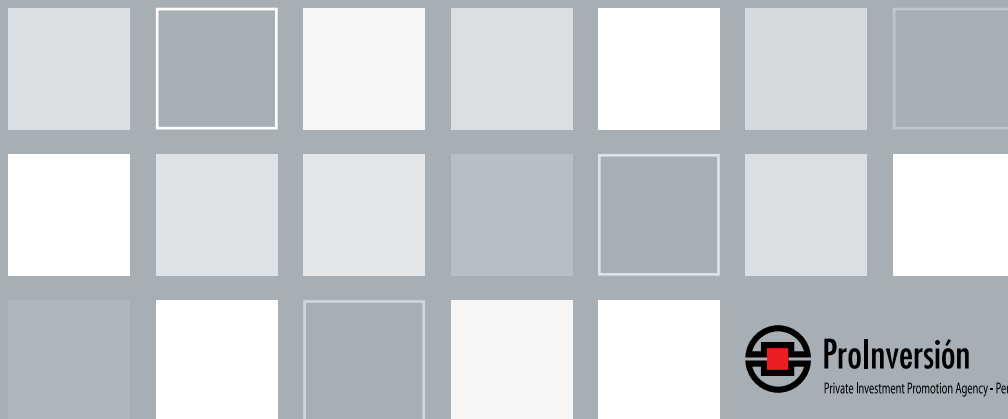
In order to secure the effective development of infrastructure, Peru created the National Infrastructure Authority (ANIN) in 2023, whose responsibility includes the formulation, execution, and maintenance of megaprojects and investment programs, aimed at closing infrastructure gaps and ensuring effective public service delivery to stimulate the economy.

Moreover, in the first half of 2024 the Agency for the Promotion of Private Investment (ProInversión) awarded six projects worth USD5.1 billion through Public-Private Partnerships (PPPs) and Projects in Assets (PA), focusing on ports, road infrastructure, electricity, and phosphates-fertilizers. This investment

amount is the highest in the last 10 years, doubling the USD2.3 billion recorded in 2023. This reflects significant progress in infrastructure development in Peru.

I invite you to look through this guide to investing in the infrastructure sector, published as part of the Interinstitutional Agreement between the Ministry of Foreign Affairs and EY Peru.





A Note From ProlInversión



José Salardi
Executive Director

Peru stands out for an average economic growth of 4.3% in the last two decades, a growth rate that is double the Latin American average, proving to be a sustained and solid economy in the face of external shocks. Since 2001, Peru has maintained an average inflation rate of 3.38%, ranking among the lowest and least volatile in the region. It stands out as one of the most dynamic economies in the Latin America region thanks to the stability of its macroeconomic policies, which have driven the growth of its internal market and the development of investment. Additionally, it is firmly committed to a policy of international integration.

These solid fundamentals have allowed Peru to emerge as a resilient economy in the face of the negative impacts generated in the past years by the pandemic, climate change and social conflicts. In this perspective, the Multiannual Macroeconomic Framework 2025-2028 projects a GDP growth rate of 3.2% in 2024 and 3.1% in 2025 based on the

dynamism of domestic demand, associated with greater investments and improved private consumption in an environment of low inflation, favourable financing conditions and the consolidation of improved expectations of economic agents. Between 2026 and 2028, a GDP growth rate of 3.0% is projected, favoured by the boost in domestic demand, with higher private spending standing out. A higher growth in private investment is highlighted, which would reach an average rate of 3.2%.

Greater execution in infrastructure is projected due to the acceleration of investments in the Chancay Multipurpose Port, to opening new direct maritime routes (reducing in 10 days the crossing) to the ports of the Asian -Pacific countries. Its commercial start-up and inauguration of the first stage is scheduled for November 2024, when the activities to be held in Lima for the Presidential Summit of the Asia-Pacific Economic Cooperation (APEC).



In the other hand are expected improvements and expansions in the Port of Callao. All of which will position Peru as the main logistics centre in the region. In fact, these projects will reduce transportation costs, create value and distribution chains, generate new market opportunities and will go down the price of imports. The port transformation will amplify investments in various sectors, from logistics to manufacturing and services, taking advantage of the increase in international trade.

Likewise, the new passenger terminal at Jorge Chávez Airport will begin operations. In 2025, private investment will be supported by new mining projects such as Corani and Zafranal. Part of this growth will be driven by the development and start-up of major infrastructure projects that were granted in concession in recent years, along with the 72 infrastructure and public services projects prioritized by the State in the National Sustainable Infrastructure Plan for

Competitiveness 2022-2025 (PNISC). This plan is being implemented in order to promote economic growth, improve competitiveness, contribute to closing gaps and facilitate the processing of projects before public entities. These greater investments will have an impact on greater job creation, which will boost private consumption.

At ProInversión, as the government agency in charge of promoting and facilitating private investment in Peru, we work on the structuring and transaction of infrastructure projects through Public-Private Partnerships (PPPs) and Projects in Assets (PA). This year marks our 22nd anniversary helping to close the infrastructure gap. During this period, we awarded 239 projects (135 PPPs and 104 PA) representing a total investment of USD43.6 billion (USD35.7 billion in PPPs and USD7.9 billion in PA). Highlighting the sectors such as sanitation, transportation, education, penitentiary, communications, electricity, petroleum and gas, and irrigation.



We continue working to make significant contributions to the country's connectivity and competitiveness, while also addressing social infrastructure needs. By closing this gap, we are helping lay even stronger foundations for sustained growth.

From 2023 to August 2024, we grant in concession 26 projects representing an investment of more than USD8 billion. These projects include the San Juan de Marcona Port Terminal (USD405 million), the Peripheral Ring Road (USD3.4 billion), the Huancayo - Huancavelica Railway (USD565 million) and 18 electric transmission projects (USD2.1 billion).

As of October 2024, ProInversión is currently promoting for 2025 - 2026 a portfolio of 64 projects, between PPP and PA, which represent investment opportunities totaling over USD16 billion. Our goal is to grant in concession 28 projects in 2025, and 34 projects in 2026.

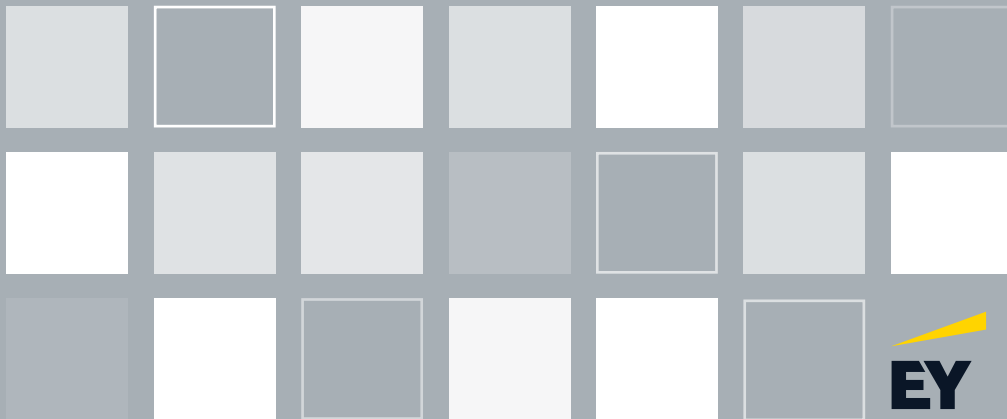
In terms of transportation, ProInversión is currently responsible for developing three projects that jointly exceed USD372 million in investments: the Chimbote Port Terminal, the Pucallpa Port Terminal, and new port terminals in Loreto (Saramiriza and Iquitos). Additionally, ProInversión is responsible for the third group of airports across eight regions, representing an investment of USD550 million. The PPP project portfolio also includes 21 road projects to be developed in 16 regions, with a total investment of approximately USD6.7 billion.

Another important group of projects in our PPP investment opportunities portfolio consists of social infrastructure projects: education, health, and water and sanitation. Although the investment amounts for these projects are relatively minor, they will have a significant impact in helping the country achieve its sustainable development goals, not only expanding coverage and access to basic services, but also making great progress in the quality of the services provided to the beneficiary population. In the sanitation sector, we are promoting the concession of 17 projects. With an estimated investment of USD2.35 billion, these projects will help improve wastewater treatment and potable water supply indicators. In the health sector, six PPP projects with an estimated investment of USD968 million will help close the hospital infrastructure gap with the construction of new and modern buildings equipped with first-class equipment. This will make it possible to provide more specialized health care services in four different regions through public-private partnerships. Finally, in the education sector, five PPP projects will be developed, with an estimated investment of USD615 million.

The PPP Project portfolio is rounded out by one project in the tourism sector (USD220 million); five projects in the irrigation sector (USD2.05 billion), one project for generation of urban land (USD767 million), two projects in real state (USD194 million), one project in the mining sector (USD1 billion); and, in the petroleum and gas sector, the Integrated Natural Gas Transportation System Project, currently under study.

For all these projects, international public tenders will be called to encourage greater competition and attract the best operators from around the world to guarantee the provision of services with high quality standards throughout the concession period.

Finally, it is important to consider that ProInversión assists investors in the pre-investment, establishment, and post-establishment stages. Additionally, we promote private investment through access to mechanisms such as the Special Early VAT Recovery Regime, sales tax refunds on eligible payments, and legal stability agreements. We invite investors to explore the investment possibilities available in Peru, as a country destination where foreign investment can be made freely, under the same conditions as national investors. Peruvian regulations also contain special regimes that guarantee the permanence of certain relevant aspects for investment development, such as the free circulation of capital, free competition, and guarantees for private property. This policy is based on our conviction that private investment is one of the main drivers of economic growth. As such, we must attract Peruvian and foreign capital to boost the development of the immense potential offered by our country.



A Note From EY



Paulo Pantigoso
Country Managing Partner
EY Peru

As it is well known, infrastructure is the cornerstone of development and is closely tied to a clear multiplier effect on the economy. According to the Inter-American Development Bank (IDB) every dollar spent on infrastructure has the potential to produce two dollars in increased Gross Domestic Product (GDP). Peru's infrastructure growth has been pivotal to its economic progress; with increasing demand for modernized transport, energy, and public services, the country stands at a critical juncture.

Peru's infrastructure landscape has seen significant expansion in recent years and, in 2025, a total of 13 megaprojects will be implemented by the government, with an investment that exceeds PEN22.5 billion, approximately USD5.9 billion. These initiatives cover important sectors such as sanitation, health, transportation, agrarian development,

irrigation, education, and development and social inclusion, with the aim of improving infrastructure and closing gaps in various regions of the country. These projects are essential to sustaining the country's economic growth, which is projected to grow 3.0%, in average, for the period 2025-2028.

According to the Ministry of Economy and Finance (MEF), investment in infrastructure would register a growth of 15.2% in 2024 and 15.1% in 2025, favored by the consolidation of the execution of large investment projects, and initial investments of the Public-Private Partnership portfolio awarded in recent years.

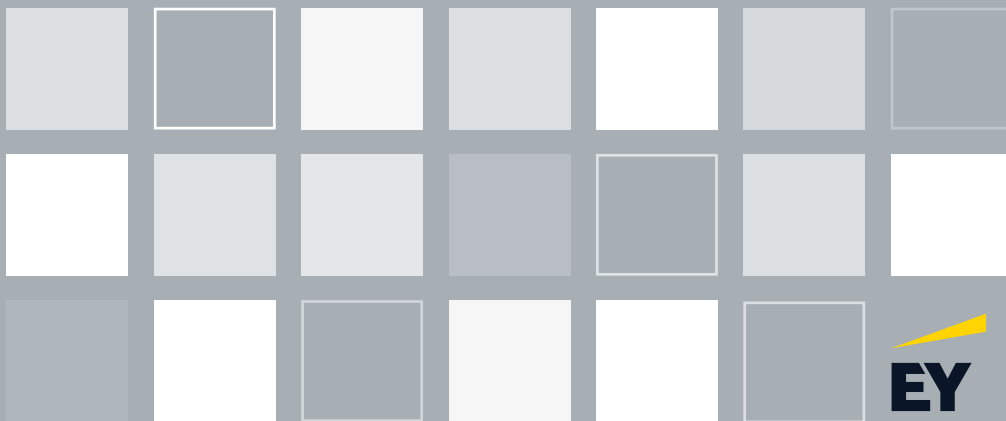
We currently occupy the 63rd place in the infrastructure category according to the 2024 World Competitiveness Ranking.

The infrastructure gap calculated by the Inter-American Development Bank (IDB) for the 2019-2038 period is USD110.1 billion. This is a large gap, but an even greater opportunity to promote business and boost the country's standing.

With that in mind, we are immensely pleased to present the third edition of the Guide to Investing in Infrastructure Projects in Peru, an essential tool for surveying and evaluating the infrastructure sector in our country. With this Guide, prepared with the collaboration of the Ministry of Foreign Affairs (MRE) and the Private Investment Promotion Agency (ProInversión), EY reaffirms its commitment to support the continued development of infrastructure in Peru, that contributes to the country's progress and the growth of the companies that do business in Peru.

We invite you to read this Guide in the hope that it will be of use to discover new initiatives, and we are at your disposal for assistance you may require.





A Note From EY



Manuel Rivera
Tax Infrastructure Leader
EY Peru

I am very excited to introduce this guide, in its third updated version, for stakeholders and potential investors in the infrastructure field. It is the result of a joint effort from a diverse team, with different background and perspectives but mostly with the same passion for promoting Peruvian private investment opportunities.

We could not have chosen a better timing. In November Peru will be the host of APEC so most of all prominent leaders of approximately 60% of the world GDP will be present in our country discussing essential public policy topics. Infrastructure would not be the exception. It is well known that it is a great driving force to stimulate the markets and impact significantly in the quality of life.

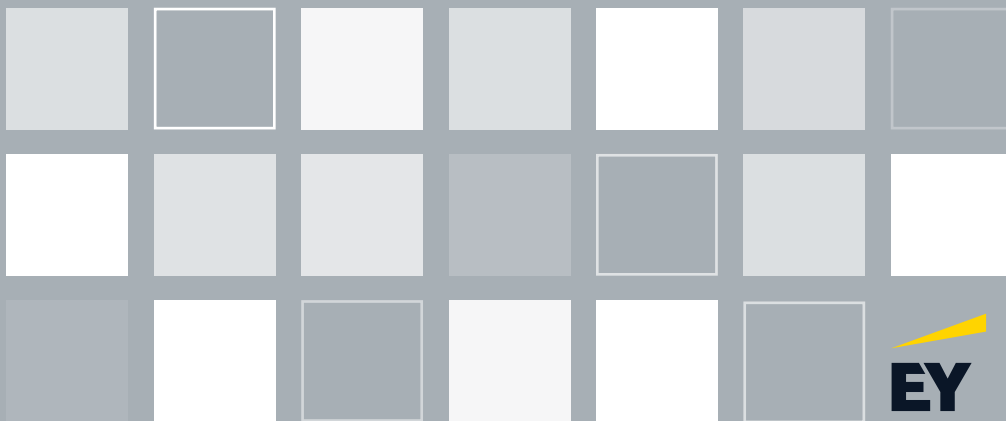
In this scenario, Peru offers a robust and diversified pipeline in Public-Private Partnerships (PPPs) detailed in this guide. Between 2024-2026, it is expected to be awarded 41 PPPs for a sum of USD10.7 billion. Work for Taxes is another mechanism with great recent success. In 2024 there is a new record of awarded projects (twice the investments of the previous best year). Finally, Government to Government Agreements (G2Gs) would still be a very helpful tool to assure the effectiveness of the development of new public infrastructure. The commitments of more than USD12 billion since 2017 is a clear evidence of its relevance.

It should be highlighted that the focus is not developing public infrastructure itself. There is an extremely large gap in essential services. Thus each project is a step toward improving quality of life for citizens. With this clear purpose in mind, all the endeavor should be driven to deliver high quality public services. Even though great works are fundamental, operation and maintenance with the highest standard possible are also vital to assure better living conditions.

From a tax standpoint, Peruvian legislation offers outstanding benefits that should be considered to determine the profitability of a business. Some examples are: tax stability agreements by which corporate income tax and dividend withholding tax freeze during the entire period of a project; foreign currency accounting; special and accelerated tax depreciation and amortization rates; early recovery of VAT, among many others.

We hope this guide would provide a holistic panorama of Peruvian investment climate and would help as a starting point for your interest in our country. We invite you to enjoy this guide and contact us should you have questions or need special assistance.





A Note From EY



Camilo Carrillo
Infrastructure, Strategy
& Transactions Associate
Partner
EY Peru

The presentation of the third edition of EY's Guide to Investing in Infrastructure Projects in Peru comes at a very special time for infrastructure projects in Peru: after quite difficult years for private investment, especially the market for infrastructure projects through Public-Private Partnerships (PPPs), since last year there has been a considerable increase in the pace of awarding large investment projects in this modality. Thus, the year 2024, with information as of September, it is expected to close with approximately USD8 billion in almost 20 new PPP projects, which reflects the market's response to the efforts made by the various Ministries and Proinversión to promote the PPP project portfolio. To this is added a record

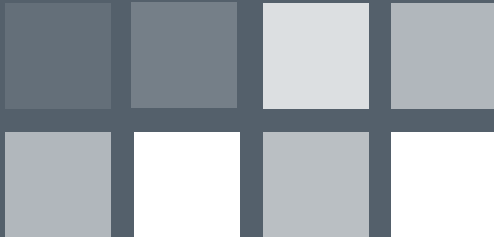
also in the figures for the award of projects of the Works for Taxes (WT) mechanism, which as of this month of the year has already tripled the amounts awarded since the previous year, reflecting the commitment of companies to close infrastructure gaps, especially in vulnerable areas of the country.

Finally, the current Government-to-Government contracts continue to be executed at an accelerated pace and the Peruvian government has shown interest in continuing to use this tool for large infrastructure works, which has been reflected in the signing this year of a new contract and the news of at least 4 more projects (including 3 in the health sector) for the following months.

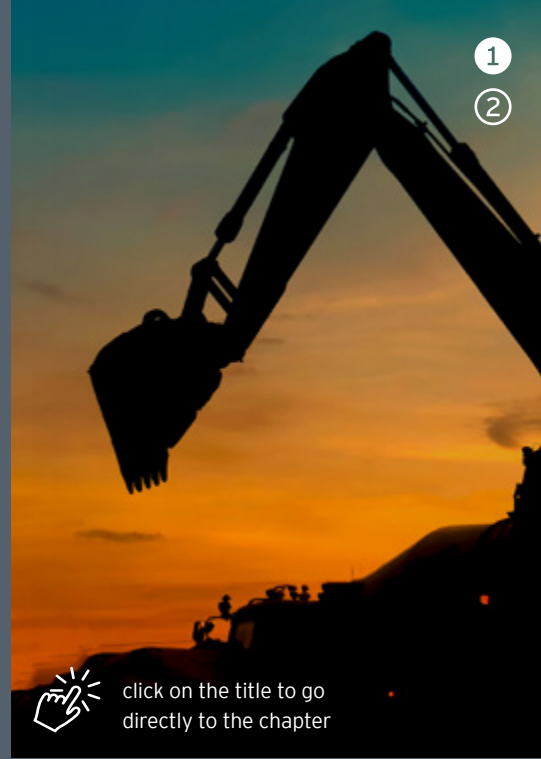


As you can see, the outlook is expectant and of clear growth in investment, which suggests that the closing of gaps will accelerate in the next 5 years. This opens immense opportunities for the private sector to collaborate with the State and be part of the country's economic growth.

In this guide you can find detailed information on the main infrastructure projects by PPP, works for taxes, and government-to-government modalities for the following years. In addition, the main macroeconomic, legal, labor and tax data that will allow their companies to configure a projection of investments in Peru. We hope that this information will be very valuable for you, and we remain attentive to be able to help you continue investing in our country.



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1

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1. Government

Peru is a democratic constitutional republic with a multiparty system. Under the Constitution of 1993, the President is the Chief of State and Head of Government. The President is elected every five years and cannot run for re-election immediately. The President appoints the Prime Minister and the members of the Cabinet. There is a unicameral Congress of 130 members elected for a five-year period. The legislative proposals can be submitted by both the executive and legislative branch and will become law once they are approved by the Congress and promulgated by the President. The judicial and electoral bodies are independent.

The Peruvian Government is elected directly through a mandatory vote, applicable to all citizens between the age of 18 and 70.



Country Overview

Government Type

Constitutional Republic

Legal System

Based on civil law

Executive Branch

- ▶ Chief of state and head of government: President Dina Boluarte Zegarra
- ▶ Elections: Every five years by popular vote (non consecutive reelection).
- ▶ Cabinet: Council of Ministers is appointed by the president

Legislative Branch

- ▶ Unicameral congress
- ▶ 130 seats
- ▶ Members elected by popular vote, for a five-year term (non consecutive reelection)

Judicial Branch

Judges are appointed by the National Judge Selection and Evaluation Board

Local Governments

- ▶ 196 provincial municipalities
- ▶ 1,695 district municipalitie

Regional Governments

- ▶ 25 Regional Governments (including the Constitutional Province of Callao)

International relationships

- ▶ Member of the United Nations since 1945, and a member of the Security Council in 2006 and 2007
- ▶ Member of the World Trade Organization (WTO) since 1995
- ▶ In 1998 became a member of the Asia Pacific Economic Cooperation (APEC) forum
- ▶ In 2011 formed the Pacific Alliance with Chile, Colombia and Mexico

Source: National Institute of Statistics and Information (INEI), United Nations (UN), Ministry of Foreign Affairs (MRE).

2. Geography

Peru is located on the west central coast of South America. It is bordered by the Pacific Ocean to the west, by Chile to the south, by Brazil and Bolivia to the east, and by Colombia and Ecuador to the north. With a total land area of 1,285,215.60 km², Peru is the third largest country in South America after Argentina and Brazil, and can be divided geographically into three natural regions:

- ▶ The Coast, a narrow strip measuring approximately 3,080 km long. Although it accounts for only 11.7% of Peru's territory, it is home to approximately 20.3 million inhabitants. Lima, the political and financial capital of the country, is located in this Region.



- ▶ The Highlands, or Sierra, is the site of the Andean Mountain Range, covering 27.9% of the national territory and serving as home to approximately 8.8 million inhabitants. This Region contains the country's major mineral deposits.
- ▶ The Amazon Rainforest or Selva is the largest region and occupies 60.4% of the country's territory, rich in petroleum and forest resources. There are approximately 4.9 million

Peru's Geographic Information

Área

1.29 million of km².

Climate

Varies from tropical in the amazon region to dry on the Coast temperate to very cold on the highlands.

Natural Resources

Gold, copper, zinc, silver, gas, petroleum, fish, phosphates, timber agricultural products.

Time Zone

GMT - 5 (Greenwich Mean Time minus five hours). There is no daylight saving time, and there is only one time zone throughout the entire country.

Main Languages

Spanish, Quechua and Aymara.

Religion

Freedom of Religion, mainly Roman Catholic.

Source: National Institute of Statistics and Information (INEI).

3. People

The projected population of Peru for 2024 is approximately 34.0 million inhabitants, of which approximately 12.5 million reside in Lima (including the population of the Constitutional Province of Callao). The labor force (Economically Active Population - EAP) is estimated at 18.3 million people.

The majority religion is Roman Catholicism, and the main official languages are Spanish and Quechua. Aymara is also spoken, especially in the southern highland's region, and other native languages, especially in the Amazon jungle region. In 2023, the literacy rate is 95.2% in the population over 15 years of age.

People Overview 2024*

Population	34.0 million 83.1% urban 16.9% rural
Age Structure	0-14 years: 23.9% 15-59 years: 62.2% 60 years and over: 13.9%
Growth Rate	0.9%
Birth Rate	16.4 births /1,000 population
Death Rate	6.3 deaths /1,000 population
Gender Ratio	1.02 male/female
Life Expectancy at Birth	77.4 years

*Projection.

Source: National Institute of Statistics and Information (INEI).

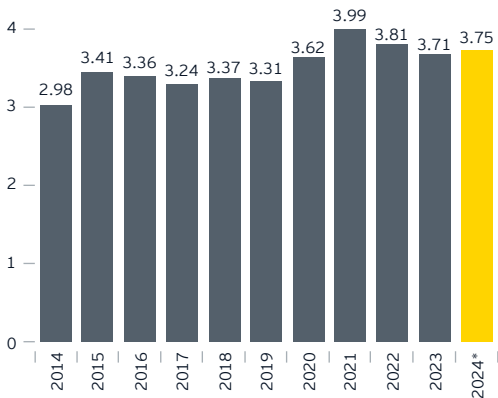


4. Currency and Monetary Policy

The Peruvian currency is the Sol (PEN). The Central Bank of Peru (BCRP) conducts a managed floating regime for the exchange rate of the PEN versus the US Dollar (USD). The country has a free-floating exchange rate regime, in which the central bank intervenes to avoid large fluctuations.

The banks were buying (September 30, 2024) USD at PEN3.716 and selling them at PEN3.722. The parallel market has very similar exchange rates. There are no restrictions or limitations on holding bank accounts in foreign currency or to remit funds abroad.

Exchange Rate Evolution: Soles (PEN) per USD1 (end of each year)

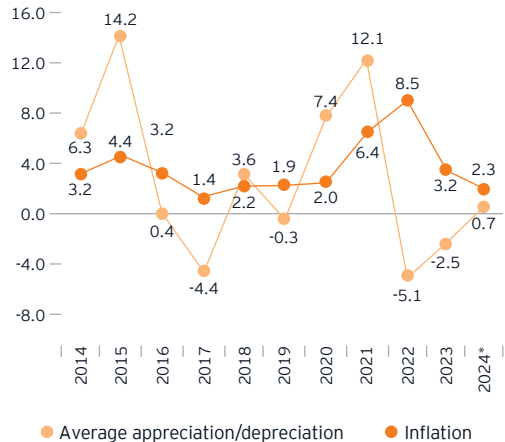


*September 2024 Macroeconomic Expectations Survey.
Source: Central Reserve Bank of Peru (BCRP).

The BCRP started targeting inflation in 2002 and is now committed to keeping the annual inflation rate within a target range of 1% to 3%. The central bank's commitment to stable inflation has favored inflows of capital as well as exchange rate stability.

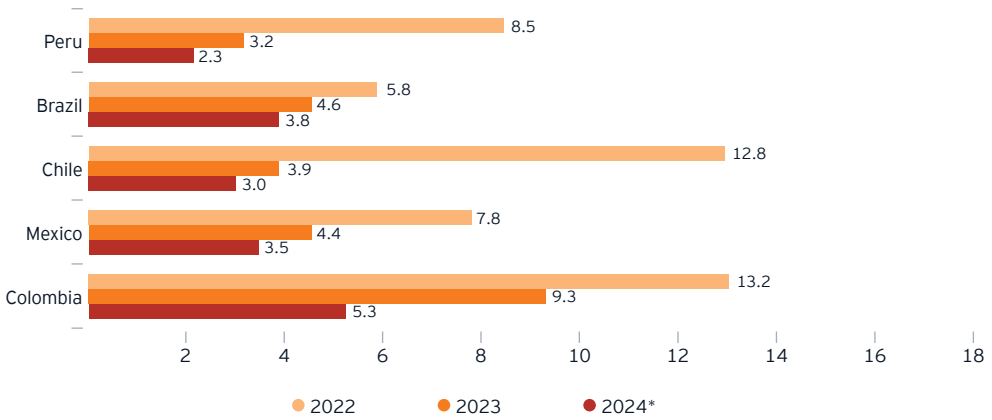
In 2023, the inflation rate in Peru was 3.2%, while the depreciation rate was 2.5%. In 2024, the annual appreciation rate and inflation rate are expected to be 0.7% and 2.3% respectively. Peru's level of inflation is one of the lowest in the region (Colombia 9.3%; Mexico 4.4%; Brazil 4.6%; Chile 3.9%), with a rate of 3.2% in 2023.

Average Appreciation/Depreciation and Inflation



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

Inflation Rates in Latin America (%)

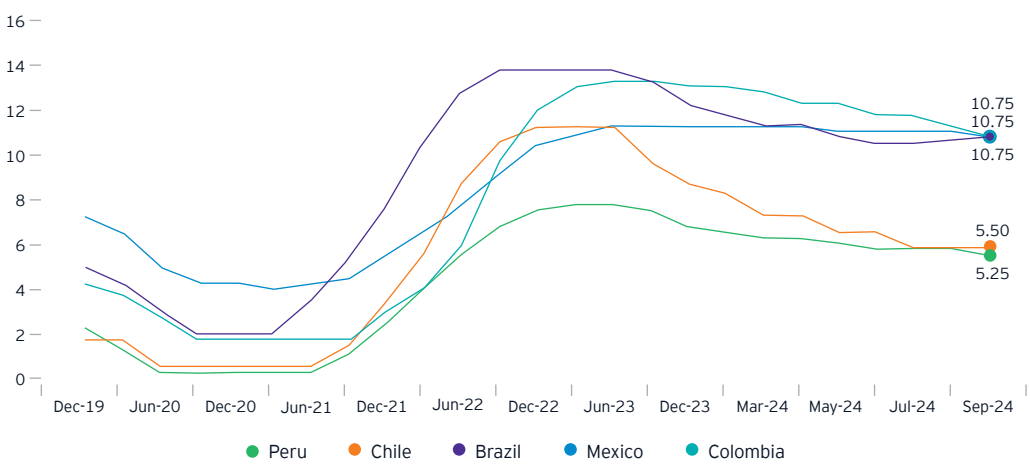


*Projection. World Economic Outlook Database, April 2024. For Peru, forecasts are based in the September 2024 Inflation Report. Source: International Monetary Found (IMF), Central Reserve Bank of Peru (BCRP).

As of September 2024, Peru has an interest rate of 5.25%, one of the lowest rates in the region (Colombia 10.75%; Mexico 10.75%; Brazil 10.75%; Chile 5.75%). During the pandemic, monetary policy has been

expansive in response to a greater liquidity requirement. Since August 2023, monetary policy has been contractionary according to the world tendency to control inflation.

Monetary Policy Interest Rate in Latin America (%)



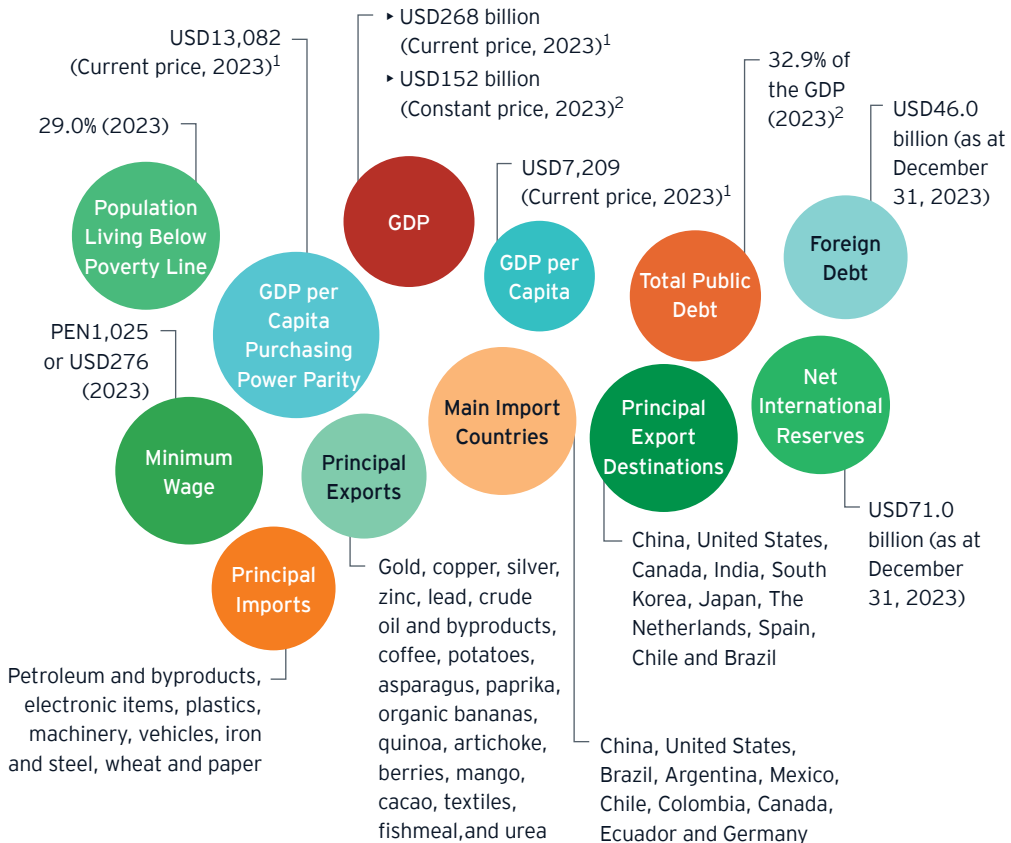
Source: Central Banks.

5. Economic Overview

Peru has had continuous economic and political stability since the early 1990's and grew 119% between 2000 and 2020. Due to prudent macroeconomic policies, investor friendly market policies and the government's aggressive trade liberalization strategies, Peru has achieved significant progress in social

and economic development indicators as well as dynamic GDP growth rates, reduction of external debt, a stable exchange rate and low inflation. According to estimates by the Ministry of Economy and Finance, the Peruvian economy would grow 3.0% annually on average between 2025 and 2028.

Peru's Economic Overview



¹ World Economic Outlook for April 2024. International Monetary Fund (IMF).

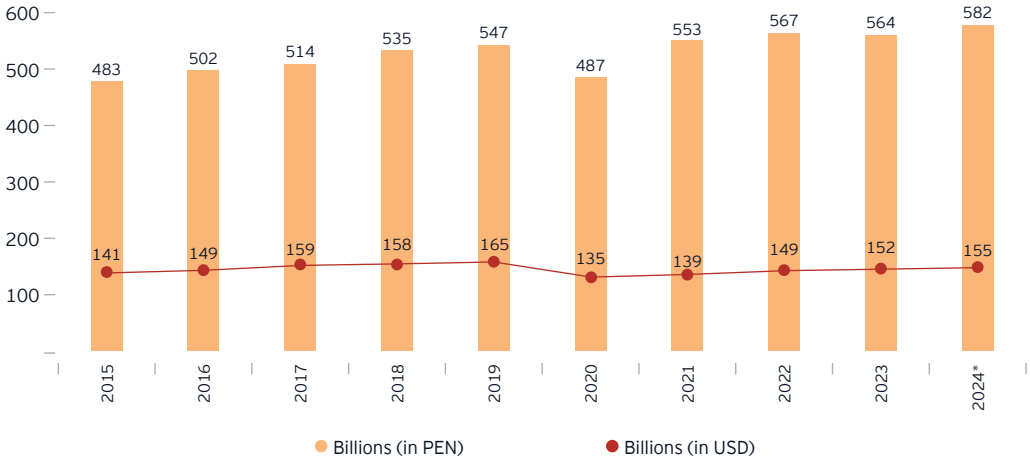
² September 2024 Inflation Report. Central Reserve Bank of Peru (BCRP).

Sources: Central Reserve Bank of Peru (BCRP), Ministry of Economy and Finance (MEF), National Institute of Statistics and Information (INEI), International Monetary Fund (IMF).

Accordingly, following a drop in GDP of 10.9% in 2020, Peruvian economy had a rapid recovery of 13.4% in 2021. During

the last decade, Peru has one of the highest average growth rates in the region; this trend continues in 2024 with a projection of 3.1%.

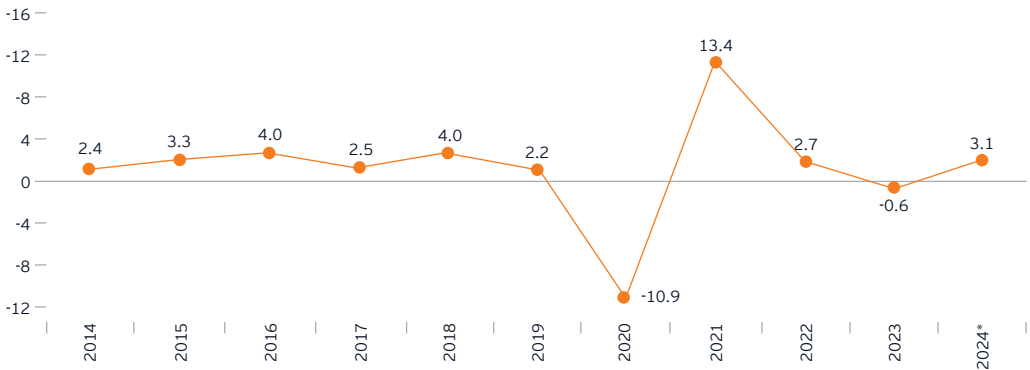
Gross Domestic Product (Constant GDP)



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

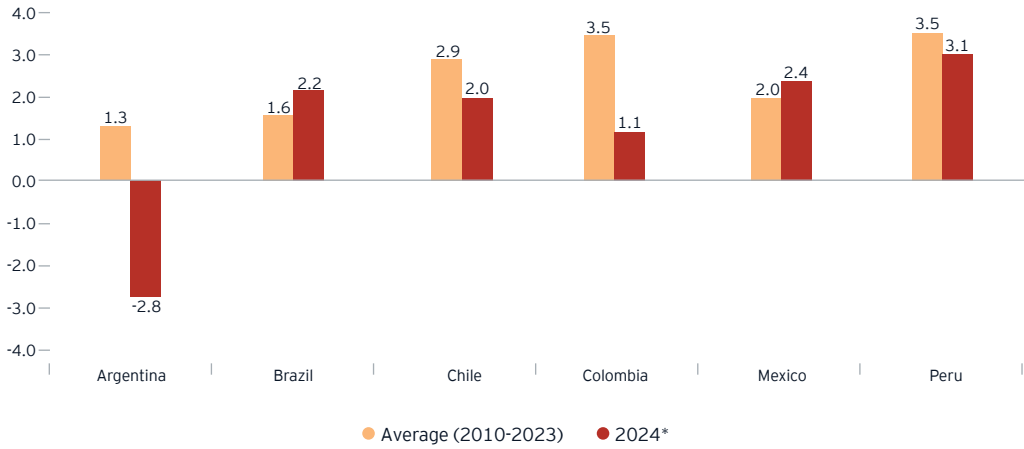
Note: The 2023 GDP measured in current price amounted to USD268 billion.

Gross Domestic Product (Constant GDP) (percentage change)



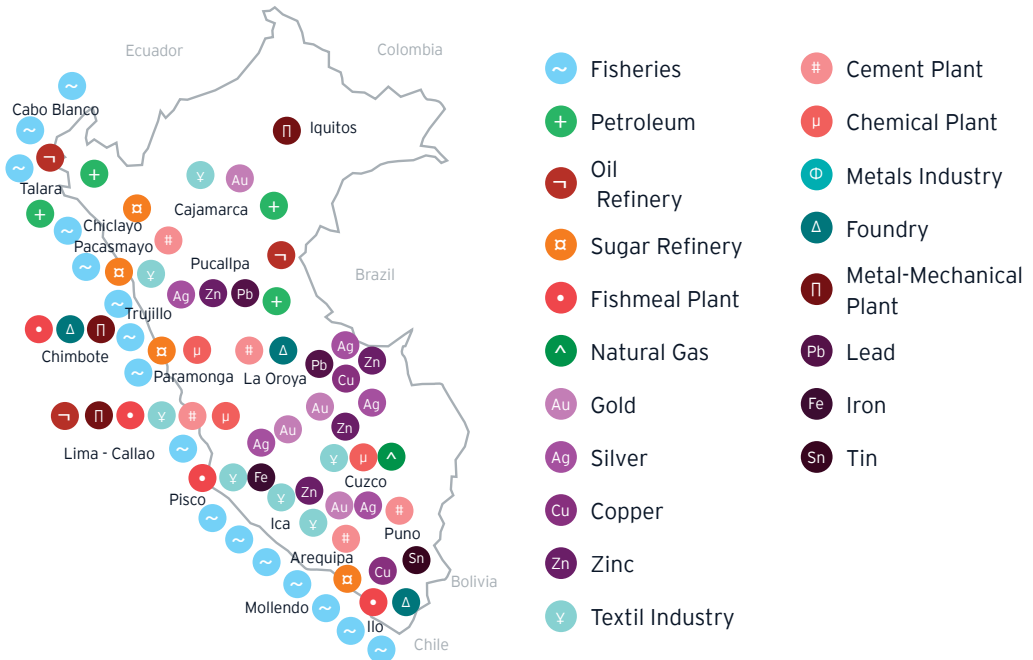
*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

GDP Growth of the Main Economies in Latin America (percentage change)



*Projection. World Economic Outlook Database, April 2024. For Peru, forecasts are based in the September 2024 Inflation Report. Source: International Monetary Fund (IMF), Central Reserve Bank of Peru (BCRP).

Main Economic Activities



Source: University of Texas - Perry Castaneda Library Map Collection.

Gross Domestic Product (Constant GDP) by Sector (percentage change)

Sector	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Agriculture and Livestock	3.5	2.7	2.9	7.7	3.5	1.0	4.6	4.6	-2.5	3.5
Fisheries	15.9	-10.1	4.7	47.7	-17.2	4.2	9.9	-11.4	-21.2	22.4
Metal Mining	15.7	21.2	4.5	-1.7	-0.8	-13.8	10.5	0.0	9.2	1.2
Hydrocarbons	-11.5	-5.1	-2.4	0.0	4.6	-11.0	-4.6	4.0	0.7	3.7
Manufacturing	-1.5	-1.4	-0.2	5.9	-1.7	-12.5	18.6	1.0	-6.5	3.2**
Electricity and Water	5.9	7.3	1.1	4.4	3.9	-6.1	8.5	3.9	3.7	3.1
Construction	-5.9	-3.2	2.2	5.3	1.4	-13.3	34.9	3.1	-7.9	3.2
Commerce	3.9	1.8	1.0	2.6	3.0	-16.0	17.8	3.3	2.4	3.2
Services	5.0	4.2	3.3	4.5	4.2	-9.6	10.0	3.2	0.1	3.3
GDP	3.3	4.0	2.5	4.0	2.2	-10.9	13.4	2.7	-0.6	3.1

*Projection. September 2024 Inflation Report.

**Weighted Average of Primary GDP and Non-Primary GDP.

Source: Central Reserve Bank of Peru (BCRP).

Gross Domestic Product (Constant GDP) by type of expenditure (percentage change)

Sector	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Domestic Demand	2.9	1.2	1.6	4.1	2.2	-9.6	14.5	2.4	-2.1	3.6
a. Private Consumption	4.0	3.7	2.6	3.8	3.2	-9.9	12.4	3.6	0.1	2.8
b. Public Consumption	10.1	1.9	2.9	2.4	4.3	7.9	4.8	-0.2	4.6	2.0
c. Private Investment	-4.3	-5.0	0.0	4.1	4.5	-16.5	37.0	-0.5	-7.3	2.3
d. Public Investments	-6.9	0.3	-1.8	5.5	-1.5	-15.1	24.7	6.0	2.8	13.7
Exports	3.1	9.0	7.8	2.1	1.1	-19.7	13.3	5.2	4.9	2.9
Imports	1.5	-1.7	4.5	2.4	0.9	-15.2	17.9	3.9	-1.4	4.7
GDP	3.3	4.0	2.5	4.0	2.2	-10.9	13.4	2.7	-0.6	3.1

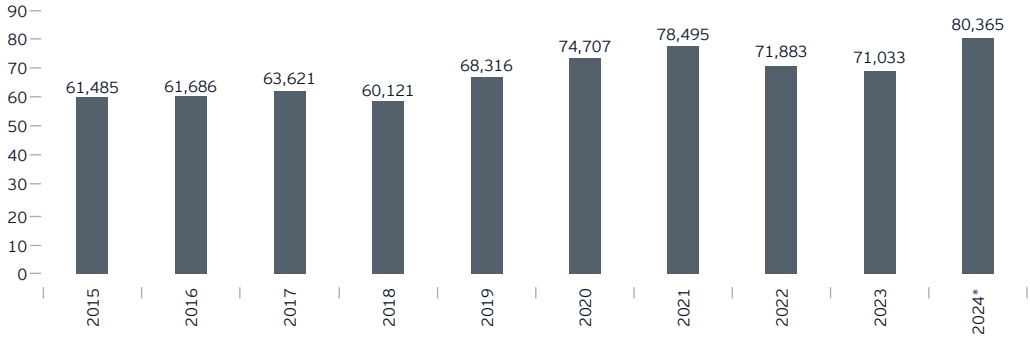
*Projection. September 2024 Inflation Report.

Source: Central Reserve Bank of Peru (BCRP).

Furthermore, despite the world economy fluctuations and supply shocks, net international reserves represent

approximately 26.6% of Peru's GDP reaching USD71.0 billion in December 2023.

Net International Reserves (in USD millions)



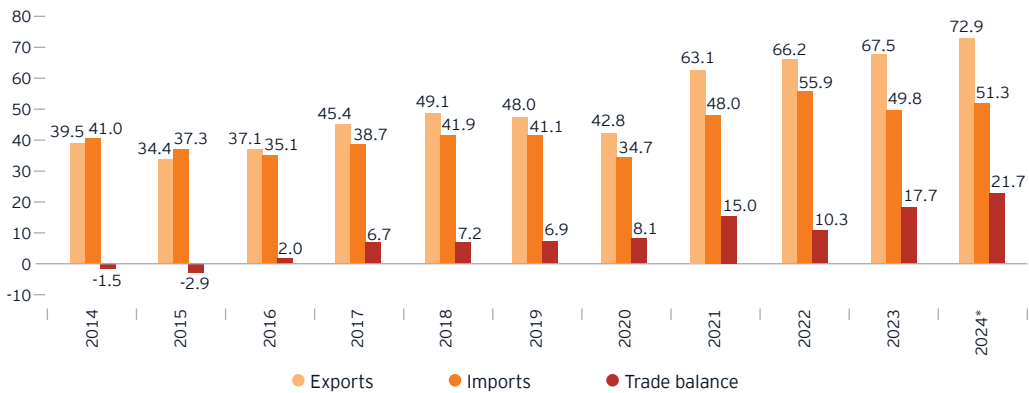
*As of September 2024.

Source: Central Reserve Bank of Peru (BCRP)

The country has benefited from a steady improvement in its terms of trade since 2000, which has had a positive impact on the trade balance. Moreover, the country has engaged in several bilateral and multilateral trade agreements that have opened new markets for its exports. In 2023, Peru's total exports

reached USD67.5 billion, while trade balance reached a historic record of USD17.7 billion. According to the estimates, Peruvian exports would reach USD72.9 billion in 2024, while imports would account for an approximate amount of USD51.3 billion.

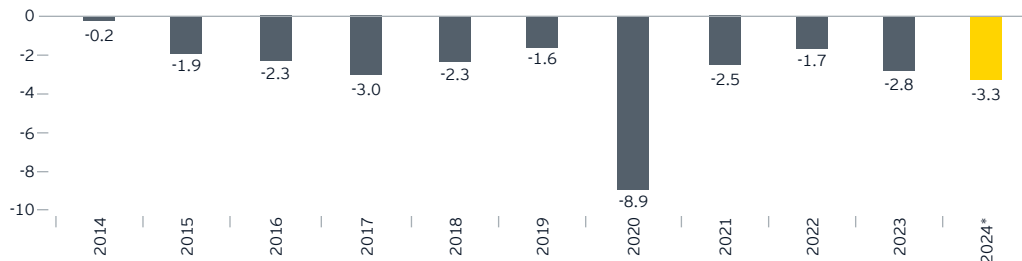
Trade Balance (in USD billions)



*Projection. September 2024 Inflation Report.

Source: Central Reserve Bank of Peru (BCRP).

Economic Results (Tax Surplus / Deficit) of the Non-Financial Public Sector (as a percentage of the GDP)

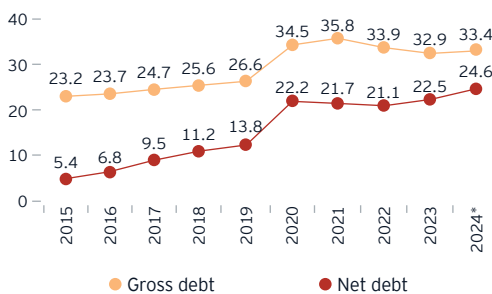


*Projection. September 2024 Inflation Report.

Source: Central Reserve Bank of Peru (BCRP).

The public debt ratio is significantly lower (32.9% of GDP as of 2023) compared to emerging economies (67.0% of GDP) and Latin America (68.1% of GDP). In 2024, it is estimated that Peru's public debt ratio (33.4%) will continue to be one of the lowest in the region (Brazil 86.7%; Mexico 55.6%; Colombia 54.5%; Chile 40.5%).

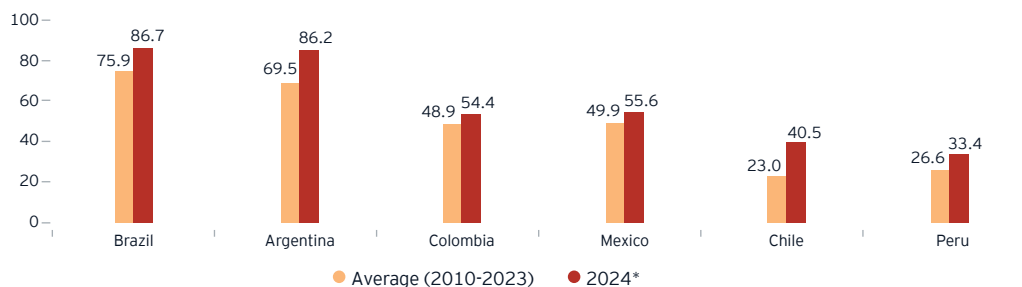
Debt of Non-Financial Public Sector (as a percentage of the GDP)



*Projection. September 2024 Inflation Report.

Source: Central Reserve Bank of Peru (BCRP).

Government Gross Debt in Latin America (as a percentage of the GDP)



*Projection. World Economic Outlook Database, April 2024. For Peru, forecasts are based in the September 2024 Inflation Report.

Source: International Monetary Fund (IMF), Central Reserve Bank of Peru (BCRP).

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2

1. Infrastructure Investment

Peru is expected to realize its full economic potential after reducing its infrastructure gap and bottlenecks. Over the past decade, Peru has begun to take the necessary measures to improve its infrastructure in transport facilities, electricity, water and communications in order to promote new investments, which will contribute to the development of the productive sectors of the country.

Peru is focused on promoting the development of infrastructure for its positive impact on the GDP through the production of transportation services, the supply of water and electricity, sanitation and telecommunications.

Infrastructure investments create positive externalities within the country that will accelerate long-term growth. Additionally, investment in infrastructure indirectly influences the productivity of businesses and the entire supply chain in the economy so that all production factors increase their productivity. Companies will benefit from the increase of competitiveness through the reduction of costs, an increase in economies of scale, efficiency in supply chains, expansion of storage, and a more streamlined distribution. Not only will companies benefit but also the population will increase their quality of life by covering their basic needs and accessing better public services, which are necessary to permanently break out of poverty. The development of infrastructure has a positive impact on human capital and its competitiveness both in the medium and long term.

In 2019, the government presented the National Infrastructure Plan for Competitiveness (PNIC), a fundamental document focused on closing gaps for the economic and social development of the country. The document includes a methodology for prioritizing projects that enhance Peru's productivity and competitiveness.

The PNIC estimates a long-term infrastructure gap of approximately USD110 billion: 44% is concentrated in the transportation sector, followed by the sanitation (20%), health (16%) and water (7%) sectors. Additionally, as part of the prioritization methodology, 52 projects are listed for an estimated total of USD30 billion that will have a timely impact by developing the internal market, promoting access to the external market, and improving the quality of life of the population.



Long Term Infrastructure Gap (in USD millions)

Nº	Sector	In USD millions	%
1	Water	7,348	7%
2	Sanitation	21,680	20%
3	Electricity	2,139	2%
4	Telecommunications	6,175	
	▶ Mobile	4,240	6%
	▶ Broadband	1,935	
5	Transportation	48,775	
	▶ Railways	13,977	
	▶ Roads	32,005	44%
	▶ Airports	1,289	
	▶ Ports	1,504	
6	Education	1,793	
	▶ Initial	72	
	▶ Primary	424	2%
	▶ Secondary	1,297	
7	Healthcare	17,796	16%
8	Hydraulic	4,432	4%
	Total	110,137	100%

Source: 2019 National Infrastructure Plan for Competitiveness (PNIC) - Ministry of Economy and Finance (MEF).

The PNIC does not replace or substitute any other initiative undertaken by other sectors or regions. There is still work to be done on social infrastructure projects that are not included in the PNIC. Project planning must be seen as a dynamic exercise where more initiatives can be included.

The government is also working to increase public and private investment in infrastructure and creating mechanisms to ensure continuity of its policies. To close the infrastructure gap, different investment mechanisms

must be used: Public Works, Public-Private Partnerships (PPPs), Works for Taxes (WT), and Government to Government (G2G) Agreements.

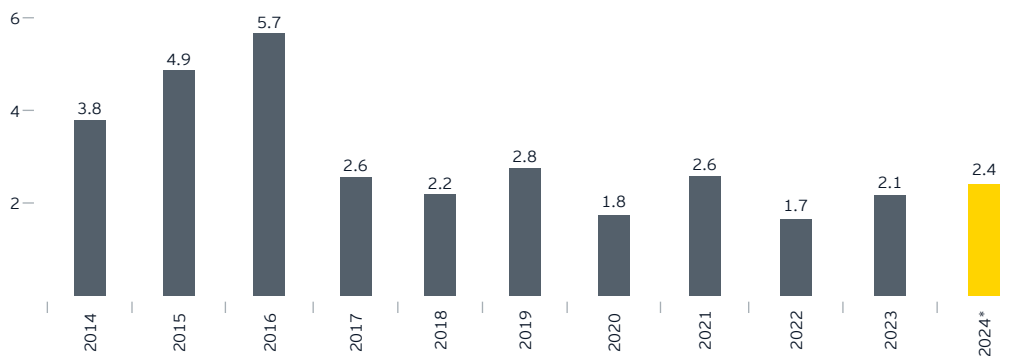
The effort to close the infrastructure gap requires the active participation of the private sector. Accordingly, the Peruvian government has become very proactive providing incentives to develop investment projects. Peruvian laws have incorporated Public-Private Partnerships (PPPs)—a type of private investment participation. PPPs are executed under concessions, operations, management, joint ventures and any other type of PPPs admitted by Peruvian law to create, develop, improve, operate or maintain public infrastructure or provide public services. This type of investment can be requested as a private initiative or through a public tender.

Another example of these incentives is the Works for Taxes (WT) in which Peru's tax system includes provisions to grant credits against income taxes and thus allow third-party investors to recover capital investments made in public infrastructure.

Nowadays, Government to Government (G2G) Agreements are a tool that the government intends to promote to benefit from technical assistance that meets international standards, as well as to increase its capacity in the management of large projects that Peru aims to execute.

Both public and private sectors are involved in the economic development and social welfare of the country. Peru is recognized in the international community for providing favorable conditions to take advantage of the opportunities available in the development of its infrastructure.

Infrastructure Investment (in USD billions)



*Projection. Macroeconomic Projections (Updated Report) 2024-2027.
 Source: Ministry of Economy and Finance (MEF).

The government continues to promote and prioritize the implementation of the National Sustainable Infrastructure Plan for Competitiveness (PNISC), with a view to closing basic infrastructure gaps and leveraging the country's economic growth.

In October 2022, the 2022-2025 PNISC was relaunched. This document updates the approach to the prioritization of infrastructure projects to drive economic growth, improve competitiveness, help close gaps, and reduce bottlenecks affecting long-term infrastructure projects.

The plan prioritizes a portfolio of 72 projects for an investment amount of PEN146.6 billion in healthcare (22), transportation (18), water and sanitation (12), telecommunications (9), and others. As of January 2024, the execution reaches PEN32.8 billion (19% of the goal) and progress is expected to reach PEN46.4 billion (27% of the goal) in 2025.



Prioritized Projects for the National Sustainable Infrastructure Plan for Competitiveness (PNISC) 2022 - 2025

Project	Sector	Phase	Execution Mode	Amount of Investment (in PEN millions)
Creation of Line 3 of the Basic Network of the Lima Subway.	Transportation	Execution	Public Works	23,336
Integrated gas transportation system - South Zone.	Hydrocarbons	Formulation	PPP	19,157
Construction of Line 2 and Av. Faucett-Gambetta branch of the Basic Network of the Lima and Callao Subway.	Transportation	Contractual Execution	PPP	17,105
Creation of the Central Huaycán-Cieneguilla-Santiago de Tuna-San Andrés de Tupicocha-San Damián-Yuracmayo-Yauli-Pachachachaca-Santa Rosa de Sacco Highway, province of Yauli, region of Junín.	Transportation	Execution	Public Works	11,841
Construction of the Peripheral Road Ring of the City of Lima and Callao.	Transportation	Formulation	PPP	6,772
Expansion of Jorge Chávez International Airport.	Transportation	Contractual Execution	PPP	6,080
3,300-3,800 MHZ Band Project.	Tele-communications	Formulation	PPP	5,138
PEIP Bicentennial Schools.	Education	Execution	Public Works	4,250
Multipurpose North Terminal in the Port of Callao.	Transportation	Contractual Execution	PPP	3,353
Chavimochic III.	Agriculture and Irrigation	Contractual Execution	No modality	3,150
Ancon Industrial Park.	Industry	Transaction	PPP	2,864
Installation of broadband for integral connectivity and social development in the regions of Junín, Puno, Ica, Amazonas, Huanuco, Pasco, Arequipa, Áncash, La Libertad and San Martín.	Tele-communications	Contractual Execution	PA	2,841
Improvement and expansion of the airport service in Cusco, through the new Chinchero International Airport.	Transportation	Execution	Public Works	2,454

Project	Sector	Phase	Execution Mode	Amount of Investment (in PEN millions)
Regular and Alternative Basic Education Schools (EBR and EBA).	Education	Structuring	PPP	2,293
Headworks and conduction works for the supply of drinking water for Lima.	Water and Sanitation	Structuring	PPP	2,129
Majes-Siguas II.	Agriculture and Irrigation	Contractual Execution	PPP	2,019
Road Infrastructure Program for Regional Competitiveness -Proregion 1.	Transportation	Execution	Public Works	1,852
Longitudinal de la Sierra - Section 4.	Transportation	Formulation	PPP	1,824
Rehabilitation and improvement of the Ciudad de Dios-Cajamarca Highway.	Transportation	Execution	Public Works	1,790
Road Network 4 Pativilca-Santa-Trujillo-Salaverry.	Transportation	Contractual Execution	PPP	1,749
Improvement of the Oyón - Ambo Highway.	Transportation	Execution	Public Works	1,341
Improvement and expansion of the wastewater treatment service for final disposal and reuse, and of the collection infrastructure in the locality of Chepén, and eight districts of the province of Trujillo, region of La Libertad.	Water and Sanitation	Formulation	PPP	1,319
Rehabilitation and improvement of the Lima-Canta-La Viuda-Unish Highway.	Transportation	Execution	Public Works	1,296
Improvement of the Puerto Ocopa-Atalaya Highway, province of Satipo, region of Junín, and province of Atalaya, region of Ucayali.	Transportation	Contractual Execution	Public Works	1,074
500 KV Mantaro-Nueva Yanango - Carapongo link.	Electricity	Formulation	PPP	1,071
Installation of broadband for the integral connectivity and social development of the Cajamarca region.	Tele-communications	Execution	PA	1,042
Improvement and expansion of health services at the Sergio Enrique Bernales National Hospital in the town of Collique, district of Comas, province and region of Lima.	Healthcare	Formulation	Public Works	994

Project	Sector	Phase	Execution Mode	Amount of Investment (in PEN millions)
Third group of airports: Jaén, Jauja, Huánuco, Ilo, Chimbote, Rioja, Yurimaguas and Tingo María.	Transportation	Execution	PPP	970
High Performance Schools (COAR).	Education	Contractual Execution	WT	950
Nueva Yanango - Nueva Huánuco 500 KV link and associated substations.	Electricity	Transaction	PPP	873
1,750-1,780 MHZ and 2,150-2,180 MHZ bands project.	Tele-communications	Contractual Execution	PA	815
Wastewater treatment system for the Lake Titicaca Basin.	Water and Sanitation	Formulation and Evaluation	PPP	743
Road Infrastructure Program for Regional Competitiveness -Proregion 2.	Transportation	Structuring	Public Works	701
Improvement and expansion of wastewater collection, treatment and disposal services in 7 districts of the province of Huancayo, region of Junín.	Water and Sanitation	Execution	PPP	639
Improvement and expansion of the health services of the San Juan de Lurigancho Hospital, province and region of Lima.	Healthcare	Transaction	Public Works	620
Creation of the health services of the Specialized Hospital in the Piura Assistance Network of Essalud, district of 26 de Octubre, province and region of Piura.	Healthcare	Execution	PPP	594
Creation of the health services of the Specialized Hospital in the Cajamarca Assistance Network of Essalud, district, province and region of Cajamarca.	Healthcare	Formulation	Public Works	537
Installation of broadband for the integral connectivity and social development of the Piura region.	Tele-communications	Formulation	PPP	490

Project	Sector	Phase	Execution Mode	Amount of Investment (in PEN millions)
Creation of wastewater treatment services for final disposal in the district of San José de Sisa in the province of El Dorado, and in the districts of Tarapoto, Banda de Shilcayo and Morales, province and region of San Martín.	Water and Sanitation	Transaction	PPP	472
Creation of the health services of the Chimbote Specialized Hospital in the Áncash Assistance Network of Essalud, district of Nuevo Chimbote, province of Santa, region of Áncash.	Healthcare	Execution	PPP	454
Construction of the Ashaninca Nation Bridge and accesses, located over the Ene River, in the National Road Network, province of Satipo, region of Junín.	Transportation	Execution	Public Works	446
Improvement of the health services of the Hospital II of the Pasco Assistance Network, district of Fundición de Tinyahuarco, province and region of Pasco.	Healthcare	Execution	Public Works	437
Improvement of the health services of the Hospital II Vitarte of the Almenara Assistance Network of Essalud, district of Vitarte, province and region of Lima.	Healthcare	Planning and Programming	Public Works	429
Creation of a communications network for the integral connectivity and social development of the localities of the Napo-Putumayo river basins, and the Huallaga, Marañón and Amazon river basins in the Yurimaguas-Iquitos section, regio of Loreto.	Tele-communications	Execution	PA	415
Creation of the health services of the Hospital del Altiplano of Essalud, district, province and region of Puno.	Healthcare	Execution	Public Works	393
Improvement of the health services of the Zacarías Correa Valdivia Regional Hospital of Huancavelica, district of Ascensión, province and region of Huancavelica.	Healthcare	Structuring	Public Works	343

Project	Sector	Phase	Execution Mode	Amount of Investment (in PEN millions)
Improvement and expansion of the wastewater treatment service for final disposal and reuse, and infrastructure of the collection network in 7 districts of the province of Chincha, region of Ica.	Water and Sanitation	Execution	PPP	327
Improvement of the health services of the Chocope Hospital of the La Libertad Assistance Network, district of Chocope, province of Ascope, region of La Libertad.	Healthcare	Execution	Public Works	293
Improvement of the health services of the Hospital II Talara of Essalud, district of Pariñas, province of Talara, region of Piura.	Healthcare	Execution	Public Works	290
Improvement and expansion of public cleaning services for Arequipa, Coronel Portillo and Tacna.	Environment	Execution	Public Works	286
Improvement and expansion of Hospital II Huaraz of Essalud's Áncash Assistance Network, district of Independencia, province of Huaraz, region of Áncash.	Healthcare	Formulation	Public Works	262
Creation of the wastewater treatment service for final disposal and reuse, improvement and expansion of the collection network infrastructure in the districts of Cajamarca and Los Baños del Inca, province and region of Cajamarca.	Water and Sanitation	Transaction	PPP	261
2,300-2,330 MHZ Band Project.	Tele-communications	Execution	PA	253
Improvement and expansion of health services at Hospital III of the Juliaca Assistance Network, district of Juliaca, province of San Román, region of Puno.	Healthcare	Execution	Public Works	247

Project	Sector	Phase	Execution Mode	Amount of Investment (in PEN millions)
Improvement and expansion of the health services of the Hospital I Florencia de Mora of the Essalud's La Libertad Assistance Network, district of Florencia de Mora, province of Trujillo, region of La Libertad.	Healthcare	Execution	Public Works	231
Creation of the health services of the Hospital Papa Francisco de Manchay, district of Pachacámac, province and region of Lima.	Healthcare	Formulation	Public Works	220
Improvement and expansion of wastewater collection and treatment services for final disposal in 5 districts of the province and region of Cusco.	Water and Sanitation	Execution	PPP	208
Improvement and expansion of the sewage and wastewater treatment system in 7 districts of the province and region of Tacna.	Water and Sanitation	Execution	Public Works	207
Improvement of the services of the Huari Health Establishment, district and province of Huari, region of Áncash.	Healthcare	Contractual Execution	Public Works	192
Torre Trecca Project.	Healthcare	Execution	PPP	192
Improvement and expansion of drinking water, sewage and wastewater treatment systems in the district and province of Huarmey, region of Áncash.	Water and Sanitation	Execution	WT	189
Improvement of the health services of the Huarmey Hospital, region of Áncash.	Healthcare	Execution	Public Works	188
Creation of the Callao Pre-Port and improvement of access roads to the Port of Callao.	Transportation	Execution	Public Works	162
Improvement and expansion of the services of the Chincheros II-1 Hospital of the Virgen de Cocharcas Health Network, district and province of Chincheros, region of Apurímac.	Healthcare	Formulation	Public Works	162

Project	Sector	Phase	Execution Mode	Amount of Investment (in PEN millions)
Improvement and expansion of the wastewater treatment service for final disposal and reuse, and of the collection network in 11 districts of the province of Cañete, region of Lima.	Water and Sanitation	Execution	PPP	157
Recovery of the health services of the María Reiche Hospital of the Ica Assistance Network of Essalud, district of Marcona, province of Nasca, region of Ica.	Healthcare	Execution	Public Works	156
Regular Basic Education Schools (EBR).	Education	Formulation	WT	156
Improvement and expansion of rural sanitation services in 17 districts of the provinces of Requena, Ramón Castilla, Contamana, Datem del Marañón, Alto Amazonas and Ucayali, region of Loreto.	Water and Sanitation	Execution	PPP	150
Improvement of the resolution and operational capacity of the Román Egoavil Pando Hospital in the district of Villa Rica, province of Oxapampa, region of Pasco.	Healthcare	Execution	Public Works	145
Improvement and expansion of the health services of the First Level of Attention of the Puente Piedra RIS, province and region of Lima.	Healthcare	Formulation	Public Works	88
Creation of a communications network for the integral connectivity and social development of the district of Manseriche, province of Datem del Marañón, region of Loreto.	Tele-communications	Execution	PA	86
Installation of a nationwide emergency communications network.	Tele-communications	Execution	Public Works	56
Total				146,622

PA: Projects in Assets.

PPP: Public-Private Partnership.

WT: Works for Taxes.

Source: 2022-2025 National Sustainable Infrastructure Plan for Competitiveness (PNISC) - Ministry of Economy and Finance (MEF).

Prioritized Projects of the PNISC 2022 - 2025 by Sector

Sector	Projects	Investment (in PEN millions)	%
Healthcare	22	7,470	5%
Transportation	18	84,147	57%
Water and Sanitation	12	6,800	5%
Telecommunications	9	11,135	8%
Education	4	7,650	5%
Electricity	2	1,944	1%
Agriculture and Irrigation	2	5,169	4%
Hydrocarbons	1	19,157	13%
Industry	1	2,864	2%
Environment	1	286	0%
Total	72	146,622	100%

Source: 2022-2025 National Sustainable Infrastructure Plan for Competitiveness (PNISC) - Ministry of Economy and Finance (MEF).

Prioritized Projects of the PNISC 2022 - 2025 by Execution Mode

Execution Mode	Projects	Investment (in PEN millions)
Public-Private Partnerships (PPP)	26	74,062
Public Works*	37	58,617
Projects in Assets (PA)	9	13,943
Total	72	146,622

*Public Works projects includes projects under Works for Taxes (WT),

Source: 2022-2025 National Sustainable Infrastructure Plan for Competitiveness (PNISC) - Ministry of Economy and Finance (MEF).

On July 20, 2023, the Government enacted the law that creates the National Authority of Infrastructure (ANIN), public body that will execute, in a decentralized manner, the big projects more efficiently and effectively, with the aim of reducing gaps in infrastructure, especially in vulnerable sectors of Peru. The creation of ANIN is part of the reactivation economic axes, and more infrastructure and services for a better quality of life, recorded in the General Government Policy.

2. Investment and Country Risk Indicators

Peru has maintained its investment-grade credit rating since Moody's Investors Services raised it to that level in December 2009 matching moves made by Standard & Poor's and Fitch Ratings the previous year. The country's stable, credible, and consistent macroeconomic policies in various administrations are the key supporting factors for the investment-grade rating.

It is well known that countries with investment grade ratings gain a higher level of confidence that generates more foreign and domestic investment. The risk premium demanded by multinationals and foreign investors is slashed after the upgrade. At the same time, the investment horizon is elongated.

The same occurs with domestic investment. Local investors gain more self-confidence, thus allowing themselves to consider opportunities with lower rates of return. The impact is immediate, as consumers gain access to credit with more favorable terms.

The upgrade to investment grade has brought Peru a lot of positive attention worldwide. More importantly, it has had a positive impact on the local economy. For this reason, nowadays, many multinational corporations eye the country more seriously, as higher private investment is flowing into the country. This should contribute to alleviate a still complex social situation in Peru, by achieving improvements in employment and decreases in poverty.

Peru's investment grade ratings (long-term debt in foreign currency)

Country	S&P	Fitch	Moody's
Chile	A	A-	A2
Peru	BBB-	BBB	Baa1
Mexico	BBB	BBB-	Baa2
Colombia	BB+	BB+	Baa2
Uruguay	BBB+	BBB-	Baa2
Paraguay	BB+	BB+	Ba1
Brazil	BB-	BB-	Ba2
Bolivia	CCC+	B-	Caa1
Ecuador	B-	B-	Caa3
Argentina	CCC+	CCC-	Ca
Venezuela	N/A	RD	C

As of September 2024.

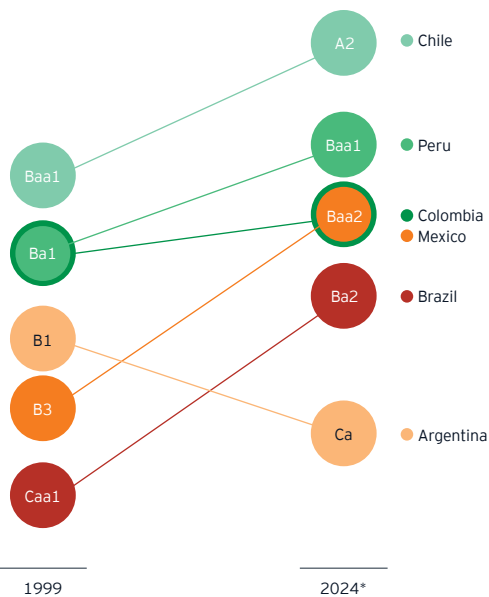
Source: Standard & Poor's, Fitch Ratings, Moody's.

S&P / Fitch	Moody's	Feature
AAA	Aaa	Risk Free
AA+, AA, AA-	Aa1, Aa2, Aa3	High Grade
A+, A, A-	A1, A2, A3	High Repayment Capacity
BBB+, BBB, BBB-	Baa1, Baa2, Baa3	Moderate Repayment Capacity
BB+, BB, BB-	Ba1, Ba2, Ba3	Some Repayment Capacity
B+, B, B-	B1, B2, B3	Highly Uncertain Repayment Capacity
CCC+, CCC, CCC-, CC	Caa1, Caa2, Caa3	Extremely Vulnerable to Default
SD/RD	C	Default

Source: Bloomberg.



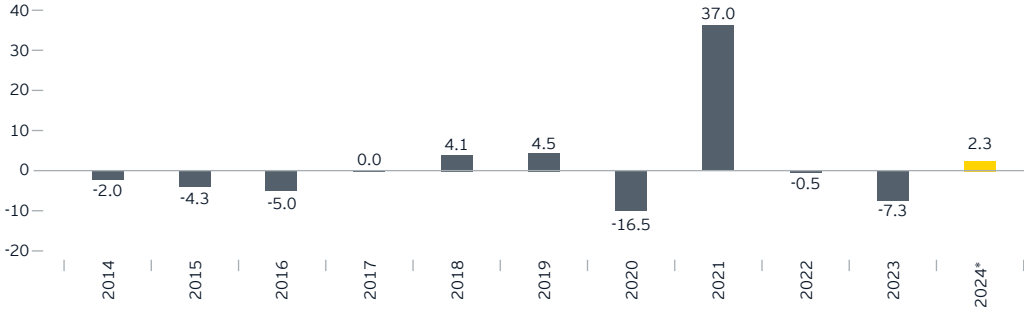
Risk rating of the region according to Moody's



*As of September 2024.
Source: Moody's.

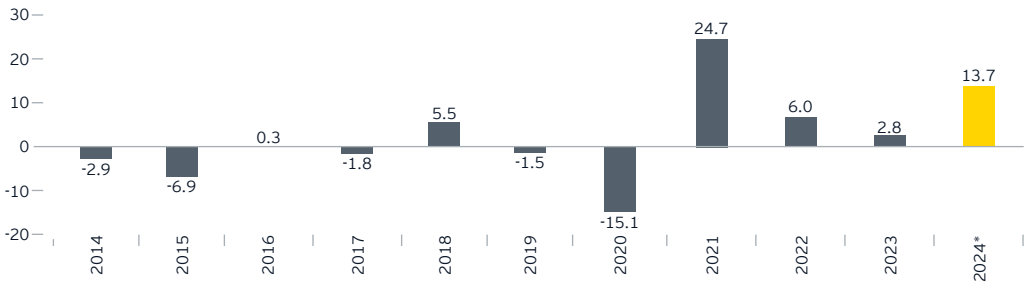
In 2023, public investment has increased 2.8% and private investment decreases 7.3%. However, in 2024, private and public investment are expected to grow 2.3% and 13.7% respectively. This expected growth in public investment, excluding the atypical years of the pandemic, is the highest in the last decade.

Private Investment (percentage change)



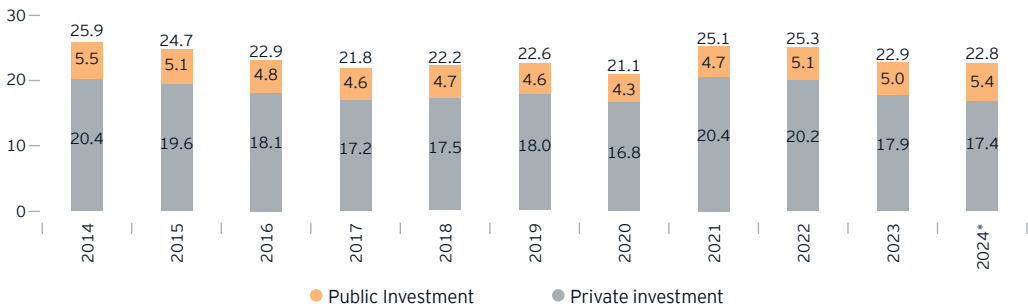
*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

Public Investment (percentage change)



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

Fixed Gross Investment (as a percentage of the GDP)

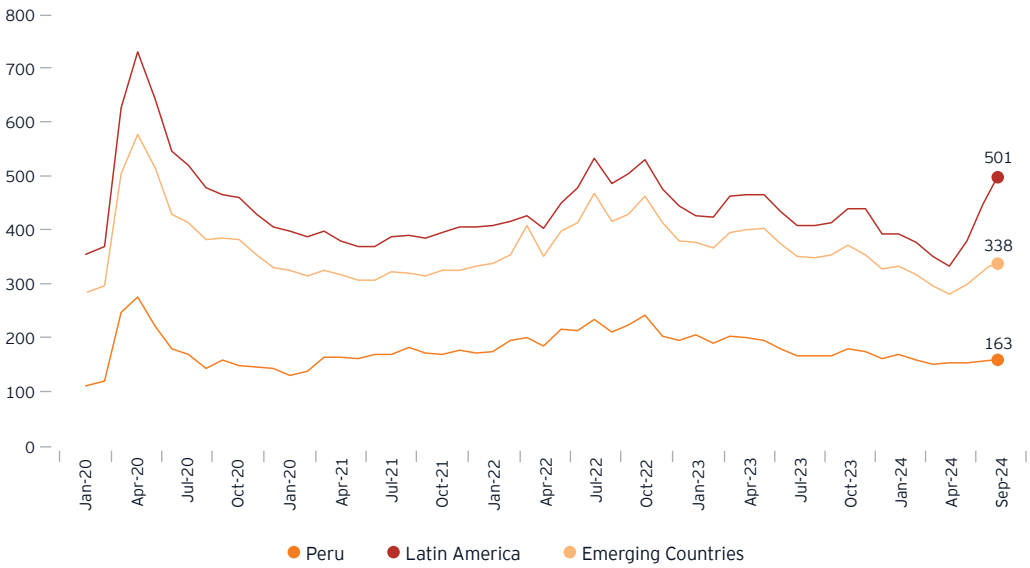


*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

Country risk (EMBIG)

As of September 30, 2024, Peru had a country risk of 163 base points, positioning itself as one of the countries with the lowest risk in Latin America. This score is below that of emerging economies (338 points) and of the regional average (501 points).

Country Risk Indicator - EMBIG



As of September 2024.

Source: Reuters, Central Reserve Bank of Peru (BCRP).

3. Investment Promotion Conditions

Foreign Investment Legislation and Trends in Peru

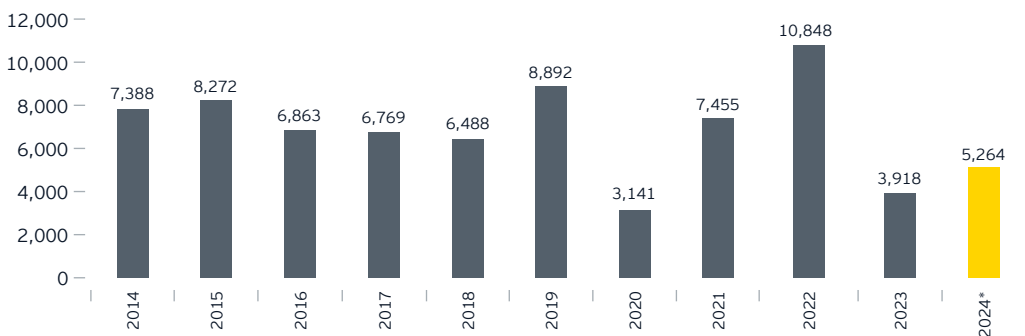
Peru seeks to attract both domestic and foreign investment in all sectors of the economy. To achieve this, it has taken the necessary steps to establish a consistent investment policy that eliminates any barriers that foreign investors may face. As a result, Peru is considered a country with one of the most open investment systems in the world.

Peru has adopted a legal framework for investments that requires no previous authorization for foreign investment. In this regard, foreign investments are allowed without restrictions in the large majority of economic activities. The activities with restrictions are very specific, such as air transportation, sea transportation, private safety and surveillance and the manufacture of war weaponry. Additionally, Peru has a legal framework to protect the economic stability of investors and to reduce government interference in economic activities.

Peruvian government guarantees legal stability to national and foreign investors with respect to legislation governing income tax and, specifically, distribution of dividends. Foreign investors with the right to obtain legal and tax stability are those willing to invest in Peru for a period of no less than two years and for a minimum of USD10 million in the Mining and/or Petroleum & Gas sectors, or USD5 million in any other economic activity. Peruvian laws, regulations, and practices do not discriminate between domestic and foreign corporations. There are no restrictions on repatriation of profits, international transfers of capital, or foreign exchange practices. The remittance of interest and royalties is not restricted in any manner. Foreign currency may be used to acquire goods abroad or cover financial obligations to the extent operators comply with the applicable Peruvian tax legislation.

In 2023, the Foreign Direct Investment (FDI) flow reached USD3.9 billion. The Mining, Communications and Finance sectors represent the 63% of total FDI.

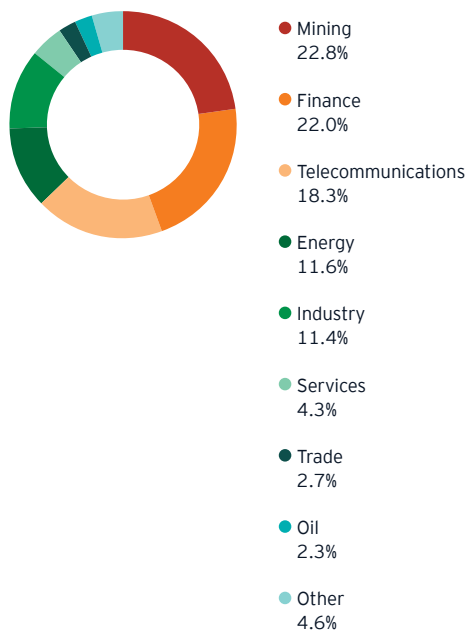
Foreign Direct Investment Flow (in USD millions)



*Projection. September 2024 Inflation Report.

Source: Central Reserve Bank of Peru (BCRP).

Balance of Foreign Direct Investment by Sector 2023



Sector	USD Millions
Mining	6,917
Finance	6,624
Telecommunications	5,521
Energy	3,501
Industry	3,442
Services	1,300
Trade	812
Oil	680
Others	1,375
Total	30,172

Source: Private Investment Promotion Agency (ProInversión).

Business Climate Index

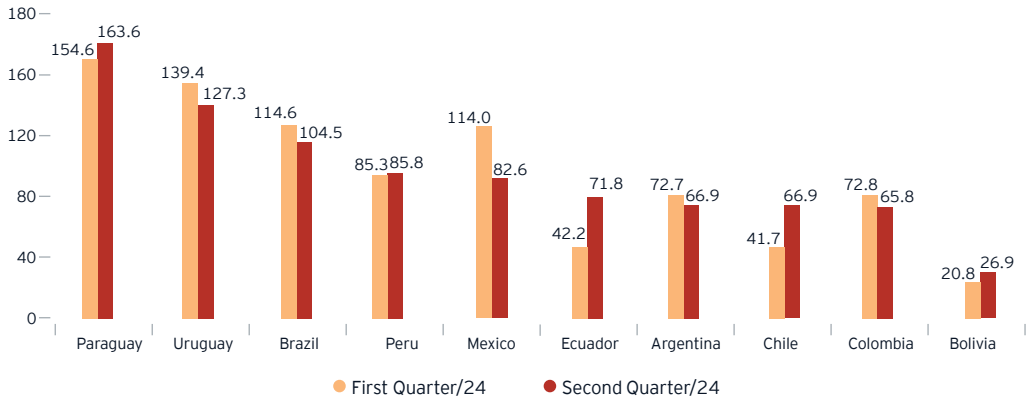
Business Climate Index (BCI) is the result of the Latin American Business Survey, carried out by the IFO Institute of Germany and the Getúlio Vargas Foundation of Brazil. This survey is prepared every three months and serves for the monitoring and anticipation of the financial trends of the countries and financial blocs. As of the second quarter of 2024, Peru reached 85.8 points, ranking fourth.

2nd Quarter of 2024 Business Climate Index (BCI) in the following country

Position	Country	ICE
1	Paraguay	163.6
2	Uruguay	127.3
3	Brazil	104.5
4	Peru	85.8
5	Mexico	82.6
6	Ecuador	71.8
7	Chile	66.9
8	Argentina	66.9
9	Colombia	65.8
10	Bolivia	26.9
Latin America		91.7

Source: Latin American Business Survey - IFO Institute, Getulio Vargas Foundation, Second Quarter of 2024.

Business Climate Index in Latin America



As of July 2024.

Source: Reuters, Central Reserve Bank of Peru (BCRP).

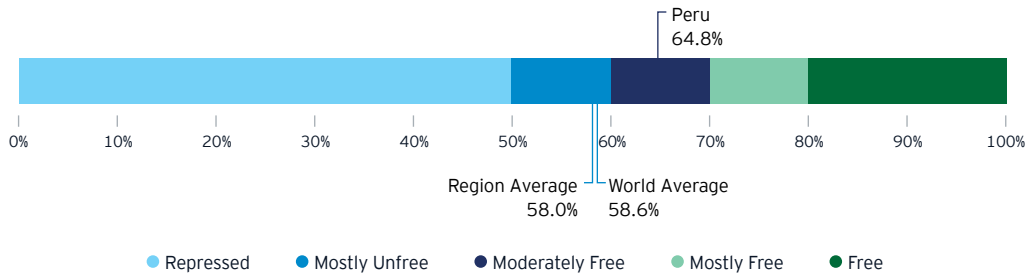
According to the Index of Economic Freedom prepared by The Heritage Foundation, which includes an analysis of the environment and economic freedom of each country based on ten indicators covering issues such as compliance with the law, the level of government intervention, market openness, and efficient State regulations, the overall results obtained confirm that promoting economic freedom in terms of the rule of law, government, regulations, and open markets generates a broad economic dynamism. Thus, boosting these levels will prove significant in order to sustain the wealth of nations, as well as being the most effective way to eradicate poverty in a progressive manner.

Index of Economic Freedom by country

Economy	Worldwide Ranking	South America Ranking	Score
Singapore	1	-	83.5
Switzerland	2	-	83.0
Ireland	3	-	82.6
Canada	16	-	72.4
Chile	21	1	71.4
Uruguay	27	2	69.8
Peru	49	3	64.8
Mexico	68	-	62.0
Paraguay	81	4	60.1
Colombia	84	5	59.2
Ecuador	114	6	55.0
Brazil	124	7	53.2
Argentina	144	8	49.9
Bolivia	165	9	43.5
Venezuela	174	10	28.1

Source: The Heritage Foundation.

Economic Freedom Score Comparison



Economic Freedom in Peru

Regulatory Efficiency

Business Freedom



Labor Freedom



Monetary Freedom



Government Size

Tax Burden



Government Spending



Fiscal Health



Open Markets

Trade Freedom



Investment Freedom



Financial Freedom



Source: The Heritage Foundation.

4. Trade Agreements

Peru's development strategy is based on an economy opened to the world and competitive in its export offer. It has been a successful strategy that has permitted the country to consolidate its foreign trade in goods and services as an instrument for economic development and the reduction of poverty.

International trade negotiations, which have benefited from rigorous macroeconomic management and its consequent stability, have allowed the Peruvian economy to gradually tackle and reduce its external vulnerability in times of crisis such as in the current international situation. In recent years, Peru has negotiated Free Trade Agreements (FTA) with large and medium-sized markets.

Peru has signed 32 Bilateral Investment Treaties (BITs) with Argentina, Australia, Bolivia, Canada, Chile, China, Colombia, Cuba, the Czech Republic, Denmark, Ecuador, El Salvador, Finland, France, Germany, Italy, Japan, Malaysia, the Netherlands, Norway, Paraguay, Portugal, Romania, Singapore, South Korea, Spain, Sweden, Switzerland, Thailand, the Belgium-Luxembourg Economic Union, the United Kingdom, and Venezuela.

Additionally, Peru has a total of 24 free trade agreements and economic integration agreements (TLCs & EIAs) with the Andean Community (CAN), MERCOSUR, the Pacific Alliance, the European Free Trade Association

(EFTA), the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation Forum (APEC), Australia, Canada, Chile, China, South Korea, Costa Rica, Cuba, United States, Honduras, Japan, Mexico, Panama, United Kingdom, Singapore, Thailand, the European Union, Venezuela and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The CPTPP has given Peru access to four countries with which it previously had no trade agreements: New Zealand, Vietnam, Brunei, and Malaysia.

Likewise, in 2012 Peru has executed a Framework Agreement for Economic, Commercial, Technical and Investment Cooperation with the Member States of the Gulf Cooperation Council, which groups Saudi Arabia, Bahrain, Kuwait, Qatar, Oman and United Arab Emirates. This is the first agreement signed with a South American country.

Peru is currently in the midst of negotiations with Turkey, India, El Salvador and Nicaragua. On June 28, 2024, a series of agreements were signed to stretch the comprehensive, strategic partnership between Peru and the People's Republic in China.

Finally, exploratory work will soon begin with a view to initiating negotiations for future Free Trade Agreements (FTA) of Peru with Indonesia and Hong Kong, China.



Double Taxation Agreements

Peru has currently signed and ratified treaties to avoid double taxation with the following countries: Brazil, Chile, Canada, Japan, Portugal, South Korea, Switzerland and Mexico. Peru is also part of the Andean Community of Nations, along with Colombia, Ecuador, and Bolivia. As such, Decision 578 for the avoidance of double taxation between the countries referred to above applies. Unlike the OECD Model, Decision 578 prioritizes taxation at the source, using the exemption method.

Additionally, an agreement was signed with Spain and is currently pending ratification. Also, the negotiation with the United Kingdom have been successfully concluded, and the agreement is expected to be signed in the next months. There are also negotiations underway with Qatar, the United Arab Emirates, the Netherlands, Italy, France and Sweden.

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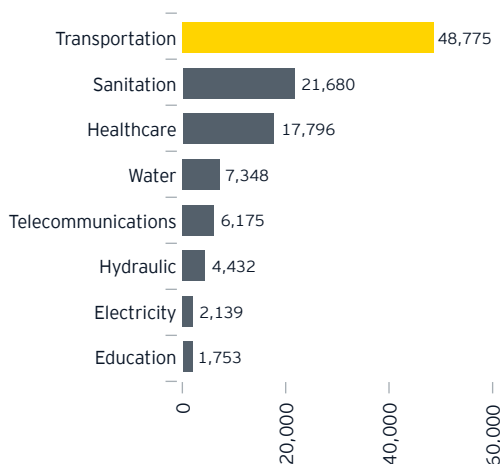
3

1. Infrastructure Gap

The National Infrastructure Plan for Competitiveness¹, identifies a basic access infrastructure gap of approximately USD110.2 billion. This gap considered a twenty year horizon (2019-2038), distributed among the following sectors: Transportation (44%), Sanitation (20%), Healthcare (16%), Water (7%), Telecommunications (6%), Hydraulic (4%), Electricity (2%) and Education (2%). This estimate does not consider qualitative elements such as quality of water, hours of electricity, school structure conditions, among others. Therefore, this infrastructure gap would be underestimated, assuming Peru aims to be a developed country.

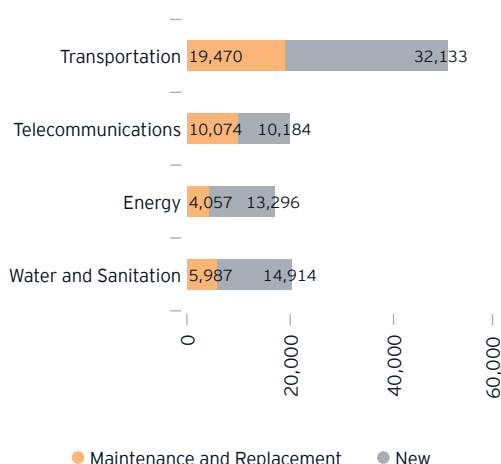
The Inter-American Development Bank (IDB) estimated that Peru needs approximately USD110.1 billion in infrastructure investment to meet the Sustainable Development Goals by 2030. Of this total, 64% should be allocated to investments in new infrastructure, while 36% should be allocated to maintenance and replacement of assets that are reaching the end of their useful life. These assets are essential for providing infrastructure services at adequate quality standards. This gap is distributed among the following sectors: Water and Sanitation (19%), Energy (16%), Telecommunications (18%) and Transportation (47%).

*Infrastructure Gap - Long Term
(in USD millions)*



Source: 2019 National Infrastructure Plan for Competitiveness (PNIC) - Ministry of Economy and Finance (MEF).

Infrastructure Gap to achieve Sustainable Development Goals (in USD millions)



Source: The Infrastructure Gap in Latin America and the Caribbean - Inter-American Development Bank (IDB).

¹ National Infrastructure Plan for Competitiveness (PNIC). Ministry of Economy and Finance (MEF). https://www.mef.gob.pe/contenidos/inv_privada/planes/PNIC_2019.pdf



Infrastructure Gap to achieve Sustainable Development Goals (in USD millions)



- **Transportation**
 - Road 35,766
 - Airport 730
 - Urban Mass Transport 15,107
- **Water and Sanitation**
 - Water Access 7,936
 - Sanitation Access 11,943
 - Wastewater Treatment 1,022
- **Telecommunications**
 - Fixed Broadband 5,837
 - 4G 14,422
- **Energy**
 - Access 3,674
 - Generation and Transmission 13,680

Source: *The Infrastructure Gap in Latin America and the Caribbean - Inter-American Development Bank (IDB).*

2. Overview by Sector

1. Roads

Peru has a total road infrastructure of 173,895 km, distributed as follows:

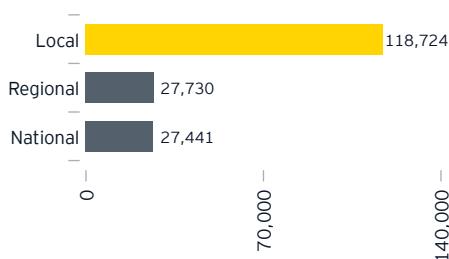
- Local roads: 118,724 km (68.3%)
- Regional roads: 27,730 km (15.9%)
- National roads: 27,441 km (15.8%)

Specifically, 82.7% of the national roads (22,693 km) are paved, while only 21.1% (5,858 km) and 2.8% (3,340 km) of the regional and local roads, respectively, are paved.

In total, 142,004 km were unpaved by 2023 which represents 81.7% of all existing roads. This situation explains part of the transport infrastructure gap previously explained, and that needs to be solved through public and private investment.

Regarding private investment participation, Peru has 16 concessions for 6,693 km, which are being supervised by OSITRAN².

Road per System (in Kilometers)



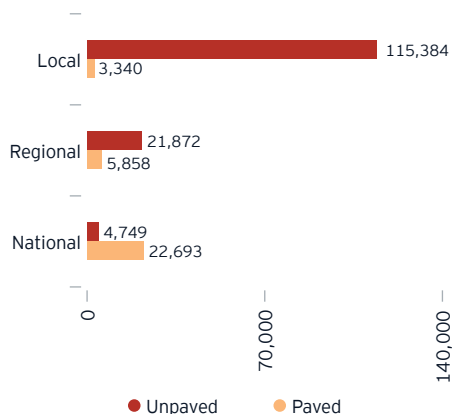
Source: *Ministry of Transportation and Communications (MTC) (July-2023).*

² Supervisory Agency for Investment in Public Use Transport Infrastructure (OSITRAN).

<https://www.ositran.gob.pe/carreteras/>



Paved and Unpaved Roads (in Kilometers)



Source: Ministry of Transportation and Communications (MTC) (July 2023).



2. Railways

Peru has a total railway infrastructure of 1,952.9 km grouped by ownership as follows: Railway Concessions (77.5%) totaling 1,512.6 km, followed by Private Railways (12.9%) totaling 252.1 km, and State Operated Railways (9.6%) totaling 188.2 km.

Only 33.1 km of the total railway concessions are for urban transport (Line 1 of the Lima and Callao Metro System). The remaining are freight and tourist transport railways. The two railway infrastructure concessions supervised by OSITRAN³ are: the Central Railway, the South and Southeast Railway and Lines 1, 2 and 4 of the Lima and Callao Metro System. The most relevant projects for its impacts are Line 2 and the first section of Line 4, totally underground metro projects.

Although it is not yet completed, 10 stations of Line 2 are ready, and partial operation has begun. The full operation is expected to take place in 2028. Line 2 includes an extension of 27 km and 27 stations. In March 2024, the first section of Line 4 started construction, which includes an extension of 7 km and 7 stations.

³ Supervisory Agency for Investment in Public Use Transport Infrastructure (OSITRAN).

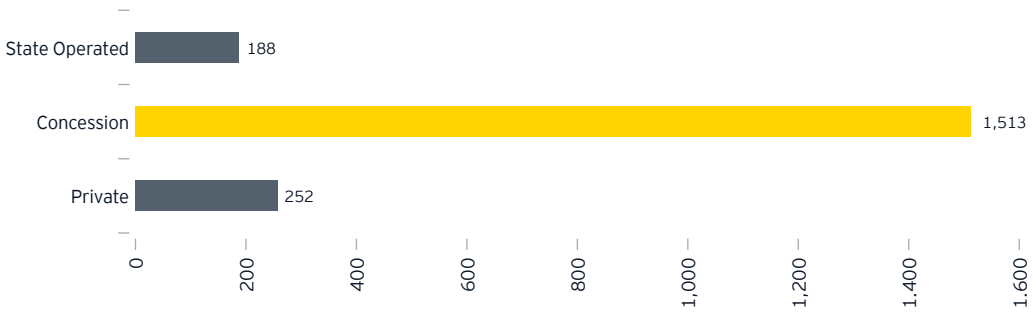
⁴ Private Investment Promotion Agency (ProInversión).

<https://www.investinperu.gob.pe/es/pi/detalle-noticia/proinversion-adjudica-el-proyecto-de-modernizacio>



In August 2024, the Peruvian government awarded the modernization of the “Tren Macho”⁴. The USD565 million investment will renew 128.7 km of track, improving infrastructure and service for 1.2 million of people, with a 30 year concession.

Railways by Property Regime 2022 (in Kilometers)



Source: Ministry of Transportation and Communications (MTC).



3. Airports

Peru has 35 airports. Its main Airport, the "Jorge Chávez International Airport" in Lima, has been granted in concession. The airport expansion project is currently under execution; a consortium company has completed the construction of the second runway and is now in the process of building the new terminal with a capacity of 37 million passengers, to be completed in December 2024.

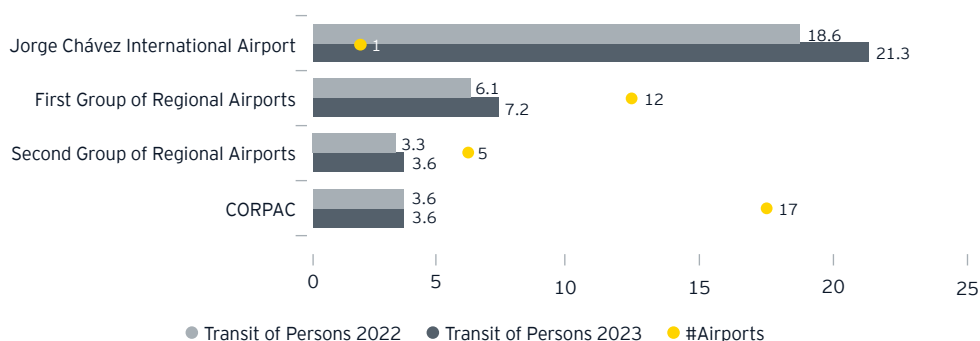
There are two more concessions, 12 regional airports as part of the "First Group of Regional Airports" and 5 regional airports as part of the "Second Group of Regional Airports". Lastly, there are 17 airports operated by CORPAC, the government entity in charge of airport operations in Peru.

In 2023, passenger traffic amounted to 35.7 million; the Jorge Chávez International Airport represented 59.6% of the total. The sector has recovered from the effects of COVID-19, considering that in 2020, passenger traffic amounted to 12.2 million.

Peru has 18 airports granted in concession and 17 airports currently operated by CORPAC (government entity). From these government operated airports, eight airports will be granted in concession as part of the "Third Group of Regional Airports"⁵.

In addition, Cusco city airport operated by CORPAC, will be replaced by the Chinchero International Airport, currently under construction through the Government-to-Government mechanism.

Airports Passenger Traffic (in millions)



Source: Supervisory Agency for Investment in Public Use Transportation Infrastructure (OSITRAN).

⁵ Ministry of Transportation and Communications (MTC). <https://www.gob.pe/institucion/mtc/noticias/619238-inversion-de-mas-de-us-270-millones-permitira-mejorar-ocho-aeropuertos-regionales>



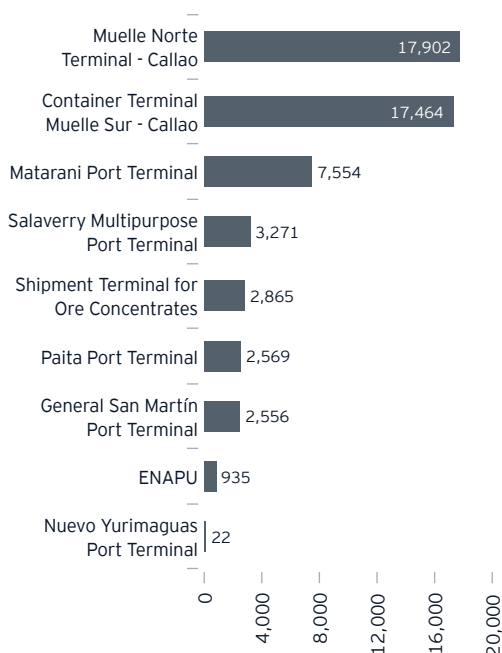
4. Ports

Peru has 18 ports and a total movement of 55.1 million tons in 2023. The main port terminals in Peru are located in Callao. The government port operator, ENAPU, manages 10 ports in the country.

Peru has experience in the development of port projects, with a total of eight port concessions supervised by OSITRAN⁶. The development of new port projects is being evaluated and included in the Public-Private Partnership (PPP) project pipeline⁷.

It is expected that in the fourth quarter of 2024 the port of Chancay will begin operations, with the movement of 1 million containers per year in a first stage and with subsequent expansions, it is expected to move 1.5 million containers. This project, which has generated more than 9,000 jobs, will concentrate 25% of Peruvian agro-exports and reduce cargo transit time by 12 days⁸.

TN Volume 2023 (in thousands)



Source: Supervisory Agency for Investment in Public Use Transportation Infrastructure (OSITRAN).

⁶ Supervisory Agency for Investment in Public Use Transport Infrastructure (OSITRAN).
<https://www.ositran.gob.pe/puertos/>

⁷ Private Investment Promotion Agency (ProInversión).
<https://www.investinperu.pe/es/app/asociaciones-publico-privadas>

⁸ Office of the Prime Minister (PCM).
<https://www.gob.pe/institucion/presidencia/noticias/972137-megapuerto-de-chancay-ratifica-que-el-peru-es-un-socio-confiable-para-las-inversiones>



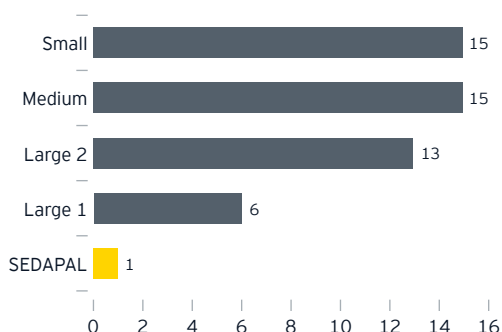
5. Water and Sanitation

Urban Areas

There are 50 water and sanitation service provider companies that are grouped according to their management in National Government (2) and Regional or Local Government (48). The company that has the most connections is SEDAPAL (National Government) which operates in the capital city of Lima.

Companies providing water and sanitation services can also be grouped by connection size. In addition to SEDAPAL there are 4 "large 1" companies that have between 100,000 and 999,999 connections, 15 "large 2" companies that have between 40,000 and 99,999 connections, 15 medium companies that have between 15,000 and 39,999 connections and 15 small companies with less than 15,000 connections.

Number of Companies by Size 2022

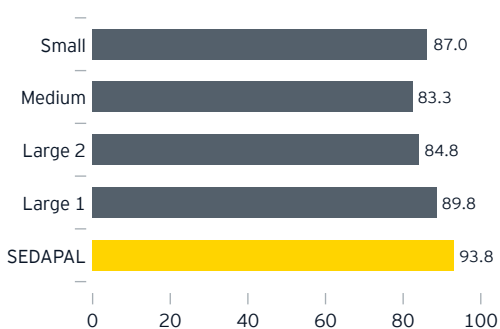


Source: National Superintendency of Sanitation Services (SUNASS).

The company with the highest coverage of drinking water by area of influence in 2022 was SEDAPAL with 93.8% in Lima. Medium-sized companies had an average coverage of 83.3%.

In summary, the national average for water coverage is 90.3%, while for sewerage coverage it is 84.4%.

Drinking Water Coverage 2022 (percentage)

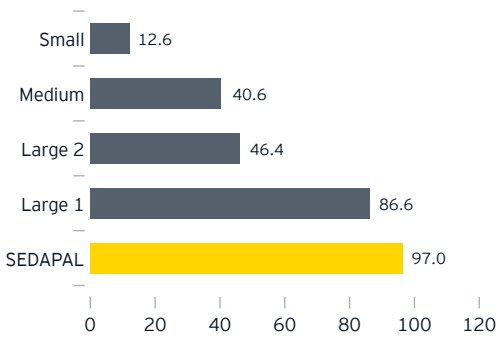


Source: National Superintendency of Sanitation Services (SUNASS).



SEDAPAL treats 97.0% of the collected wastewater, while on average small companies treat only 12.6%. The national average for wastewater treatment is 83.4%.

Wastewater Treatment 2022 (percentage)

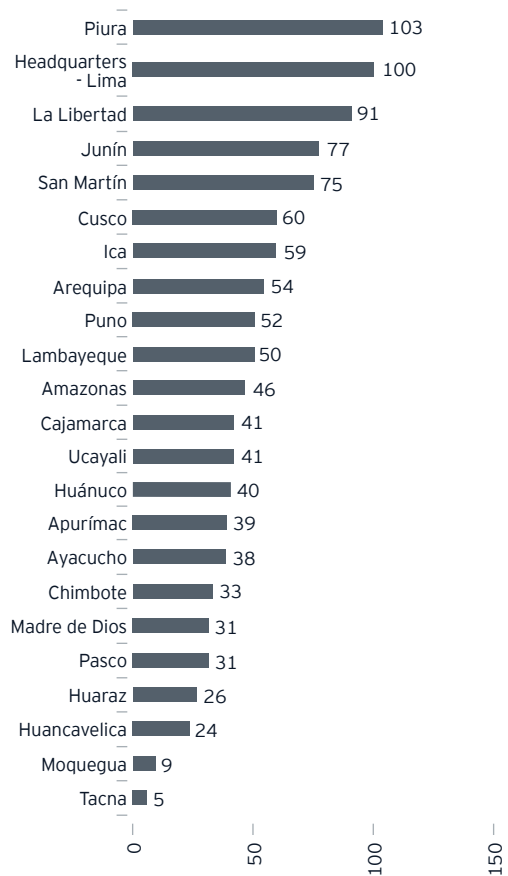


Source: National Superintendency of Sanitation Services (SUNASS).

Small City Areas

There are 1,125 Community Organizations that provide water services that are monitored and followed up by SUNASS and are grouped according to decentralized office: Piura (103), Headquarters - Lima (100), La Libertad (91), Junín (77), San Martín (75), Cusco (60), Ica (59), Arequipa (54) and others.

Small Cities Areas, by Decentralized Office (DO)



As of August 2024.

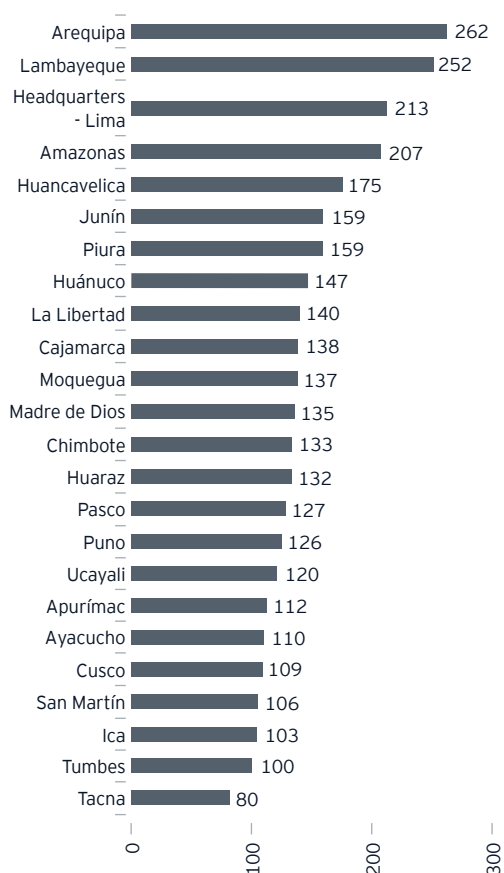
Source: National Superintendency of Sanitation Services (SUNASS).



Rural Areas

There are 27,000 Community Organizations that provide water services, of which 3,482 have follow-up and monitoring by SUNASS, and are grouped according to decentralized office: Arequipa (262), Lambayeque (252), Headquarters - Lima (213), Amazonas (207), Huancavelica (175), Junín (159), Piura (159), Huánuco (147) and others.

Rural Areas, by Decentralized Office (DO)



As of August 2024.

Source: National Superintendency of Sanitation Services (SUNASS).

In September 2023, it should be noted that 91.8% of the population in urban areas has access to the Public Water Network, while in rural areas access is only for 78.5% of the population.

Peru has experience in Public-Private Partnerships (PPPs) for the development of Wastewater Treatment Plants (WWTP) such as La Chira WWTP and Taboada WWTP projects that help to decontaminate the wastewater produced in Lima Metropolitan Area (Lima and Callao). In addition, the Titicaca WWTP has been awarded, which will have ten treatment plants for the Titicaca Lake in Puno (southern Peru).

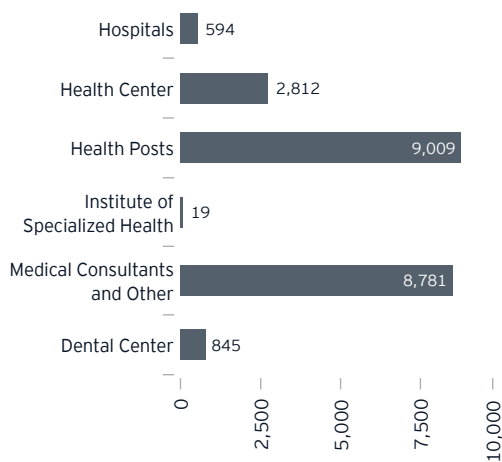
Additionally, Peru has developed projects in water and sanitation under the Works for Taxes mechanism, ranking as one of the most important sectors with respect to investment amount.



6. Healthcare

Health infrastructure is made up of Hospitals (2.7%), Health Centers (12.7%), Health Posts (40.8%), Specialized Institutes (0.1%) and Medical and Dental Offices (43.6%). It is estimated that there is only one doctor for every 340 habitants and one nurse for every 316 habitants nationwide⁹.

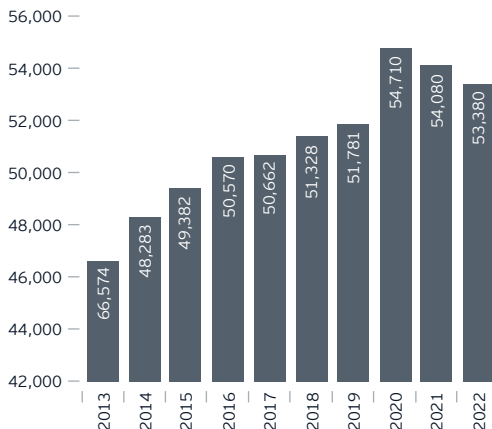
Number of Healthcare Establishments 2022



Source: National Superintendency of Health (SUSALUD).

Since 2013, the total number of beds has shown an upward trend, peaking in 2020 with 54,710 beds. In 2022, according to the Ministry of Health (MINSa), the total number of beds amounts to 53,380. Peru has 16 beds for every 10,000 habitants.

Number of Beds



Source: Ministry of Health (MINSa).

Peru has experience in Public-Private Partnerships (PPPs) in the Healthcare sector such as the Alberto Barton Hospital in the Constitutional Province of Callao and Guillermo Kaelin Hospital in the District of Villa María del Triunfo. Both projects improve the health network of Lima Metropolitan Area (Lima and Callao). Meanwhile, under the Works for Taxes mechanism, Peru has developed healthcare projects such as hospital construction, ranking as one of the most important sectors with respect to investment amount. It is worth mentioning that under the Government-to-Government mechanism at least 7 Hospitals among other health infrastructure will be developed.

⁹ National Institute of Statistics and Information (INEI).

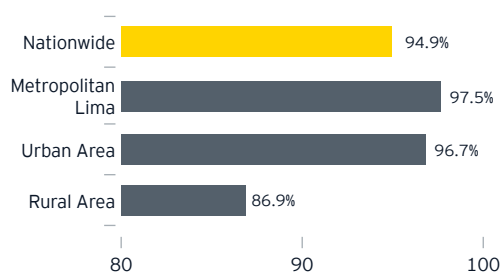
<https://m.inei.gov.pe/estadisticas/indice-tematico/health-human-resources/>



7. Telecommunications

On average, 94.9% of households nationwide have at least one member who owns a telephone, while in Lima Metropolitan Area 97.5% own a telephone, urban areas 96.7% and rural areas 86.9%.

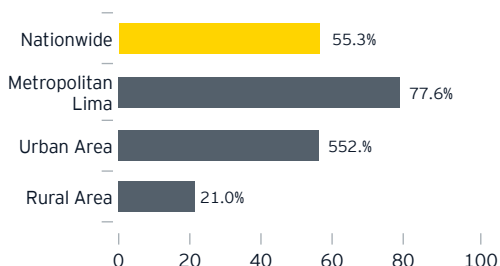
Households with at Least One Member Owning a Telephone 2023



Source: National Institute of Statistics and Information (INEI).



Households with Internet Service 2023



Source: National Institute of Statistics and Information (INEI).

On average 55.3% of households nationwide have access to internet service, while in Lima Metropolitan Area access is 77.6%, urban areas 55.2% and rural areas 21.0%

Peru has experience with private participation in the telecommunications sector. Many of the awarded projects are now in operational phase, including the concession of high-speed internet broadbands.

Since 2013, the km of fiber optic laying has increased from 13,375 km to 141,000 km. In June 2024, the operating companies registered 2.5 million fiber optic connections, representing 65.5% of the total number of fixed Internet connections nationwide¹⁰.

¹⁰ Supervisory Board for Private Investment in Telecommunications (OSIPTEL).

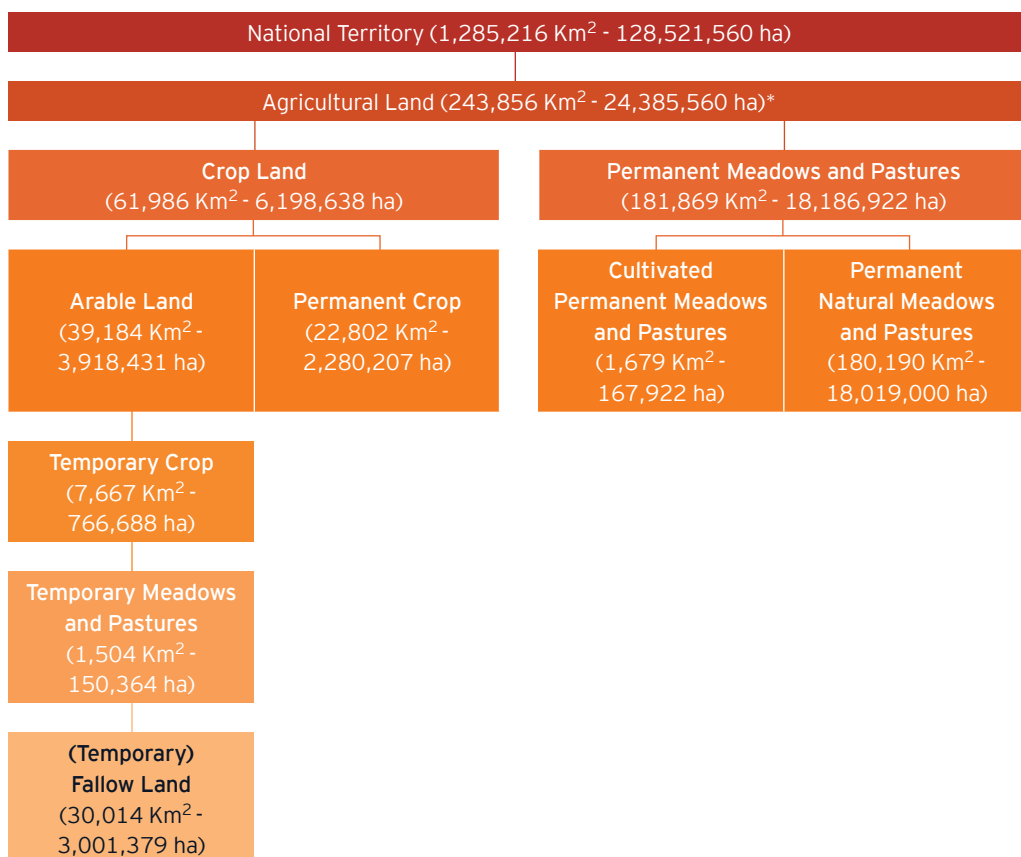
<https://repositorio.osiptel.gob.pe/handle/20.500.12630/926>



8. Irrigation

In 2022, according to FAO, of the total surface area of the national territory (1,285,216 km² - 128,521,560 ha), 19.0% (243,856 km² - 24,385,560 ha) is agricultural land. Crop land represents 25.4% (61,986 km² - 6,198,638 ha) of the

total agricultural land. Land use includes permanent crops (22,802 km² - 2,280,207 ha), temporary crops (7,667 km² - 766,688 ha), temporary meadows and pastures (1,504 km² - 150,364 ha), and fallow land (30,014 km² - 3,001,379 ha).



* Information: As of 2022.

Source: Food and Agriculture Organization of the United Nations (FAO).

Regarding private participation Peru has experience in the development of irrigation systems such as the Chavimochic project and has promoted the development of the Olmos and Majes-Siguas projects, including water transfer for hydroelectric and irrigation purposes (new agricultural land). Peru has also developed irrigation projects under the Works for Taxes mechanism.

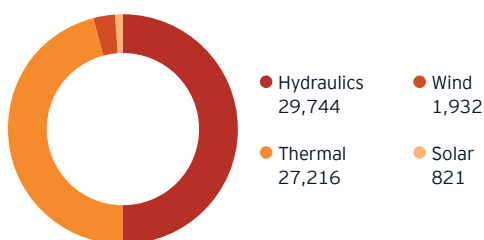
Peru has the potential to become a global agro-export hub, supported by several strategic irrigation projects that will drive the sector towards an unprecedented transformation: Chavimochic III (111,000 hectares), Majes-Siguas II (38,500 hectares), Chincas (83,000 hectares) and Chancay-Lambayeque (20,000 hectares).

Likewise, ProInversión has identified another 168,000 hectares of land that could be incorporated into modern agriculture through the development of various projects: Olmos II Stage (50,000 hectares), Pampas Verdes (50,000 hectares), Majes I Optimization (8,000 hectares), Alto Piura (20,000 hectares) and Chira - Piura (40,000 hectares).

9. Power

Electrical energy production is estimated at 59,713 GWh. Energy production in Peru consists mainly of Hydraulic Production (50%) and Thermal Production (46%).

Electrical Energy Production (GWh) 2022

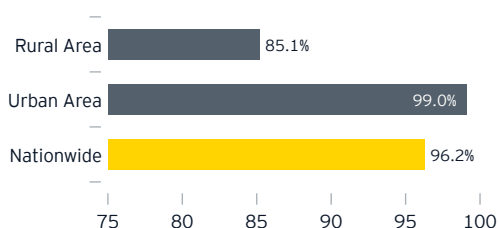


Source: National Institute of Statistics and Information (INEI).

On average, access to electricity systems in households nationwide is 96.2%, while in urban areas it is 99.0%, and in rural areas, 85.1%.



Percentage of Households with Electricity 2022



Source: National Institute of Statistics and Information (INEI).

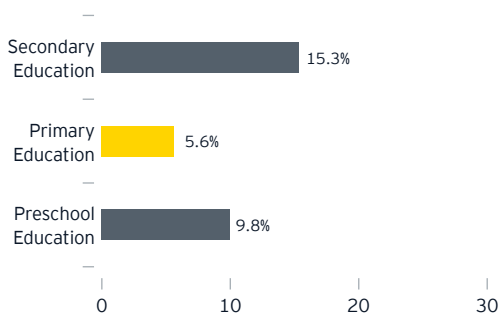
Peru has experience in Public-Private Partnerships (PPPs) in the Power Sector such as transmission lines, substations, power generation, hydroelectric power plants, and others. Energy projects are also being promoted in the PPP pipeline.

In August 2024, ProInversión awarded five power transmission and substation projects with an investment of USD441 million. The projects include the 500 kV Chilca CTM-Carabayllo transmission line, the new Bicentenario substation, the reconfiguration of the 220 kV Chavarría-Santa Rosa-Carapongo link, new substations in Muyurina and Ayacucho, and the expansion of the power system capacity in Ica. Executed under the Public-Private Partnership (PPPs) modality, they will have a 30-year concession and will benefit Lima, Ica and Ayacucho.

10. Education

In the education sector, the rate of non-enrolled students of Regular Basic Education in 2022 was 9.8% for Preschool Education; 5.6% for Primary Education, and 15.3% for Secondary Education.

Non Enrolled Students Rate 2022



Source: Ministry of Education (MINEDU).

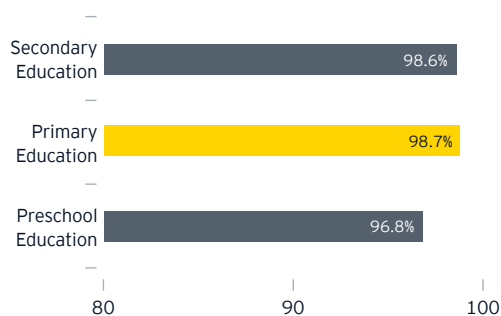
In Peru there are 105,940 Regular Basic Education Centers: 53,278 for Preschool Education, 38,236 for Primary Education and 15,056 for Secondary Education. Among them, the percentage of inadequate installed capacity levels is 96.8%, 98.7% and 98.6% respectively¹¹.

¹¹ Ministry of Education (MINEDU).

<https://www.minedu.gob.pe/programacion-multianual-inversiones/pdf/2023/02-diagnostico-brechas.pdf>



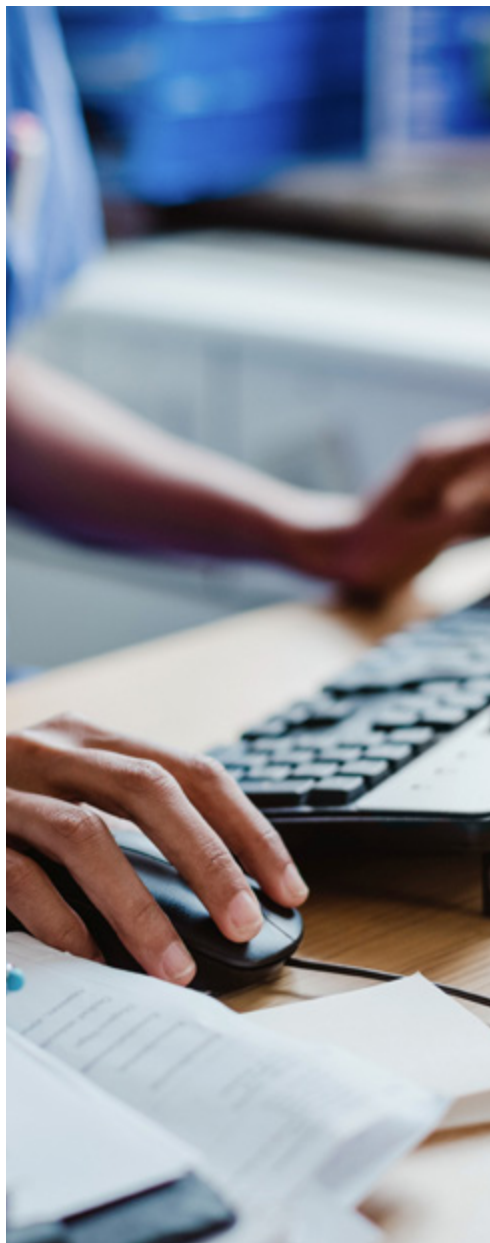
Inadequate Installed Capacity in Regular Basic Education 2022



Source: Ministry of Education (MINEDU).

In recent years, Peru has been structuring Public-Private Partnerships (PPPs) projects, seeking to improve infrastructure in the sector and educational quality. Currently, the Ministry of Education (MINEDU) through ProInversión has awarded the High-Performance Schools (COAR) for students in the third, fourth and fifth years of secondary education. These COAR schools are currently administered by the National Government.

Peru has also developed many educational projects under the Works for Taxes mechanism, mainly the construction of schools, ranking as one of the most important sectors with respect to investment amount. In 2024, ProInversión expects to award 13 projects in the education sector, with a total amount of PEN184 million¹².



¹² Private Investment Promotion Agency (ProInversión). <https://www.investinperu.pe/es/pi/detalle-noticia/sector-educacion-lidera-en-ejecucion-de-proyectos>

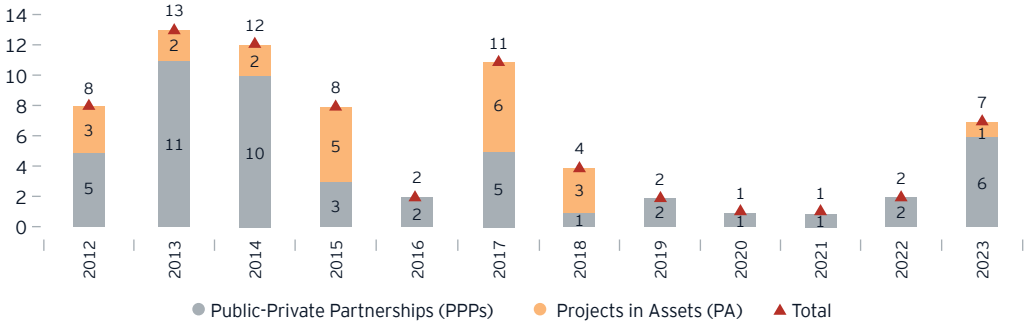


3. Private Investment in Infrastructure

1. Peruvian experience in Public-Private Partnerships (PPPs) and Project in Assets (PA)

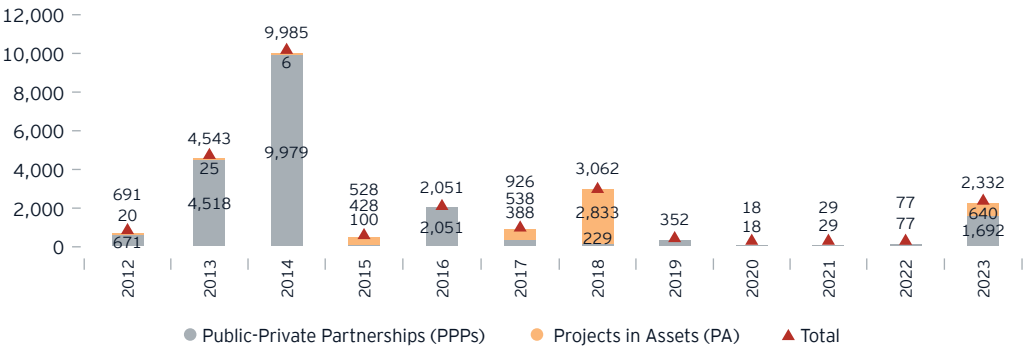
Between 2008 and 2023, 85 PPPs and 50 PA infrastructure projects were awarded, and a total of USD34 billion in investment commitments.

Number of Awarded Projects, 2012-2023



Source: Private Investment Promotion Agency (ProInversión).

Investment Commitments, 2012-2023



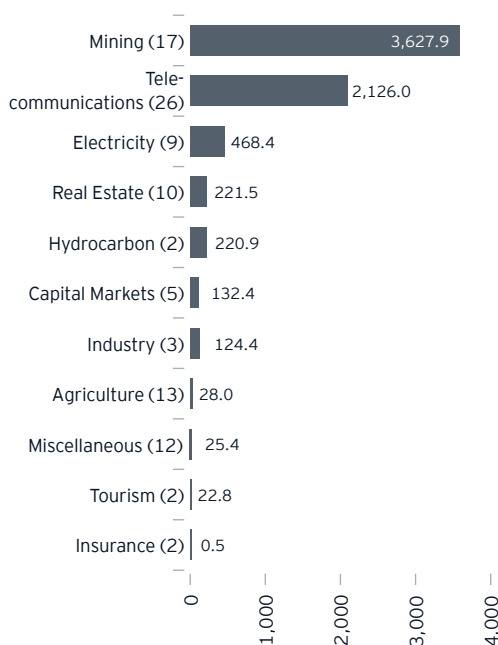
Source: Private Investment Promotion Agency (ProInversión).

In Public-Private Partnerships (PPPs), the Transportation sector leads the investment with USD11.2 billion in 29 projects, followed by Electricity with USD9.3 billion in 59 projects, Hydrocarbons with USD4.0 billion in 5 projects and Telecommunications with USD3.7 billion in 14 projects. Finally, there are other important sectors such as Irrigation, Sanitation and Health, which evidence why Public-Private Partnerships (PPPs) are a powerful mechanism to promote the country's economic development.

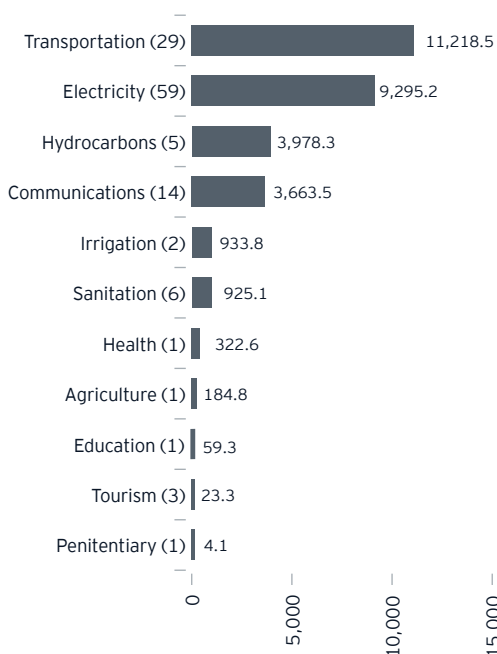
In Projects in Assets (PA), the Mining sector leads with an investment of USD3.7 billion in 17 projects, followed by Telecommunications with USD2.1 billion in 26 projects, Electricity with USD468.4 million in 9 projects, and Real Estate with USD221.5 million in 10 projects.

Investment by Sector 2002 - 2023 (in USD millions)

Projects in Assets (PA)



Public-Private Partnerships (PPPs)



Source: Private Investment Promotion Agency (ProInversión).

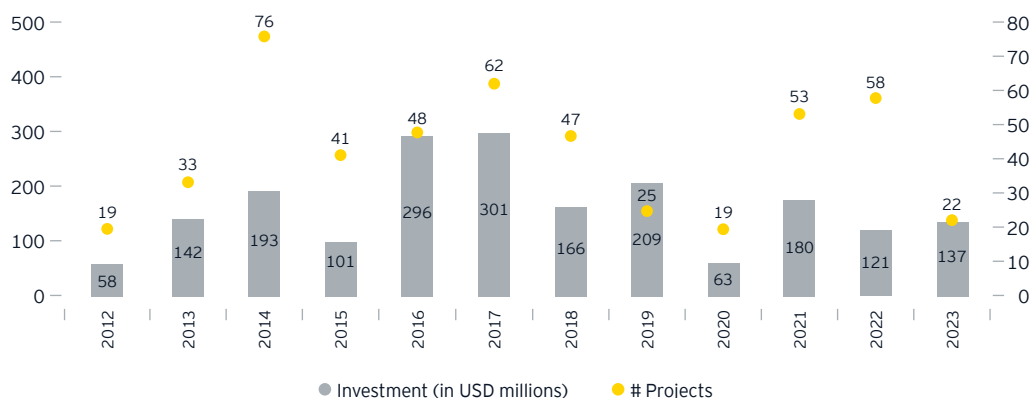
Between January and August 2024, ProInversión awarded 12 Public-Private Partnership (PPPs) and Projects in Assets (PA) projects for USD6.1 billion, the highest amount in 10 years and a 76% progress towards the annual target of USD 8 billion. The projects include improvements in port, rail, road, energy, and fertilizer infrastructure. Highlights include the Huancayo-Huancavelica Railroad for USD565 million, five electricity projects for USD441 million, the Peripheral Road Ring in Lima for USD3.4 billion, and the New San Juan de Marcona Port Terminal for USD405 million. These projects reflect an increase in investor confidence and a notable support to the country's infrastructure.



2. Peruvian experience in Works for Taxes (WT)

This is a relatively new mechanism in Peru; the first project was awarded in 2009. Until December 2023, 518 infrastructure projects have been awarded under the Works for Taxes mechanism for a total of USD2.0 billion.

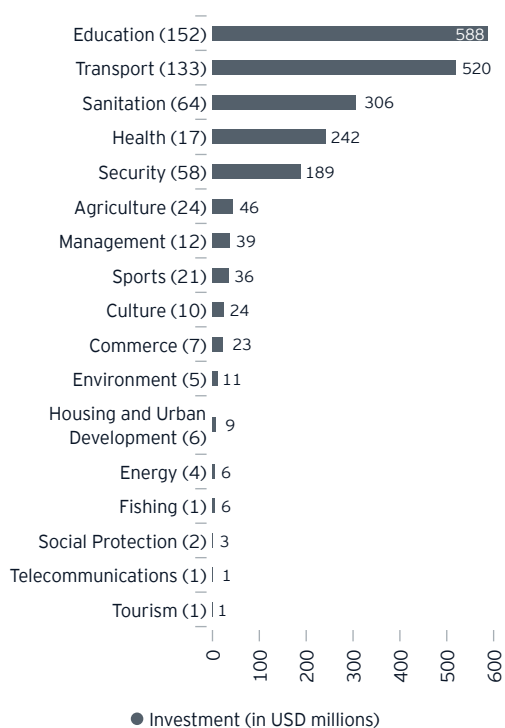
Projects and Investment Commitments in the Works for Taxes (WT) mode, 2012-2023



*Average Exchange Rate at the end of the year: PEN/USD of 3.71 (Dec-31-2023).
 Source: Private Investment Promotion Agency (ProInversión).

During this period, the amounts awarded in Education and Transport projects totaled more than USD588 million (152 projects) and USD520 million (133 projects) respectively. There are also other important sectors such as Sanitation, Healthcare and Security. In overall terms, this information shows how Works for Taxes represent an important mechanism to promote the economic development of the country through local projects.

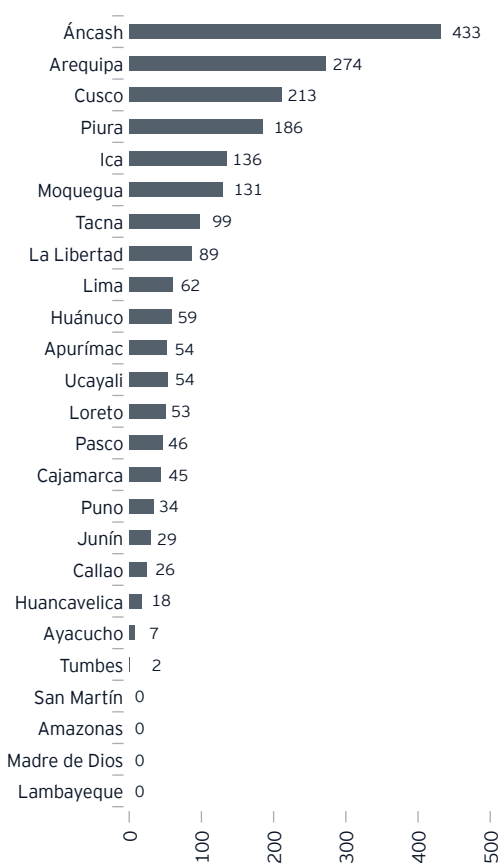
Number of Awarded Projects by Sector and Investment Commitments, 2009-2023



*Average Exchange Rate at the end of the year: PEN/USD of 3.71 (Dec-31-2023).
 Source: Private Investment Promotion Agency (ProInversión).

At a regional level, Áncash is the main region by executed investments, with a total of USD433 million, followed by Arequipa with USD274 million and Cusco with USD213 million. The following graph shows that the Works for Taxes mechanism has allowed the development of projects in new sectors such as Security, Agriculture, Entertainment, Commerce, among others, for the benefit of the population of each region. One of the most important benefits is that it enhances transparency in the execution of public investment in regional and local areas.

Committed Investment by Region 2009 - 2023 (in USD millions)



*Average Exchange Rate at the end of the year: PEN/USD of 3.71 (Dec-31-2023).
 Source: Private Investment Promotion Agency (ProInversión).

3. Peruvian experience in Government to Government (G2G) Agreements

Peru has recently signed agreements under the Government to Government (G2G) scheme with countries with proven experience in the infrastructure sector, as can be seen in the following chart:

Project	Country	Date Signature of Agreement	Project / Location	Estimated Investment (USD Millions)
Phase III of Chavimochic ¹³	Canada	April 2024	Irrigation project / La Libertad	750
Minedu Special Public Investment Project Bicentennial School ¹⁴	United Kingdom	November 2021	75 schools in 9 regions	695
MTC-Provias Nacional - Central Highway ¹⁵	France	May 2021	Lima and Junín	6,361
Reconstruction with Changes ¹⁶	United Kingdom	June 2020	15 hospitals and 74 schools / North Coast and Highlands	640
			Integral solution for 17 rivers, 5 gorges and a drainage system in 7 cities / North coast	1,400
Hospitals from Peruvian Ministry of Health (MINSa) ¹⁷	France	June 2020	Finishing execution of works in Antonio Lorena Hospital / Cusco	70
			Improving and extension of Sergio Bernales Hospital / Lima	220
Chincheru Airport (Cusco) ¹⁸	South Korea	October 2019	Chincheru Airport / Cusco	500
Pan American and Parapan American Games Lima 2019 ¹⁹	United Kingdom	April 2017	<ul style="list-style-type: none"> - Pan American Villa - National Sports Villa - Villa Maria del Triunfo Sports Complex - Yahuar Huaca Sports Complex - Gymnastic Sports Center 	560

¹³ Peru Government. <https://www.gob.pe/institucion/chavimochic/noticias/947469-suscriben-contrato-de-gobierno-a-gobierno-peru-canada>

¹⁴ Peru Government. <https://www.gob.pe/institucion/minedu/noticias/552841-minedu-suscribe-contrato-gobierno-a-gobierno-con-reino-unido-que-beneficiara-a-mas-de-100-mil-estudiantes>

¹⁵ Peru Government. <https://elperuano.pe/noticia/121547-peru-suscribe-acuerdo-con-francia-para-la-ejecucion-de-la-carretera-central-daniel-alcides-carrión>

¹⁶ Peru Government. <https://elperuano.pe/noticia/97623-el-peru-y-reino-unido-firman-acuerdo-para-ejecucion-de-obras-de-reconstrucción>

¹⁷ El Peruano Newspaper. <https://elperuano.pe/noticia/98858-peru-y-francia-firman-contrato-para-mejorar-los-hospitales-antonio-lorena-de-cusco-y-sergio-bernales>

¹⁸ El Peruano Newspaper. <https://www.gob.pe/institucion/mtc/noticias/61363-firma-de-contrato-entre-peru-y-corea-para-la-construcción-del-aeropuerto-de-chincheru-marca-un-punto-sin-retorno>

¹⁹ BCRP. <https://www.bcrp.gob.pe/docs/Publicaciones/Reporte-Inflacion/2018/junio/ri-junio-2018-recuadro-4.pdf>



Project	Country	Date Signature of Agreement	Project / Location	Estimated Investment (USD Millions)
Piura Hospital	United Kingdom	August 2024	Piura	257
Trujillo Regional Teaching Hospital	United Kingdom	August 2024	La Libertad	398

Source: Central Reserve Bank of Peru (BCRP). El Peruano Official Gazette.
 Elaboration: EY.

4. Infrastructure Business Cases

Considering Peruvian Public-Private Partnerships (PPPs) experience, it is worth including some business cases to show how private investments in infrastructure can have a positive impact in society and improve the quality of life of Peruvian people.

The following three projects are presented as examples of good performance and management within the Transportation, Water and Sanitation, and Healthcare sectors.

1. First Group of Airports

The First Group of Airports PPP contract was signed in December 2006. The First Group of Airports covers 12 airports in the interior of the country, which are located in the cities of: Chachapoyas, Tarapoto, Iquitos, Cajamarca, Chiclayo, Trujillo, Anta-Huaraz, Pisco, Piura, Talara, Pucallpa and Tumbes.

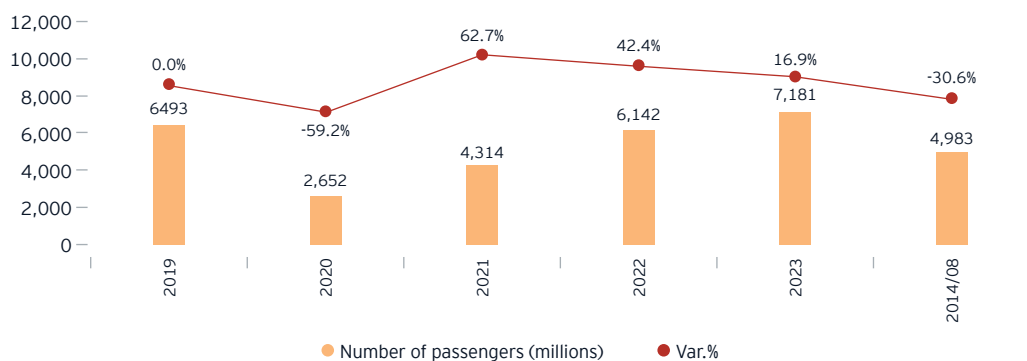
One of the main characteristics of the project is that it promotes economies of scale. Before this project, there were nearly 80 aerodromes in Peru that did not have the necessary conditions to guarantee the correct operation of the airplanes. Moreover, management was more expensive than income received in many

cases. Since 2004, a strategy was designed to allow the entry of private capital to the management of the airfields and led to this concession. According to Supervisory Body for Investment in Public Use Transportation Infrastructure (Ositran) data, the 12 concessioned airports transported 7.1 million passengers in the year 2023.

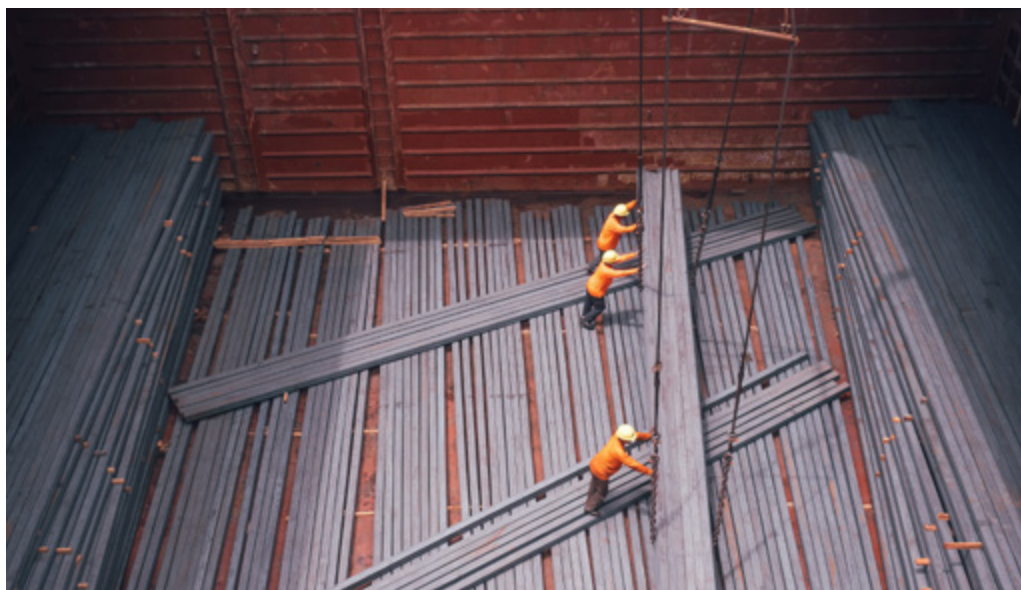


The following chart shows the passenger traffic evolution, with a compound annual growth rate of 2.6% (2019-2023), despite the impact of Covid-19 in 2020. This rapid recovery reflects public interest and the need for airport projects in Perú's regions.

Evolution of Passenger Traffic



Source: Supervisory Agency for Investment in Public Use Transport Infrastructure (OSITRAN) (2024).
Elaboration: EY.



2. Provision of sanitation services for the southern districts of Lima - Provisur

The Project began commissioning in October 2020. The project benefits more than 24,000 inhabitants of the districts of Punta Hermosa, Punta Negra, San Bartolo and Santa María del Mar. The project covers the drinking water supply and sewage service, sanitary, treatment and final disposal of wastewater.

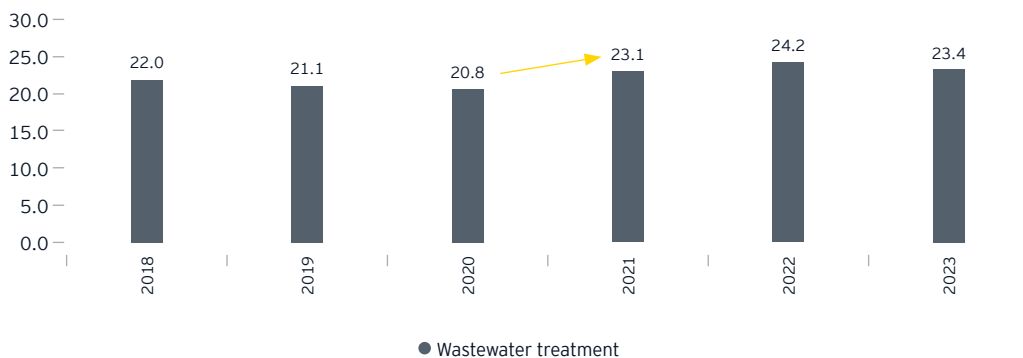
According to what was reported by Sedapal regarding the implementation of the project, the coverage of the drinking water supply system would increase, improving the quality

of life of the population of said districts. Meanwhile, the Taboada Wastewater Treatment Plant has become the main treatment system in South America²⁰.

The impact regarding sanitation services in the project districts is reflected in the number of capable home connections. According to Sunass (2023), since May 2021 the number of connections has had a monthly growth between 0.88% and 2.46%.

The following chart shows the growth of wastewater treatment, which is explained, in part, by the implementation of the project.

Evolution of Wastewater Treatment by SEDAPAL (in Cubic Meters/Second)



Source: SEDAPAL Annual Report 2018, 2019, 2020, 2021, 2022 and 2023.
Elaboration: EY.

²⁰ www.investinperu.pe/RepositorioAPS/0/1/JER/APP_CASOS_ESTUDIO_III/APPROVISURVF.pdf

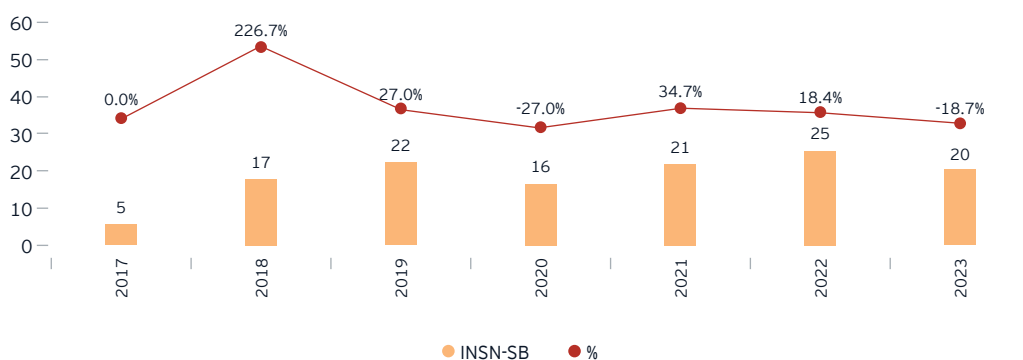


3. National Institute of Children's Health San Borja


The National Institute of Children's Health San Borja Project (INSN - SB) has been developed under the Public-Private Partnership modality. The project is located in San Borja district in Lima. It consists of the management of the complementary services of the San Borja National Institute of Children's Health (INSN-SB), which provides highly specialized services to pediatric patients and has 253 care beds and 13 surgery rooms.

The project began in October 2014. The correct management of the institute has allowed it to be able to serve an increasingly larger population. INSN - SB attentions have had a compound annual growth rate of 25.1% (2017-2023)²¹, benefiting the assistance networks of the Insured of the Sabogal Assistance Network and the Rebagliati Assistance Network.

Number of medical visits (in Thousand)



Source: *INSNSB management board.*
 Elaboration: *EY.*

²¹ https://portal.insnsb.gob.pe/tabledegestion/index.php/UPSS_EmeE/ 

4. Projects Pipeline for Closing Gaps

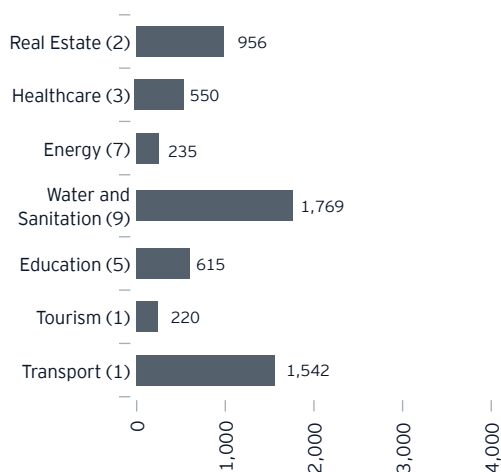
Seeking to close the existing infrastructure gap, the Peruvian government has developed different mechanisms to promote and create incentive for private investment in infrastructure projects.

Through these mechanisms, diverse infrastructure projects have been implemented, including a vast number of sectors, different levels of competency (local, regional or national projects) and amount of investment (large, medium or small). All have in common their positive impact on the quality of life of Peruvian citizens. Bearing in mind the above, Peruvian institutions have developed their project pipelines for the coming years. These are not limited (unsolicited proposals can be presented) and are gradually updated for the incorporation of new projects as new studies are developed.

1. Public-Private Partnerships (PPPs) Projects Pipeline

The Project Pipeline (2024 - 2026) under the Public-Private Partnership (PPPs) mechanism includes a total of 41 projects, which are at different stages of maturity: 29 matured projects and 12 maturing projects. Regarding the matured ones, they are distributed in different sectors with a total estimated investment of USD6.9 billion²². The main sectors by investment are Water and Sanitation (9 projects), Transportation (1 project), Real Estate (2 projects), Healthcare (3 projects) and Education (5 projects).

Project Pipeline investment by Sector (in USD millions)



Source: ProInversión (Sep-2024).

²² Private Investment Promotion Agency (ProInversión). <https://www.investinperu.pe/es/app/portafolio-de-proyectos>



Public-Private Partnerships (PPPs) Projects Pipeline

There are 29 projects that are in an advanced stage of development, with a view to being awarded between 2024 and 2026.

Matured Projects (2024 - 2026) (in USD millions)

	Structuring	Transaction	
2024		<ul style="list-style-type: none"> ▶ Longitudinal de La Sierra Highway, Section 4: 1,542 ▶ Ancon Industrial Park: 762 ▶ New Villa El Salvador Emergency Hospital: 290 ▶ Group 4 - Electrical Projects of the Transmission Plan: 101 ▶ Group 3 - Electrical Projects of the Transmission Plan: 134 ▶ Waste Water Treatment Plant (WWTP) Puerto Maldonado: 98 	<p>Water and sanitation</p> <ul style="list-style-type: none"> ▶ 9 Projects <p>Energy</p> <ul style="list-style-type: none"> ▶ 7 Projects
	<ul style="list-style-type: none"> ▶ El Algarrobo Mining project: 1,000 ▶ Waste Water Treatment Plant (WWTP) Trujillo, La Libertad: 398 ▶ Waste Water Treatment Plant (WWTP) Huancayo, El Tambo and Chilca: 267 ▶ Schools at Risk Lima Metropolitan Area: 255 ▶ New Central Military Hospital: 230 ▶ Choquequirao Cableway: 220 		<p>Healthcare</p> <ul style="list-style-type: none"> ▶ 3 Projects <p>Education</p> <ul style="list-style-type: none"> ▶ 5 Projects
2025	<ul style="list-style-type: none"> ▶ Desalination Plant Ilo, Moquegua: 171 ▶ Waste Water Treatment Plant (WWTP) Tarapoto y San José de Sisa, San Martín: 135 ▶ Waste Water Treatment Plant (WWTP) Ica, Chincha: 97 ▶ Waste Water Treatment Plant (WWTP) Cajamarca: 70 ▶ School at Risk Cusco: 59 ▶ Waste Water Treatment Plant (WWTP) Cusco: 53 ▶ Comprehensive management of solid waste in health facilities of the ministry of health in Metropolitan Lima (GIRSE): 30 	<ul style="list-style-type: none"> ▶ Lima Convention Center: 194 	<p>Real estate</p> <ul style="list-style-type: none"> ▶ 2 Projects <p>Transport</p> <ul style="list-style-type: none"> ▶ 1 Project
	<ul style="list-style-type: none"> ▶ Head works and Conduction for the Drinking Water supply in Lima: 480 ▶ Schools at Risk Ate and San Juan de Lurigancho districts: 140 ▶ Schools at Risk Comas and San Martín de Porres (SMP) districts: 91 ▶ Schools at Risk Villa Maria del Triunfo (VMT) districts: 70 		<p>Tourism</p> <ul style="list-style-type: none"> ▶ 1 Project <p>Mining</p> <ul style="list-style-type: none"> ▶ 1 Project
2026			

Source: ProInversión (Sep-2024).
Elaboration: EY.

Public-Private Partnerships (PPPs) Projects Pipeline

There are 12 projects that are in the formulation stage, which are expected to be awarded between 2025 and 2026, with an estimated investment amount of USD3.8 billion.

Maturing Project (2025-2026 onward)

	Formulation	
2025	▶ Peninsul Pacific Port: 767	▶ 4 Projects
	▶ Chimbote International Port Terminal: 245	
	▶ Children's Health Institute (Operation and maintenance): 125	▶ 3 Projects
2026	▶ Chinecas project: 750	
	▶ Thrid Group of airports: 550	
	▶ Chavimochic Especial Project Stage III: 450	▶ 2 Projects
	▶ National Hospital Hipolito Unanue: 250	
	▶ Cajamarca Hospital (Operation and maintenance): 179	
	▶ Rural Sanitation Iquitos: 155	▶ 2 Projects
	▶ Sullana Hospital (Operation and maintenance): 154	
	▶ Water Waste Treatment Plant (WWTP) Cañete: 144	
	▶ Desalination Plant Lambayeque: 49	▶ 1 Project

Source: ProInversión (Sep-2024).
Elaboration: EY.

Public-Private Partnerships (PPPs) Projects Pipeline

For the 2024-2026 period, 29 projects are being promoted, with an estimated investment amount of USD6.9 billion.

Water and sanitation

▶ 9 Projects

Energy

▶ 7 Projects

Healthcare

▶ 3 Projects

Education

▶ 5 Projects

Real estate

▶ 2 Projects

Transport

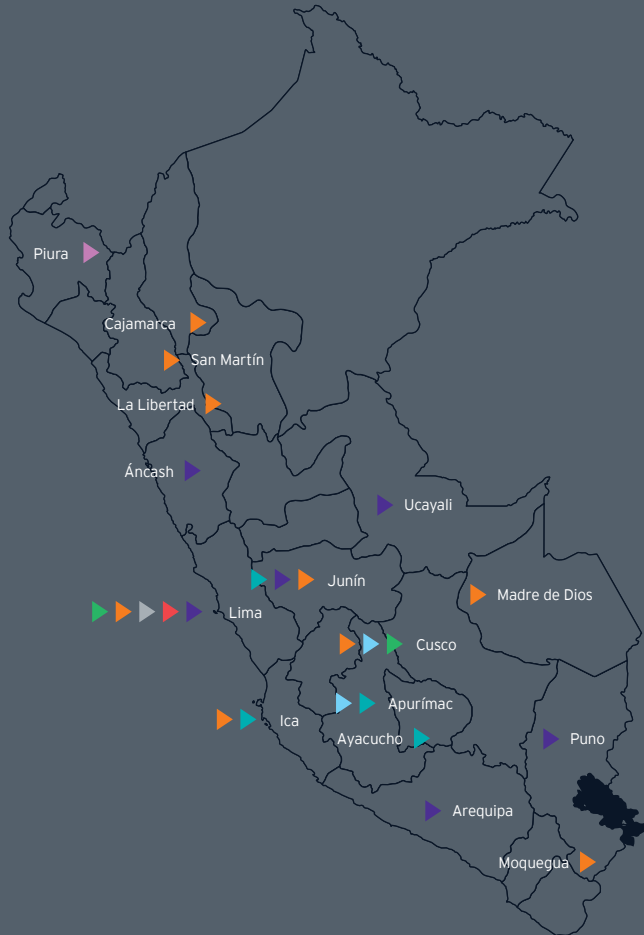
▶ 1 Project

Tourism

▶ 1 Project

Mining

▶ 1 Project



Source: ProInversión (Sep-2024).
Elaboration: EY.

Projects Pipeline

The following table shows the investments for each project according to the sector with a total investment of USD6.9 billions.



click on the title to go directly to the project

Projects	Investment (in USD millions)	Term
Transportation	1,542	
▶ Longitudinal de La Sierra Highway, Section 4	1,542	25
Energy	235	
▶ Group 3 - Electrical Projects of the Transmission Plan	134	30
▶ Group 4 - Electrical Projects of the Transmission Plan	101	30
Water and Sanitation	1,769	
▶ Waste Water Treatment Plant (WWTP) Puerto Maldonado	98	23
▶ Head works and Conduction for the Drinking Water supply in Lima	480	30
▶ Waste Water Treatment Plant (WWTP) Huancayo, El Tambo and Chilca	267	22
▶ Waste Water Treatment Plant (WWTP) Ica, Chincha	97	24
▶ Waste Water Treatment Plant (WWTP) Tarapoto y San José de Sisa, San Martín	135	24
▶ Waste Water Treatment Plant (WWTP) Trujillo, La Libertad	398	25
▶ Waste Water Treatment Plant (WWTP) Cusco	53	24
▶ Waste Water Treatment Plant (WWTP) Cajamarca	70	26
▶ Desalination Plant Ilo, Moquegua	171	25
Education	615	
▶ Schools at Risk Lima Metropolitan Area	255	20
▶ School at Risk Cusco	59	20
▶ Schools at Risk Villa Maria del Triunfo (VMT) districts	70	20
▶ Schools at Risk Comas and San Martín de Porres (SMP) districts	91	20
▶ Schools at Risk Ate and San Juan de Lurigancho districts	140	20
Healthcare	550	
▶ New Villa El Salvador Emergency Hospital	290	16
▶ Comprehensive management of solid waste in health facilities of the ministry of health in Metropolitan Lima (GIRSE)	30	20
▶ New Central Military Hospital	230	20
Real Estate	956	
▶ Ancon Industrial Park	762	16
▶ Lima Convention Center	194	15
Tourism	220	
▶ Choquequirao Cableway	220	20
Mining	1,000	
▶ El Algarrobo Mining project	1,000	To be defined
Total	6,887	

Sources: ProInversión (Sep-2024).

Elaboration: EY.



► Transportation (roads)

Longitudinal de La Sierra Highway, Section 4

This project consists of the execution of works of improvement and rehabilitation, maintenance and operation of approximately 970 km, of the road in the highlands of Peru, which connects 12 regions and crosses the Andean regions from end to end.

► Investment (in USD millions)

1,542

► Term

25 years

► Condition

Co-financed Private Initiative

► Stage

Transaction – Award by Competition
(IV.T. 2024)

► Regions

Junín, Huancavelica, Ica,
Ayacucho, Apurímac

► More information

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=80>





▶ Energy (electricity)

Group 3 - Electrical Projects of the Transmission Plan

This group of projects it's conformed by the following: i) New Palca 220 kV Substation, ii) 220 kV Palca-La Pascana Transmission Line, Expansions and Associated Substations (Arequipa) (ITC Project), iii) 220 kV Planicie - Industriales Link, Expansion to 3rd Circuit (ITC Project), iv) 138 kV Abancay Nueva - Andahuaylas Link, Expansions and Associated Substations (ITC Project), v) 138 kV San Román - Yocara - Maravilla (Juliaca) Link, Expansions and Associated Substations (ITC Project) and vi) 138 kV San Rafael Derivation - Ananea Link, Expansions and Associated Substations (ITC Project).

▶ **Investment (in USD millions)**

134

▶ **Term**

30 years

▶ **Condition**

Self-financed Public Initiative

▶ **Stage**

Transaction - Award by Competition (III.T.24)

▶ **Regions**

Apurímac, Arequipa, Puno, Lima

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=681>



Group 4 - Electrical Projects of the Transmission Plan

This group of projects it's conformed by the following: i) 220 kV Aguaytía - Pucallpa Link, Substations, Lines and Associated Expansions (ITC Project), ii) Increased Reliability of the 138-60KV Electrical System of Tarma - Chanchamayo and iii) Increased Capacity and Reliability (N-1 Criterion) of the Huaraz Electrical System Supply (ITC Project).

▶ **Investment (in USD millions)**

101

▶ **Term**

30 years

▶ **Condition**

Self-financed Public Initiative

▶ **Stage**

Transaction - Award by Competition (IV.T.24)

▶ **Regions**

Ucayali, Áncash, Junín

▶ **More information**

<https://info.investinperu.pe/proyectos/proceso-2-del-plan-de-transmision-2023-2032/>





▶ Water and Sanitation

Waste Water Treatment Plant (WWTP) Puerto Maldonado

This project includes the design, financing, construction, operation and maintenance of WWTP in Chapajal of 400 l/s, installation of nine collectors, construction of six pumping chambers and drive lines.

▶ **Investment (in USD millions)**

98

▶ **Term**

23 years

▶ **Condition**

Co-financed Public Initiative

▶ **Stage**

Transaction - Award by Competition (IV.T.24)

▶ **Region**

Madre de Dios

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPyecto=115>



Head Works and Conduction for the Drinking Water Supply in Lima

This project includes the design, financing, construction, operation and maintenance of the following works: Regrowth of Pomacocha and Huallacocha Bajo Dams, Trans-Andean Tunnel (10 km), Huachipa II Water Treatment Plant (5 m³/s), supplementary reservoirs (137,000 m³), South Branch (40 km) including seven reservoirs and interconnection lines (90 km). It also includes the operation and maintenance of the following existing works: Huachipa Bocatoma, Huachipa I Plant (5 m³/s) and North Branch (27 km)

▶ **Investment (in USD millions)**

480

▶ **Term**

30 years

▶ **Condition**

Self-financed Public Initiative

▶ **Stage**

Structuring - Award by Competition (2026)

▶ **Regions**

Junín, Lima

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPyecto=61>





▶ Water and Sanitation

Waste Water Treatment Plant (WWTP) Huancayo, El Tambo and Chilca

This project includes the new layout of six collectors, construction of four wastewater pumping stations and construction of a WWTP of 80,700 m³/h of average flow, in order to provide treatment to wastewater for reuse

▶ **Investment (in USD millions)**

267

▶ **Term**

22 years

▶ **Condition**

Co-financed Private Initiative

▶ **Stage**

Structuring - Declaration of Interest (I.I.25)

▶ **Region**

Junín

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=85>



Waste Water Treatment Plant (WWTP) Ica, Chincha

This project includes the new layout of collectors, construction of wastewater pumping stations and construction of a WWTP in order to provide treatment to wastewater for reuse.

▶ **Investment (in USD millions)**

97

▶ **Term**

24 years

▶ **Condition**

Co-financed Private Initiative

▶ **Stage**

Structuring - Declaration of Interest (I.I.25)

▶ **Region**

Ica

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=151>






▶ Water and Sanitation


Waste Water Treatment Plant (WWTP) Trujillo, La Libertad

This project include design, financing, construction, operation, and maintenance of Primary Sewer Collectors, Wastewater Pumping Stations, Force Mains, Sewer Outfalls, Wastewater Treatment Plants, and Discharge Emissaries for the cities of Trujillo and Chepén in the La Libertad region.

- ▶ **Investment (in USD millions)**
398
- ▶ **Term**
25 years
- ▶ **Condition**
Co-financed Private Initiative
- ▶ **Stage**
Structuring - Declaration of Interest (II.T.25)
- ▶ **Region**
La Libertad
- ▶ **More information**
<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=155> 

Waste Water Treatment Plant (WWTP) Cusco

This project includes expansion of the primary conveyance capacity (interceptor) and wastewater treatment (San Jerónimo WWTP) of the existing infrastructure.

- ▶ **Investment (in USD millions)**
53
- ▶ **Term**
24 years
- ▶ **Condition**
Co-financed Private Initiative
- ▶ **Stage**
Structuring - Declaration of Interest (III.T.25)
- ▶ **Region**
Cusco
- ▶ **More information**
<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=152> 





▶ Water and Sanitation

Waste Water Treatment Plant (WWTP) Cajamarca

This project includes the optimization of the sewer network, rehabilitating and redirecting the main sewage collectors towards the existing inoperative WWTP (Wastewater Treatment Plant). Additionally, the construction of a new wastewater treatment plant at the site of the existing WWTP for its replacement is considered.


- ▶ **Investment (in USD millions)**
70

- ▶ **Term**
26 years

- ▶ **Condition**
Co-financed Private Initiative

- ▶ **Stage**
Structuring - Declaration of Interest (I.T.25)

- ▶ **Region**
Cajamarca

- ▶ **More information**
<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=148> 

Desalination Plant Ilo, Moquegua

This project includes meeting the unmet demand for drinking water for the beneficiary population and improving service quality by providing continuous (24-hour) access to quality drinking water throughout the concession period. It encompasses producing potable water from two sources: surface water capture from the Pasto Grande system (211 l/s) and seawater desalination (432.93 l/s), as well as upgrading and expanding the “Pampa Inalámbrica” WTP with an ultrafiltration + reverse osmosis system to remove boron and other inorganic elements. The project also involves the improvement of existing conveyance lines (6890 m), enhancement of current pumping stations, and rehabilitation and construction of reservoirs.


- ▶ **Investment (in USD millions)**
171

- ▶ **Term**
25 years

- ▶ **Condition**
Co-financed Private Initiative

- ▶ **Stage**
Structuring - Declaration of Interest (II.T.25)

- ▶ **Region**
Moquegua

- ▶ **More information**
<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=107> 



► Education

Schools at Risk Lima Metropolitan Area

This project includes the construction, equipment, operation of supplementary services and the maintenance of school infrastructure, furniture and equipment of 13 schools.

► **Investment (in USD millions)**

255

► **Term**

20 years

► **Condition**

Co-financed Private Initiative

► **Stage**

Structuring - Declaration of Interest (II.T.25)

► **Region**

Lima

► **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=12>



School at Risk Cusco

This project includes the construction, equipment, operation of supplementary services and the maintenance of school infrastructure of three schools in districts of Cusco, Wanchaq and San Jeronimo.

► **Investment (in USD millions)**

59

► **Term**

20 years

► **Condition**

Co-financed Private Initiative

► **Stage**

Structuring - Declaration of Interest (III.T.25)

► **Region**

Cusco

► **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=9>





▶ Education

Schools at Risk Villa María del Triunfo (VMT) districts

This project includes the construction, equipment, operation of supplementary services and the maintenance of infrastructure, furniture and equipment of schools - 5 Projects.

▶ **Investment (in USD millions)**

70

▶ **Term**

20 years

▶ **Condition**

Co-financed Private Initiative

▶ **Stage**

Structuring - Award by Competition (2026)

▶ **Region**

Lima

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=60>



Schools at Risk Comas and San Martín de Porres (SMP) districts

This project includes the construction, equipment, operation of supplementary services and the maintenance of school infrastructure, furniture and equipment - 9 Projects.

▶ **Investment (in USD millions)**

91

▶ **Term**

20 years

▶ **Condition**

Co-financed Private Initiative

▶ **Stage**

Structuring - Award by Competition (2026)

▶ **Region**

Lima

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=8>





► Education

Schools at Risk Ate and San Juan de Lurigancho districts

This project includes the construction, equipment, operation of supplementary services and the maintenance of school infrastructure, furniture and equipment - 14 Projects.

► Investment (in USD millions)

140

► Term

20 years

► Condition

Co-financed Private Initiative

► Stage

Structuring - Award by Competition (2026)

► Region

Lima

► More information

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=11>





▶ Healthcare

New Villa El Salvador Emergency Hospital

This project includes the operation and maintenance of the following services: a) Maintenance and operation of the building, facilities, and associated electromechanical equipment, b) Maintenance and replacement of clinical and non-clinical equipment, c) Warehouse management (general, specialized, general archive and medical records), and d) Operation and maintenance of general services (food services, laundry and wardrobe, cleaning and vector management, surveillance and comprehensive security, information and communication technologies).

▶ **Investment (in USD millions)**

290

▶ **Term**

16 years

▶ **Condition**

Co-financed Private Initiative

▶ **Stage**

Transaction - Award by Competition (IV.T.24)

▶ **Region**

Lima

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=161>



Comprehensive Management of Solid Waste in Health Facilities of the Ministry of Health in Metropolitan Lima (GIRSE)

This project consists of provide solid waste conditioning, segregation, storage, transportation, treatment and disposal services for 387 MINSA health facilities in Metropolitan Lima. It includes building, operating and maintaining facilities for the treatment of bio contaminated and special solid waste.

▶ **Investment (in USD millions)**

30

▶ **Term**

20 years

▶ **Condition**

Co-financed Private Initiative

▶ **Stage**

Structuring - Declaration of Interest (III.T.25)

▶ **Region**

Lima

▶ **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=15>





► Healthcare

New Central Military Hospital

This project includes design, build, maintain, and operate the Central Military Hospital.

► **Investment (in USD millions)**

230

► **Term**

20 years

► **Condition**

Co-financed Private Initiative

► **Stage**

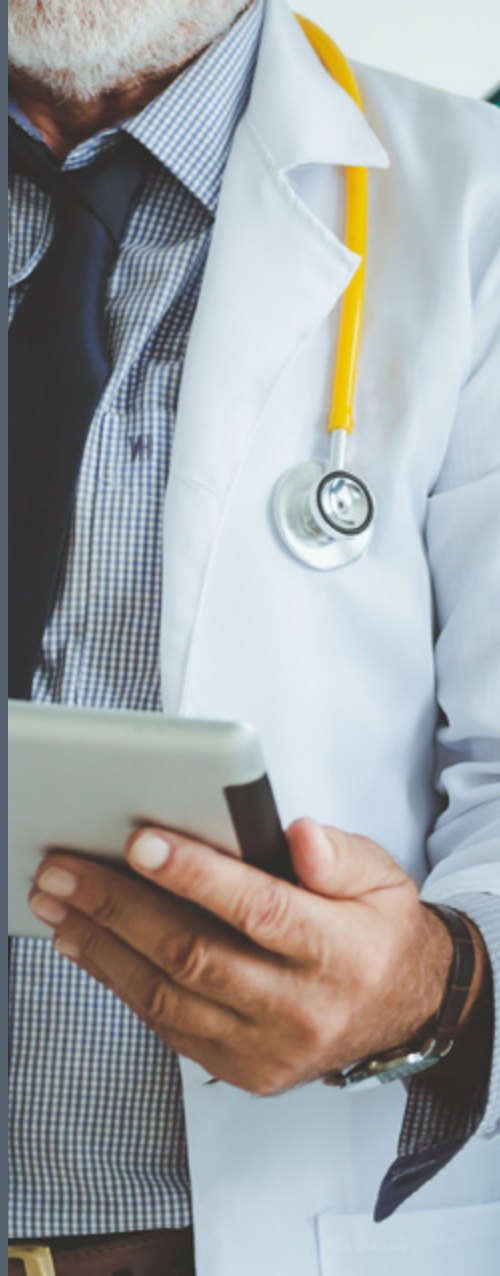
Structuring - Declaration of interest (III.T.25)

► **Region**

Lima

► **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=70>





► Real Estate

Ancon Industrial Park

This project consists of a modern space for industrial companies of different scale. It will operate under international standards and become the new industrial development center in the northern area of Lima, as well as a benchmark for innovation, modernity, technology, sustainability, entrepreneurship and development.

- **Investment (in USD millions)**
762
- **Term**
16 years
- **Condition**
Assets Project Private Initiative
- **Stage**
Transaction - Award by Competition (IV.T.24)
- **Region**
Lima
- **More information**
<https://www.investinperu.pe/es/app/DatosProyecto?idAPProyecto=35>

Lima Convention Center

This project includes operation and maintenance.

- **Investment (in USD millions)**
194
- **Term**
15 years
- **Condition**
Co-financed Private Initiative
- **Stage**
Transaction - Award by Competition (II.T.25)
- **Region**
Lima
- **More information**
<https://www.investinperu.pe/es/app/DatosProyecto?idAPProyecto=119>





► Tourism

Choquequirao Cableway

This project includes design, construction, operation and maintenance of tourist road networks, cable transport systems, and corresponding stations.

► Investment (in USD millions)

220

► Term

20 years

► Condition

Co-financed Private Initiative

► Stage

Structuring - Award by Competition (III.T.25)

► Region

Apurímac, Cusco

► More information

<https://www.investinperu.pe/es/app/DatosProyecto?idAPPProyecto=29>





► Mining

El Algarrobo Mining Project

This project includes the exploration, exploitation through an underground mine, and the processing of a mineralized deposit located in the mining concessions Tambo Grande N° 4, Tambo Grande N° 5, Tambo Grande N° 9, and Tambo Grande N° 10. Additionally, the design and execution of hydraulic infrastructure projects are considered.

► **Investment (in USD millions)**

1,000

► **Term**

To be defined

► **Condition**

Assets Project Private Initiative

► **Stage**

Structuring - Declaration of Interest (I.T.25)

► **Region**

Piura

► **More information**

<https://www.investinperu.pe/es/app/DatosProyecto?idAPProyecto=104>



2. Works For Taxes (WT) Pipeline

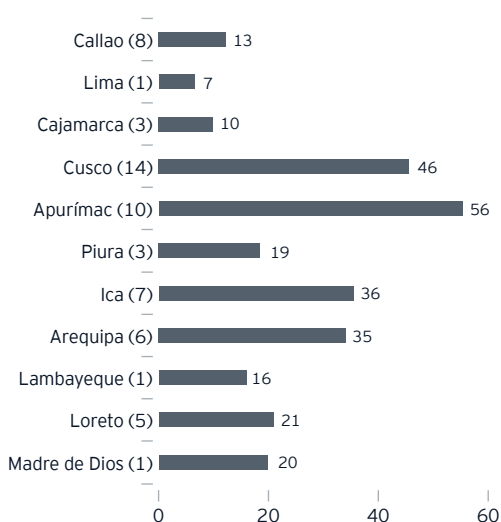
The pipeline under the Works for Taxes mechanism has a total of 376 projects that are at different stages of development: from the Idea stage (projects with political will to be formulated) to the Preliminary Report stage (projects ready to call for a selection process). These projects, distributed in different sectors, represent a total investment of USD3.5 billion.

Of the total number of projects, 59 have reached the final stages of the mechanism (Prioritization, Preliminary Actions, and With Preliminary Report), which unequivocally demonstrates national and local authorities commitment to initiating the award process. Furthermore, it is noteworthy that these projects have the support of an interested financial entity (investor).

The predominant sectors are Education (35 projects), Healthcare (3 projects), Sport (2 projects) and Sanitation (8 projects).

The regions with the highest estimated investment in Works for Taxes pipeline are Apurímac with USD57 million within 10 projects, Cusco with USD46 million within 14 projects, Ica with USD36 million within 7 projects, and finally, Arequipa USD35 million within 6 projects.

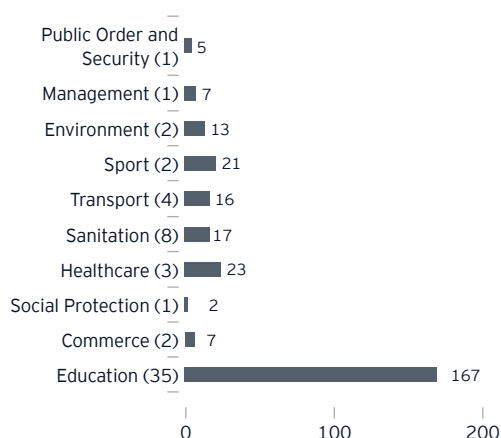
Investment by Region (in USD millions)



Source: ProInversión (Sep-2024).

Relevant projects have been identified, such as the creation of a specialized educational service for high school second grade students with high academic performance in the Madre de Dios, Loreto and Lambayeque regions with a total investment of USD55.5 million.

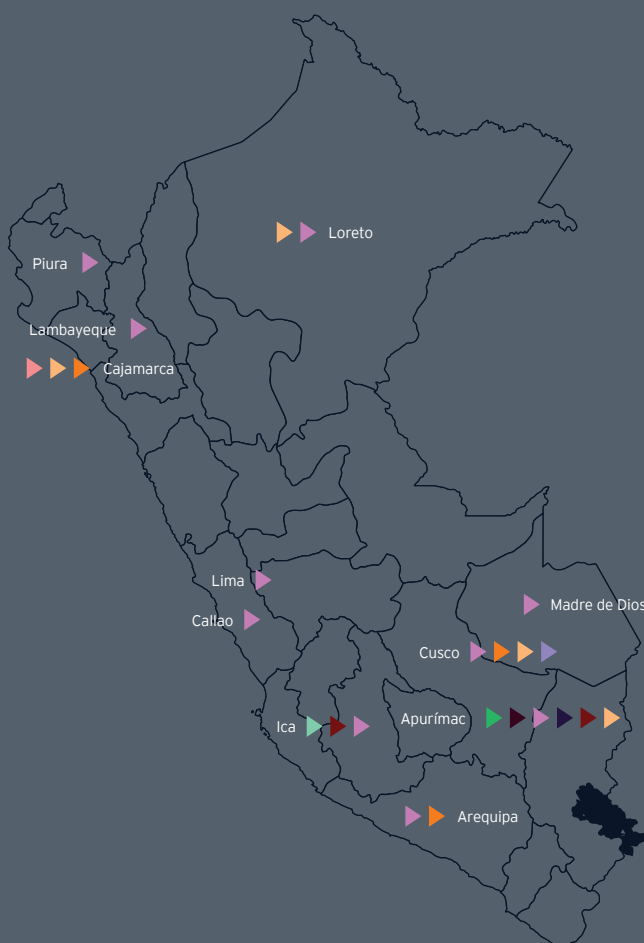
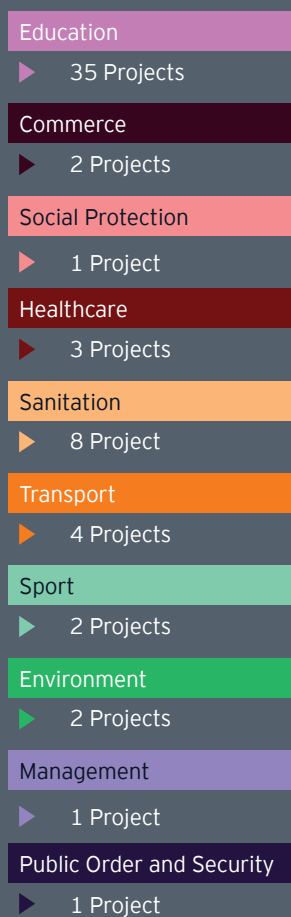
Investment by Sectors (in USD millions)



Source: ProInversión (Sep-2024).

Works For Taxes (WT) Projects Pipeline

For the 2023 period onward, 376 projects are being promoted with an estimated investment amount of USD3.5 billion. As of September 2024, only 59 projects are at last stages of the investment modality..



Source: ProInversión (Sep-2024).
Elaboration: EY.

3. Government to Government Pipeline

As announced in July 2024, the Government to Government (G2G) mechanism will be used for the development of emblematic infrastructure projects. The approximate investment commitment is estimated at USD816 million.

Government to Government (G2G) Pipeline

Project	Sector	Location	Estimated Investment (in USD millions)
Highway between Duran and Saramiriza bridges ²³	Transport	Loreto, Amazonas	371
Manuel Nuñez Butron Hospital of Puno ²⁴	Healthcare	Puno	91
Guillermo Diaz de la Vega Hospital of Apurímac ²⁵	Healthcare	Apurímac	216
Goyeneche Hospital of Arequipa ²⁶	Healthcare	Arequipa	138
Total Investment			816

Source: Address to the Nation by the President of the Republic of Peru, Dina Boluarte - July 28, 2024

²³ <https://www.gob.pe/institucion/regionamazonas/noticias/995704-presidenta-anuncia-inversiones-historicas-en-amazonas>

²⁴ <https://www.gob.pe/institucion/minsa/noticias/954261-promesa-cumplida-gobierno-declara-de-interes-nacional-la-construccion-del-nuevo-hospital-manuel-nunez-butron-de-puno>

²⁵ <https://www.gob.pe/institucion/minsa/noticias/918342-apurimac-ministro-de-salud-anuncio-que-hospitales-guillermo-diaz-de-la-vega-y-andahuaylas-seran-una-realidad>

²⁶ <https://www.gob.pe/institucion/regionarequipa/noticias/995091-nuevo-hospital-goyeneche-se-hara-realidad>



5. Access to Infrastructure Financing

1. Local and International Players in Peru

One of the key incentives for governments to promote and develop infrastructure projects through Public-Private Partnerships (PPPs) is the possibility of attracting alternative financing resources from different sources. The financing mechanisms most commonly used in PPP are:

1. Government funding or guarantees,
2. Traditional project finance, or a mixture of both.

In the first case, the government participates in funding capital investments or granting guarantees, among others, to support the country's infrastructure development and to encourage financial institutions to participate in the funding of these projects, while in the second case, third-party funding is supported by revenues generated solely by the project's operations. Thus, an evaluation of the project's bankability becomes crucial. Either way, a Special Purpose Vehicle (SPV) is created exclusively to develop the project, access funding and isolate project risks. In this context, during the structuring phase stage it is essential to develop bankable infrastructure projects that will have the capacity of attracting capital to ensure the viability of the projects. In addition, it is necessary to carry out a market analysis to know how willing the financial market is to finance this type of projects in order to achieve financial closing. The concessionaire or SPV must secure the funds required to finance the costs of the project, which include civil

works, procurement and initial expenses to accomplish the obligations of the construction phase.

As mentioned in the previous section, in the last few years the Peruvian government has increased the participation of the private sector in developing infrastructure projects through different mechanisms, including PPPs. Consequently, both government and private sector understand the dynamics of these projects and, therefore, most of the requirements demanded by local and international financial institutions. Primarily, these participants take into consideration the characteristics of the projects and the terms, guarantees and risk mitigation mechanisms established in PPP contracts. At the same time, concessionaires seek the best financing conditions available in the market, which will also depend on the macroeconomic conditions of the country, track record on PPPs, and financial variables such as the debt instruments used, interest rate, debt term, currency, among others.

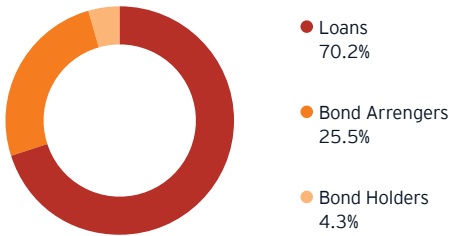
Funding infrastructure projects in Peru has included the participation of two financing sources:

1. The traditional financial system, including banks, multilaterals and development institutions, and
2. The capital market. The chart below presents the financial institutions that have participated as direct lenders, bond holders, and bond arrangers for achieving the financial closing in PPP projects, for diverse sectors, between 2000 and 2024, according to Inframation.

Multilateral development banks and development institutions such as International Finance Corporation (IFC), Inter-American Development Bank (IDB), US International Development Finance Corporation - DFC and IDB Invest, FMO have also played an important role in providing financial support for the development of infrastructure projects in Peru, specifically in Transportation sector, including, roads, airports and ports. Foreign institutions have also shown great interest in funding local projects in Transportation, Power, Environment, Telecommunication sectors, including American, European and Asian financial institutions.

As shown in the table below, most lenders lean toward loans, and then bond arrangers. A small percentage are classified as bondholders.

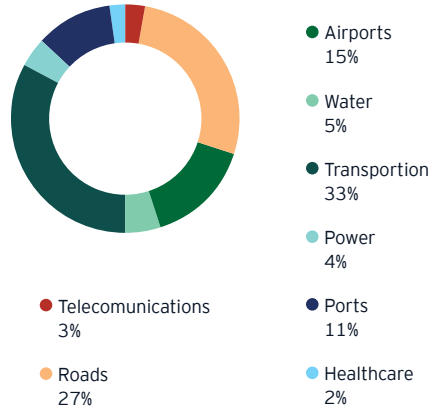
Lender by type (in percentage %)



Source: Inframation.

The Transportation sector, including Roads, Airports and Ports sub-sectors, represents the highest proportion of debt financing transactions with 85.8%, followed by the Water sector (5.4%), Power (3.8%), Telecommunications (3.1%), and Healthcare infrastructure (1.9%).

Sector Distribution of Financing Transactions (in percentage %)



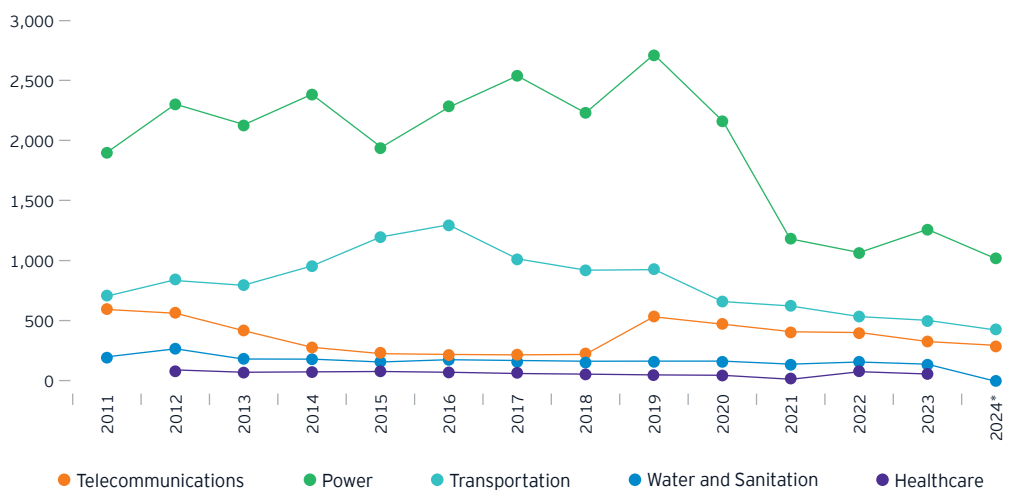
Source: Inframation.

These results show the transactions executed by concessionaires for achieving the financial closing of PPP projects in Peru, in the banking system and capital markets. As it is well known, both markets provide funding alternatives with conditions and terms to be evaluated by the Special Purpose Entity (SPV) in order to find the best financing options for the projects, for the construction (financial closing) and operation and maintenance activities. For instance, the bond market has become an important funding source for infrastructure projects in Peru, taking into account that pension funds represent one of the key investors. Investors seek this type of investment opportunities to generate long term returns compatible with their objectives.

According to the Superintendence of Banking, Insurance and Private Pension Fund Management Companies (SBS) in Peru, for the 2008-2024 (August 31st) period, pension fund investments in infrastructure projects have decreased at a compounded annual rate of 1.38%. This fall could be due to political or economic factors affecting the stability and profitability of projects, making investment

in infrastructure perceived as higher risk. As of December 31, 2019, the investment portfolio in infrastructure projects of local pension funds was worth USD4.4 billion, this fund has been reduced to USD2,129 until 2023. This comprises issue by companies (with infrastructure projects), infrastructure investment funds and infrastructure projects.

Evolution of Investment Portfolios of Pension Funds in Infrastructure Projects by Sector 2008 - 2024 (in USD millions)



*As of August 31, 2024.

Sources: Superintendence of Banking, Insurance and Pension Fund Management Companies (SBS).

The charts above show the evolution of investment in different sectors, led by Power and Transportation, which in 2024 jointly represented 58.3% and 24.3%, respectively, of the total portfolio. As to the sub-sector distribution, as of August 31, 2024, a significant amount of pension funds has been invested in Electric Power Distribution (30%) and Roads projects (23.9%).

2. Financial Closing - Recent Successful Experiences

In this section, two examples of recent successful financing transactions are presented:

1. The financial closing of the Transmission Lines La Niña-Piura, Pariñas-Nueva Tumbes, Tingo María-Aguaytía, which was achieved in 2023, and
2. The financial closing of the San Martín Terminal Port, having EY the financial advisory role.

The Transmission Lines La Niña-Piura, Pariñas-Nueva Tumbes, Tingo María-Aguaytía is a self-financed PPP project that includes the design, finance, construction, operation and maintenance of the Transmission Lines. It was awarded to a company for 30 years, with an estimated investment of USD180 million. The financial closing was achieved in December 2023.

The transaction involved a term loan of USD180 million for seven years and a debt service reserve facility of USD12.9 million for seven years.

The San Martín Port Terminal is a project developed under a self-financed PPP scheme that includes the design, finance, construction, operation and transfer of the port, awarded to a consortium for 30 years, with an estimated investment of USD215 million. The concessionaire presented the required financial closing documentation for its approval in February 2018.

The financial viability and development of infrastructure projects require a complete understanding of how financial markets work. In the early stages of the project evaluation, an optimal risk analysis is crucial in order to include the most efficient allocation arrangements between the parties and establish mitigation mechanisms to reduce any effect in the project.



In addition, the regulations and conditions established in the contracts must provide guarantees to the potential lenders to ensure the repayment of debt obligations and mechanisms to avoid interruptions in the project operations, such as the “step- in rights” regulated in the Peruvian Law on Public-Private Partnerships. Therefore, it is important to ensure an efficient risk allocation between the parties to avoid problems in the future.

Market soundings are also necessary to anticipate the information and requirements that will be demanded to the potential lenders and thus evaluate the best sources of funding for each project, such as banks or capital markets. The feedback provided by the market will help ensure the viability of the projects throughout a long-term contract. Therefore, having a complete and updated understanding of local financial and capital markets, as well as the current appetite for financing infrastructure investments in Peru is an important factor for raising the required funding.



4



Executive Summary

These are challenging times for everyone, not only in Peru but across the globe. Times that require, probably more than ever, promoting public and private investment in infrastructure in order to close the infrastructure gap and provide quality and adequate services to our citizens.

Peru, as a country, has gained valuable experience in promoting foreign and domestic investment in infrastructure over the past 30 years. One of the core pillars of these promotional efforts is the friendly legal framework throughout our hierarchical structure, i.e., from the Peruvian Constitution to directives and ministerial resolutions that seek to promote Public-Private Partnerships (PPP's) , Government-to-Government (G2G) Contracts, Infrastructure Through Works for Taxes (WT), etc.

Our Constitution grants the following rights to Peruvian and foreign investors:

- ▶ Equal and non-discriminatory treatment.
- ▶ Free capital transfer.
- ▶ Right to free competition.
- ▶ Guarantee of private property.
- ▶ Freedom to transfer abroad profits from their investments in Peru and to pay royalties to non-domiciled entities.
- ▶ No currency exchange control.

We are expecting a second wave of infrastructure investment in the coming years, leveraging the lessons learned in recent years and the strengths that Peru has achieved with the effort of all its citizens.

There have recently been a number of positive changes to the PPP and Works for Taxes (WT) legislation. For instance, Specialized Project Management and Execution Bodies (OEGEPs) will now consolidate all the internal processes of PPP projects. There has also been an increase in resources to fund local and regional projects under the Works for Taxes (WT) regime, as well as the execution of projects for Investment in Optimization, Marginal Expansion, Repair, and Replacement, which will undoubtedly make for a more dynamic execution of infrastructure projects.

We also applaud state efforts in recent years to implement infrastructure through Government-to-Government (G2G) Contracts with different states. While G2G contracts are here to stay, it is not only advisable to implement infrastructure using all other legal tools (PPP and WT) available, but it is also necessary to seek mechanisms that ensure the concrete articulation of these tools, so that they are not mutually exclusive but rather complementary. This will lead to greater dynamism in the sector, help reduce the infrastructure gap, create more formal jobs, and decrease the poverty rate.

1. Promotion of the Private Investment

Since 1993, the Peruvian government has focused on promoting national and foreign private investment. This path began with our Constitution (1993), which is a cornerstone to encourage and guarantee private investment in every field within one of the most attractive legal frameworks in the region.

One of the main foundations for promoting investment under the Peruvian legal framework is the non-discrimination principle in the treatment of foreign and local (Peruvian) investments.

Peru seeks to attract both domestic and foreign investment in all sectors of the economy. To achieve this goal, it has taken the necessary steps to establish a consistent investment policy that eliminates any barriers that foreign investors may encounter. As a result, Peru is considered to provide one of the most open investment systems in the world.

Peru has adopted a legal framework that requires no previous authorization for foreign investment. In this regard, foreign investments are allowed without restriction in the large majority of economic activities. The activities with restrictions are very specific. In addition, Peru has a legal framework to protect the economic stability of investors and to reduce government interference in economic activities.

1. The Peruvian Constitution

- ▶ Peruvian and foreign investments are subject to the same conditions. As a consequence of this Constitution, Peru's legal provisions, regulations, and practices do not discriminate between domestic and foreign corporations.
- ▶ Property rights are guaranteed by the Peruvian government. No one shall be deprived of their property, except, exclusively, due to national security or public need established by law and previous cash payment to the titleholder of the appraised property, which shall include compensation for potential damages. Foreign individuals and/or entities are entitled to the same treatment as Peruvians. However, within 50 kilometers from the national borders, foreigners may not acquire or possess, under any title, directly or indirectly, mines, lands, woods, water, fuel, or energy sources, whether individually or in partnership, under penalty of losing the right so acquired in favor of the Peruvian government. The only exception to this provision involves cases of public need expressly established by an Executive Order (*Decreto Supremo*).
- ▶ The Peruvian government guarantees the free possession and disposal of foreign currency. Therefore, there are no restrictions on remittance of profits, international transfers of capital, or foreign exchange practices.

- ▶ Freedom of economic private initiatives.
- ▶ The freedom of contract guarantees that the parties may negotiate without restrictions, according to the regulations in effect at the time of the contract. Contract terms and conditions may not be amended by laws or any other provision whatsoever.

2. Regulations and Rules that Encourage Private Investment

Our Constitution is not the only regulation that encourages private investment. Peru offers a favorable legal framework that protects foreign investors' interests by offering them:

- ▶ Equal and non-discriminatory treatment.
- ▶ Unrestricted access to the majority of economic sectors.
- ▶ Free capital transfer.

Peruvian and foreign investors are also provided with:

- ▶ Right to free competition.
- ▶ Guarantee of private property (no expropriations or nationalizations).
- ▶ Freedom to purchase shares in Peruvian corporations.
- ▶ Freedom to access internal and external credit.
- ▶ Freedom to transfer abroad profits from their investments in Peru and to pay royalties to non-domiciled entities.
- ▶ Simplicity for most operations, whether in local currency (Sol) or U.S. Dollars, without foreign exchange control.

The main legal provisions and regulations related to the promotion of foreign private investment are:

- ▶ Legislative Order (*Decreto Legislativo*) 662, Legal Stability Scheme for Foreign Investments: According to this legal provision, the Peruvian government encourages and guarantees foreign investment in all sectors of economic activity and in any of the business or contract forms permitted by local legislation.
- ▶ Legislative Order 757. Legal Framework for Private Investment Growth: This legal provision seeks to guarantee free initiative and private investments, already made or to be made, in all sectors of economic activity. It establishes rights, guarantees and obligations that are applicable to all individuals or entities, national or foreign, that invest in Peru.



2. Public-Private Partnerships (PPPs)

A Public-Private Partnership (PPP) is a form of private investment participation that involves expertise, knowledge, equipment, technology and distribution of risks and resources, preferably private, with the purpose of creating, developing, improving, operating or maintaining public infrastructure to provide public services, only rendering public services and/or services related to those required by the government, and to develop projects of applied research and/or technological innovation.

1. Legal Framework

PPPs and Private Initiatives are mainly governed by the provisions of:

- ▶ Consolidated Text of Legislative Order (*Decreto Legislativo*) 1362 (hereinafter, the “PPP Act”), approved by Executive Order (*Decreto Supremo*) 195-2023-EF;

- ▶ The regulations of the PPP Act approved by Executive Order (*Decreto Supremo*) 240-2018-EF; and
- ▶ The regulations of Legislative Order (*Decreto Legislativo*) 1543 approved by Executive Order (*Decreto Supremo*) 211-2022-EF, which also amends the regulations of the PPP Act.
- ▶ Recently issued Legislative Order (*Decreto Legislativo*) amending Legislative Order 1362 and Legislative Order 1543, approved by Legislative Order 1691. This Legislative Order will come into force after the publication of the modification of the regulations of the PPP Act, which is schedule for the last days of December 2024.

This legal framework is applicable to all entities of the non-financial public sector, at all levels of government.

It is important to mention that a PPP can be developed both through a government or private initiative (this private initiative is also known as unsolicited proposal) depending on whether the project is envisaged in the public or private sector.

PPPs enable the private sector to contribute with expertise, knowledge, equipment and technology to the funding, construction, operation and maintenance of public infrastructure. The government maintains property rights to the project infrastructure, including any new facilities built by the private investor. Usually, at the end of the contract, the property is transferred to the government.



2. Phases of the PPPs

PPPs are implemented in five phases, as described in the following chart:

- 1 Planning and Programming**
 Includes the planning of projects and commitments (firm or potential). This planning is articulated with the Multi-Annual Investment Program and it is materialized in the PPP Multiannual Investment Report (IMIAPP).
- 2 Formulation**
 Comprises the design and/or evaluation of the project, and it is materialized in the Evaluation Report. This phase ends with the incorporation of the project to the promotion process.
- 3 Structuring**
 Includes the approval of the Promotion Plan, consultation with government entities and the design of the PPP contract.
- 4 Transaction**
 Entails the public bidding. This phase ends with the signing of the PPP contract.
- 5 Contract Performance**
 Includes the funding, construction, operation and maintenance of the project private investor.

3. Types of the PPPs

PPPs may be self-funded or co-funded.

- ▶ **Self-Funded:** A PPP project with its own income, generating capacity that does not require co-funding from the government.
- ▶ **Co-Funded:** A PPP project for which the Government requires co-funding or the granting or contracting of financial guarantees or non-financial guarantees that are significantly likely to need co-funding, where:

Guarantee	Self-financed	Co-financed
Financial Guarantees	Those guarantees that do not exceed 5% of the total investment cost or the total cost of the project (if there are no investment activities).	Those guarantees that exceed the limit of 5% of the total investment or the total cost of the project (If there are no investment activities).
	Non-Financial Guarantees	The probability of requesting the use of public resources is minimal or nonexistent, meaning that the probability of using public resources does not exceed 10% for any of the first 5 years of project guarantee period.
		This probability exceeds the limit of 10% for any of the first 5 years of project guarantee period.

A PPP can also be classified considering its inception in government initiatives and private initiatives (unsolicited proposals).

- ▶ Government initiatives: The government (through one of its levels) identifies and launches a project.
- ▶ Private initiatives (unsolicited proposals): The private sector identifies and proposes the project to the government.

In private initiatives, the government evaluates the unsolicited proposal submitted by the private sector. First, the government reviews if the unsolicited proposal has been drawn up according to private initiative regulations. Then, if the private initiative is admitted by the government, it shall issue an opinion on whether the private initiative is relevant and consistent with the entity's plans.

Finally, the entity can declare its interest in the project through a private initiative. In this case, the entity gives 90 days to other companies to participate in a bidding process with the company that submitted the private initiative. If, after the 90 days there are no more companies, the company that submitted the private initiative will be awarded the execution of the project without competing against third parties.

Private initiatives have two main benefits for the private sector, specifically for the company that submits the private initiative:

- In the case of a competitive bidding process, if the company submits a valid technical and economic bid, it is entitled to tie with the proposal that obtains the first place. Afterwards, the bidder and the first pre-qualified company can submit another bid in a tiebreaker mechanism.
- If a competitive bidding process is called, and the bidder has presented a valid economic bid, and if the project is awarded to a third party, the costs of the private initiative can be reimbursed in favor of the bidder up to 2% of the Total Cost of the Project or the Total Cost of the Investment.



4. Advantages of the PPPs

- ▶ The risks are allocated considering the party that is in the best position to manage the risk.
- ▶ The provision of public services to citizens benefits from the expertise of the private sector.
- ▶ By integrating the operation and maintenance of the infrastructure through a long-term contract, the private sector is given adequate incentives to design and build such infrastructure efficiently.
- ▶ Public infrastructure can be provided without spending government funds (in the case of self-funded PPPs) or—in the case of co-funded PPPs—government payments to the private sector for the construction of the infrastructure are distributed over a longer period of time because the private sector will fund the project.

5. Types of Commitment of the Peruvian Government

According to the PPP legislation, the government may assume two types of commitments:

▶ Firm commitments:

Firm commitments are payment obligations of specific or quantifiable amounts made by the government in favor of the private company. It is a consideration for the performance of the PPP contract.

▶ Potential commitments:

These are potential payment obligations made by the government in favor of the private company, set forth in the PPP contract, arising from the occurrence of one or more events corresponding to the risks of the PPP project. The payment of this obligation is subject to the occurrence of a certain event established in the PPP contract. Therefore, only if such event occurs, the Peruvian government will comply with its commitment.



6. Role of Authorities

- ▶ **Private Investment Promotion Body:**
The public entity responsible for the operation, management, and allocation of a PPP project is the Private Investment Promotion Body (OPIP).
- ▶ **Specialized Project Management and Execution Bodies (OEGEPs):**
In charge of the Project's contract management and execution.

Depending on the scope, the OPIP may be:



OPIP	Scope
Pro-Inversión	▶ PPP projects of national competence originated by government initiative that are multi-sectoral.
	▶ PPP projects of national competence originated by a government initiative that has a total investment cost, or a total cost of the project (in case of a project without investment component) greater than 40,000 Tax Units - UIT ¹ (PEN206 million).
	▶ PPP projects of national competence originated by self-financed private initiative.
	▶ PPP projects under public entity competence authorized by an express legal provision, originated by self-financed private initiative.
	▶ PPP Projects regarding any level of government and projects under public entity competence authorized by an express legal provision, originated by self-financed private initiative.
	▶ Projects developed through Competitive Dialogue.
	▶ Projects that by an express legal provision are assigned to ProInversión.
OPIP of the pertinent Ministry	The probability of requesting the use of public resources is minimal or nonexistent, i.e. the probability of using public resources does not exceed 10% for any of the first 5 years of the guaranteed project period.
OPIP of the respective regional government	Projects within its competence that cover more than one province.
OPIP of the pertinent local government	Projects within its own competence.

¹ Tax Unit (UIT) amounts to PEN5,150 for the year 2024.

The Legislative Order (Decreto Legislativo) 1543 introduced the Specialized Project Management and Execution Body (OEGEP). This body is an Executing Unit (EU) inside the sector, which will be in charge of all the actions required for the contract management and execution of the project or portfolio of projects assigned to it during all phases in the execution of PPP projects, thus consolidating all the internal processes of the PPP project in one place.

- ▶ **Ministry of Economy and Finance:**
Ministry of Economy and Finance (MEF) is the governing body and the highest technical- regulatory authority of the PPP system and its function is to ensure and articulate compliance with the National Policy for the Promotion of Private Investment in PPP.
- ▶ **National Infrastructure Authority (ANIN):**
In July 2023, Law 31841 created the ANIN, a public executing agency of the Presidency of the Council of Ministers in charge of the formulation, execution and maintenance of national investment projects or programs, which are assigned or delegated to it. Among others, these projects have investment amounts equal to or higher than two hundred million Soles, that are in the current multi-year investment program and that have not been physically executed.
- ▶ **Other Authorities:**
The Ministries (for projects within their specific sectors), the Regulatory Agencies and the Office of the General Comptroller of the Republic of Peru, also have specific roles in the PPP system.

3. Projects in Assets (PA)

This mechanism assists private investors seeking to carry out a project on an asset owned by the government, either as owner, possessor, lessee, or other kind of real property permitted by law. However, such projects will be carried out without compromising government funds. Private investment on assets owned by the Peruvian government is promoted through the pertinent OPIP (considering that this OPIP can belong to ministries, regional and local governments) in the following scenarios:

- ▶ Disposal of assets, including the transfer there of in whole or in part.
- ▶ Use, lease, usufruct, beneficial enjoyment, surface or other mechanism permitted by Peruvian legislation. The Peruvian Legal Framework for Projects in Assets is the same that is applicable to PPPs: PPP Act and the Regulations of the PPP Act.

The main difference between a PPP and a PA is that while in the former the government can use its own resources and there is a risk allocation between the private sector and the government, in the latter the private sector assumes all risks related to the project and the project will never use government's resources.

4. Works for Taxes (WT)

The Works for Taxes (WT) regime is an efficient tool of Corporate Social Responsibility, allowing the application, as a credit against corporate income tax, of the amount on the projects undertaken by private companies on behalf of regional governments, local governments, public universities and national government entities in several sectors (such as Education, Healthcare, Security, Tourism, Agriculture, Irrigation, Culture, Sanitation, Sports and Environment, among others).

This regime is a “win - win” mechanism because the government wins with the projects' construction or implementation, citizens improve their quality of life through the projects and private companies directly improve their brand as to social responsibility by undertaking these projects.

The Works for Taxes (WT) regime allows the participation of a private company jointly with a government entity to fund or execute a public investment project or Investments in Optimization, Marginal Expansion, Repair, and Replacement (IOARR). Upon the execution of an agreement (the “Investment Agreement”), the private company is committed to fund and/ or execute a public investment project in exchange for the recognition of the investment as a credit against Corporate Income Tax (CIT) through the issue of an investment certificate (called CIPRL if the agreement is entered into, in the first case, with regional and local governments; or CIPGN for those agreements entered into with a national governmental entity).

1. Legal Framework

- ▶ Consolidated Text of Law 29230 - Act on Regional and Local Public Investment with Private Sector Participation, approved by Executive Order (Decreto Supremo) 081-2022-EF.
- ▶ Regulations of Law 29230 and of Legislative Order (Decreto Legislativo) 1534, approved by Executive Order (Decreto Supremo) 210-2022-EF.
- ▶ Legislative Order (Decreto Legislativo) 1292 that authorizes PETROPERU to fund projects under Law 29230 only in special cases.
- ▶ Consolidated Text of Law 30556 - Act that approves extraordinary provisions to face disasters, and authorizes and extends the scope of Law 29230, approved by Executive Order (Decreto Supremo) 094-2018-PCM.
- ▶ Consolidated Text of the Regulations of Law 30556 - Regulations that approve extraordinary provisions to face disasters, and authorizes the creation of the Authority for Reconstruction with Changes (Autoridad para la Reconstrucción con Cambios) and extends the scope of Law 29230, approved by Executive Order (Decreto Supremo) 003-2019-PCM.
- ▶ Legislative Order (Decreto Legislativo) 1534 that modifies Law 29230 and establishes measures to promote investment under the mechanism of Work for Taxes.
- ▶ Law 30608 that aims at promoting macro-regional and microeconomic articulation.

- ▶ Executive Order amending the Regulations of Law No. 29230, approved by Executive Order (Decreto Supremo) 011-2024-EF.
- ▶ Law 30608 that aims at promoting macro-regional and microeconomic articulation through the possibility of incorporating municipal savings banks and credit unions in the financing and/or execution of public investment projects in agreement with regional and local governments.
- ▶ Resolution 1706-2018 issued by the SBS - Regulations on the participation of municipal savings banks and credit unions in the law that promotes regional and local public investment with the participation of the private sector.



In order to understand the advantages provided by this regime, it is necessary to understand the following definitions:

▶ **Public Investment Projects:**

Public Investment Projects consist of the granting of government funds to create, expand, improve or recover the production or supply of goods or services for the community. This means that all Public Investment Projects should have a social purpose.

Public Investment Projects may include all pre-investment studies, architectural studies or engineering, infrastructure, construction, implementation and maintenance of works.

▶ **Public Investment Agreement:**

It is an agreement signed by the private company and the government entity, whereby the private company agrees to execute a particular Public Investment Project.

The private company may execute the project directly or may sign a construction contract with a construction firm in order to execute the project.

2. Types of Public Investment Projects

In order to carry out the Works for Taxes (WT) there are two types of Public Investment Projects:

- ▶ **Government Initiative:**
By recognizing a need, the government entity formulates a Public Investment Project to address the emerging need.
- ▶ **Private Initiative (Unsolicited Proposal):**
The private sector submits a proposal for a Public Investment Project, which must be evaluated by the government entity.

3. Advantages Of The Works For Taxes (WT) Regime

This regime has several benefits:

- ▶ **From a private perspective:**
The Works for Taxes (WT) regime enhances the development of social responsibility programs, improving the reputation of companies, and, hence, the relationship between the company and the community.
- ▶ **For the community:**
This regime reduces the infrastructure gap, creating more jobs. Coverage of public services is also increased.
- ▶ **From the government perspective:**
This regime contributes to the acceleration of projects.

4. Annual Capacity (CAP)²

For the year 2023, regional governments have a joint Annual Capacity (CAP) to invest in the Works for Taxes (WT) regime that is equivalent to PEN16,126,503,384 (approximately USD4,246,108,341). The annual capacity (CAP) for each regional government is included here.

In that same period, local governments have a joint Annual Capacity (CAP) to invest in the Works for Taxes (WT) regime that is equivalent to PEN16,744,693,056 (approximately USD4,408,877,681). The annual capacity (CAP) of each Local Government is included here.

Also for 2023, public universities have a joint annual capacity (CAP) to invest in the Works for Taxes (WT) regime that is equivalent to PEN1,775,072,184 (approximately USD467,376,506). The annual capacity for each university is included here.

Usually, and according to Legislative Order (*Decreto Legislativo*) 1275, entities are required to meet some mandatory fiscal provisions.

² A Tax Unit (UIT) is equivalent to PEN5,150 for the year 2024.

5. Regional and Local Public Investment Certificate (CIPRL) and National Government Public Investment Certificate (CIPGN)

Issue of Certificates (CIPRL and CIPGN)

An approval of the receipt and quality of the whole project or milestones there of is required to issue a CIPRL or a CIPGN.

In the case that the execution of the project takes more than five (5) months, the private company may request that the public entity issue quarterly certificates.

CIPRLs are basically derived from resources obtained from mining royalties (canon) by every regional and local government, as well as public universities, which are listed by the Ministry of Economy and Finance (MEF). CIPGNs are limited to ordinary resources of the national government signing the agreement.

The Canon is the share, attributed to the local and regional governments, of the total income obtained by the Peruvian government for the economic exploitation of natural resources. Currently, Peruvian legislation regulates the Mining Canon, the Hydro-energetic Canon, the Gas Canon, the Fishing Canon, the Forestry Canon and the Oil Canon.

It should be mentioned that the royalties are the base for determining the annual capacity (CAP) of investments through the Works for Taxes (WT) regime for regional and local governments and public universities.

Features of the Certificates (CIPRL and CIPGN)

These certificates have the following features:

- ▶ The issue of a CIPRL or CIPGN requested by the government entities is carried out electronically through the platform of Valued Documents contained in the following URL: <https://apps4.mineco.gob.pe/ciprlapp/>
- ▶ The CIPRL and CIPGN may be used against advance payments and annual Corporate Income Tax (CIT) and against any tax which collection constitutes income for the Treasury and is administered by the Peruvian Tax Authority (SUNAT).
- ▶ The CIPRL and CIPGN may be used with a limit of 80% of the Corporate Income Tax (CIT) paid in the previous fiscal year.
- ▶ If, by the end of the year, the CIPRL or CIPGN are not used, the private company may request a new certificate that will include the amount of the previous certificates plus an increase of 2%. This new issue may also be requested when there are credits or remaining balances as a result of partially used certificates.
- ▶ If the certificate has not been used within ten (10) years, the private company may claim a refund to the Tax Administration.
- ▶ The certificates are negotiable so they can be transferred to third parties.

6. Recent Changes To The Works For Taxes (WT) Regulations to Stimulate Investment

The enactment of the Legislative Order 1534, introduced the following main amendments:

- ▶ Possibility of performing Works for Taxes (WT) in Investments in Optimization, Marginal Expansion, Repair, and Replacement (IOARRs).³
- ▶ This amendment expands the range of funding and execution. Now, private companies can fund, execute, and propose IOARR projects, including emergency IOARRs under the Invierte.pe framework.
- ▶ Public agencies are also authorized to execute IOARR projects in regulated sectors, including maintenance, funded using the approved ordinary budget resources of the public agency or other sources permitted by law.

Among other regulatory changes, the issuance of Executive Order (Decreto Supremo) 011-2024-EF implied the modification of Article 10 of the Regulations of Law 29230, providing that the CIPRL and CIPGN are cancellable not only for the payment on account and regularization of Corporate Income Tax, but also for any tax which collection constitutes income for the Treasury and is administered by the Peruvian Tax Authority (SUNAT).

Funding sources for CIPRLs and/or CIPGNs

At the regional and local levels, the Works for Taxes (WT) laws only allowed projects to be funded using revenue from mining royalties (canon) or overriding royalties (sobrecanon) to which certain regional and local governments have access. However, the current legislation allows for funding using other resources, such as (i) funds received by the regional or local government, including, but not limited to, the Regional Compensation Fund, the Municipal Compensation Fund, and the Camisea Socioeconomic Development Fund; (ii) pension fund and social security resources (recursos determinados); (iii) directly collected resources; (iv) ordinary resources for the execution of investment projects and IOARRs included in the annex of the Annual Budget Act.

³ IOARRs are investments of low technical complexity and limited risk in one or more strategic assets that form part of a Production Unit, for the following purposes: (i) achieve optimal service capacity; and (ii) avoid the interruption of service in a Production Unit or minimize downtime due to the deterioration of quality standards. The difference between an investment project and an IOARR lies in the fact that former creates or modifies the production capacity of state-run services, while state-run-services consists of a specific project.

5. Government to Government Agreements (G2G)

The different mechanisms through which the state seeks to promote the execution of infrastructure present challenges in terms of legislation, experience, and quickness that may have an impact on the reduction of the infrastructure gap.

In response to this situation, in recent years the state has been promoting an additional alternative mechanism—in addition to the existing infrastructure promotion and execution mechanisms—that is helping to close the infrastructure more quickly, with the participation of other governments, who bring their experience, among other benefits.

Under G2G Contracts, a government contracts the provision of goods, services (including construction) through a direct agreement with another government. This latter government can perform the agreement through its own government bodies or agencies, government companies, government-run private companies and/or foreign private companies.

This contracting mechanism allows for infrastructure development and is not subject to the procedures applicable to the public contracting for goods and services established in the State Procurement and Contracting Act, its regulations, or related provisions. On the contrary, G2G Contracts use a more expedited, less regulated selection process that is carried out directly between the governments.

The benefits offered by this type of contracting include the following, among others:

- They streamline selection procedures without neglecting rigor.
- They mitigate risks of breach of contract by the selected providers.
- They increase negotiating capacity with providers, thus allowing access to higher-quality offerings with more benefits for the country.
- They boost innovation and knowledge transfer to the Peruvian government.

Furthermore, Peru has recently signed many agreements under the Government to Government (G2G) scheme with countries with broadly proven experience in the infrastructure sector (See Section 3.3.3).

1. Legal Framework

To date, G2G Contracts do not have their own laws. However, despite the fact that the State Procurement and Contracting Act is not applicable to them, it establishes the minimum guidelines for contracting under this modality.⁴ Accordingly, they must be authorized by virtue of a Supreme Executive Order (Decreto Supremo) declaring the contracting purpose of national interest. For this purpose, the contract must meet the following conditions:

- (i) Market research identifying the governments that may possibly meet the requirements of the Peruvian government.
- (ii) Technical and economic report comparing the conditions offered by the interested governments and providing evidence of the advantages for the Peruvian government of entering into a contract with another government.
- (iii) Report from the Budget Office or the equivalent area in the corresponding sector stating that the necessary funding is available for the contracting process, unless a debt operation is required.
- (iv) Declaration of feasibility and/or approval within the framework of the National Multiannual Programming and Investment Management System, where applicable.

The contracts may include clauses pertaining to: i) knowledge transfer plans related to the purpose of the agreement; ii) country legacy plan; iii) commitment to implement a Project Management Office (PMO) when the purpose includes project management; and iv) the obligation to submit documentation on the execution of the contract or agreement by the other government.

One important aspect to be noted is that there are sectors that are currently publishing a more extensive legislative basis for infrastructure development through G2G Contracts. For example, the Ministry of Education has published Resolution of the Director's Office 397-2020-MINEDU, approving the directive titled "Government-to- Government (G2G) Contracts for the Execution of Education Infrastructure Projects of the Ministry of Education."



⁴ Twenty-First Final and Temporary Provision of the Consolidated Text (TUO) of the State Procurement and Contracting Act, approved by Executive Order 082-2019-EF.

2. Recent changes to the State Procurement and Contracting Act

Although it is expected to come into force in March 2025 and is not applicable to current G2G projects, the new Public Procurement Law approved by Law 32069 issued June 2024, establishes dispositions for the G2G projects in its Twentieth Final Complementary Provision.

As well as the previous regulation, a Supreme Executive Order (Supreme Decree) is required to authorize the execution of these projects, but the new law states that the following are the ones that can be authorized: ministries, its attached public agencies, programs or special projects.

The new law also establishes that G2G contracts can only be used under the following cases:

- (i) Contractual objects of high complexity, where the Peruvian State requires specialized technical assistance from another State.
- (ii) Strategic goods and services for national defense and internal order, duly declared as such by the relevant sectors.

Finally, among other provisions, the law specifies that investment projects carried out through G2G contracts must have an updated investment cost equal to a greater than 40 thousand UIT (approximately PEN206 million or USD54 million), while investment programs must be equal to or greater than 600 thousand UIT (approximately PEN3 billion or USD823 million).

3. New Engineering Contracts (NEC)

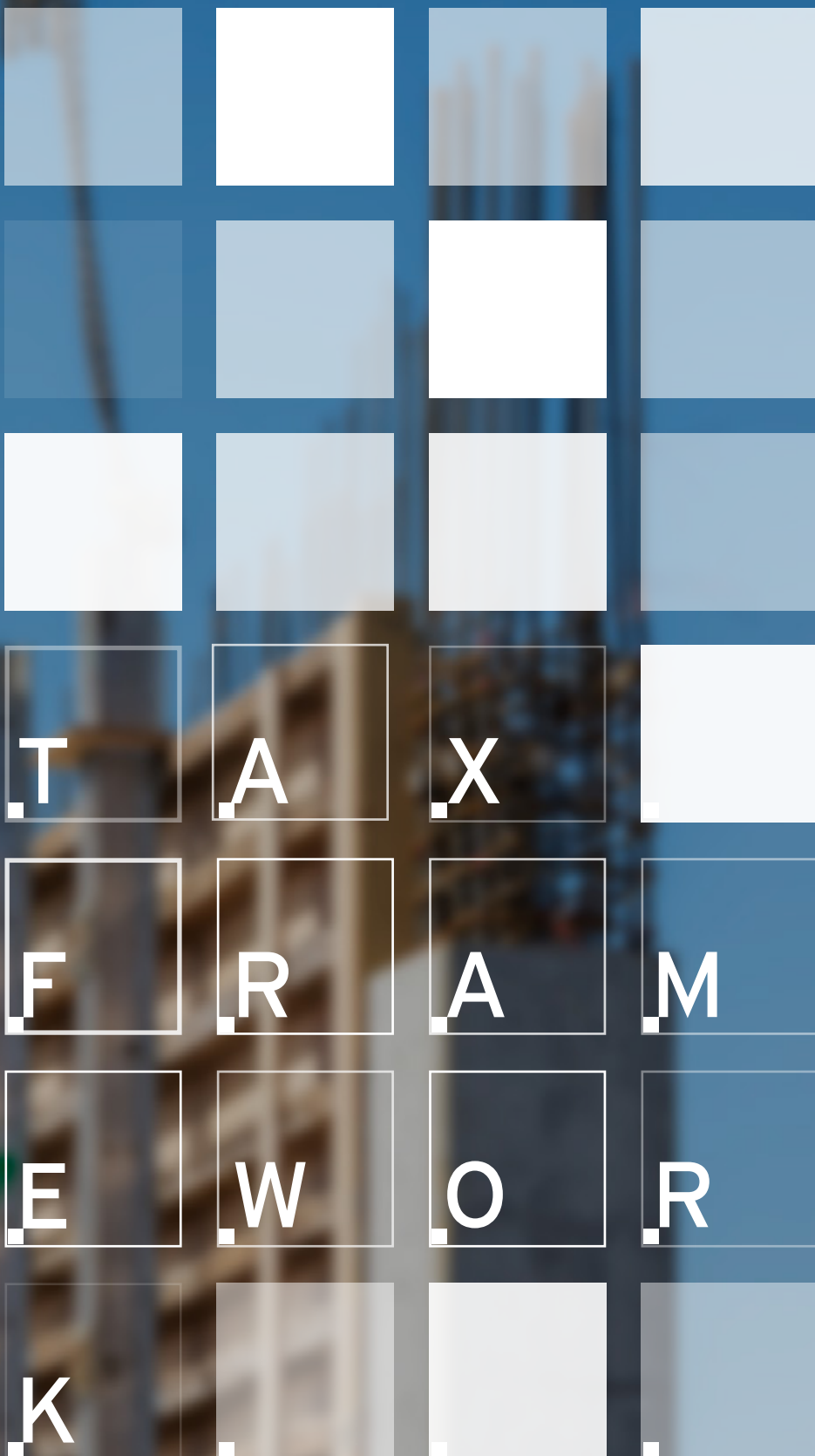
For the 2019 Pan American and Parapan American Games held in Lima, the New Engineering Contracts (NEC) were used (specifically the NEC3 version). The NEC are a very flexible standard contracts created by the UK Institution of Civil Engineers (ICE) in England, similar to other standard contracts such as FIDIC, ICC, AIA, among others. NEC3 contracts have been used to provide goods, services and works, considering all phases of a project cycle, from planning, design and project management to construction, maintenance and facilities management. Besides, NEC3 agreements promote the delivery of projects:

1. On time
2. On budget
3. To the highest standards⁵

According to the Peruvian experience in NEC3, the main feature of this agreement is the simplicity of the language, adequate allocation of risks and collaborative work.

⁵ <https://www.neccontract.com/About-NEC/How-NEC-Contracts-Works> 

5



Executive Summary

Corporate Income Tax (CIT)

- ▶ Peruvian domiciled entities are subject to CIT on their worldwide taxable income. The general CIT rate is 29.5%. This rate is applied to the taxpayer's net income, which is determined by deducting costs and expenses from the revenues obtained. The tax year is the calendar year. Peruvian companies recognize income according to its accrual.
- ▶ There is a special treatment for construction companies with contracts covering more than one taxable year. In this case, the taxpayer may opt for accrual or cash methods for recognition of income. The method chosen must be the same for all the works performed by the taxpayer.
- ▶ Consortium agreements are very common in the construction field. As a rule, the consortium agreement must have independent accounting records (and would be considered as a separate taxpayer), except: (i) If due to the conditions of the operation it is not possible to keep independent accounting records; or (ii) if the term of the contract is less than three (3) years.

Withholding (WHT) to non-resident entities

- ▶ Non-domiciled entities, branches and permanent establishments of foreign companies are subject to WHT rates ranging from 4.99% to 30% only on their Peruvian source income, which include –among many others– services provided in Peru; technical assistance and digital services; dividends, interests and royalties paid by Peruvian entities; commercial activities performed in Peru, etc.
- ▶ A reduction of the WHT rates would apply if a Tax Treaty to avoid double taxation (TT) signed by the Peruvian Government is applicable. Peru has currently a TT with the following countries: Brazil, Chile, Canada, Japan, Mexico, Portugal, South Korea and Switzerland. Peru is also part of the Andean Community (along with Colombia, Ecuador and Bolivia) wherein a sort of TT is in force (Decision 578).

Value Added Tax (VAT)

- ▶ An 18% VAT applies to the following operations:
 - Sale of goods within Peru and import of goods;
 - Services rendered within Peru and services performed by non-domiciled entities that are economically used within Peru;
 - Construction contracts and first sale of real property by constructors.
- ▶ VAT Early Recovery: Legal entities developing projects currently in the pre-operational stage (which shall be longer than two years) may request the early recovery of VAT before starting operations. The investment must be made during the pre-operational stage and may not be less than USD5 million.

Special tax considerations for PPP projects

- ▶ From the PPP standpoint, special regulations are applicable in case of self-sustainable concessions:
 - Depreciation or amortization of concession assets: The holder of the concession may annually depreciate/amortize concession assets by applying one of the following methods: (i) according to their useful life, up to a 20% annual rate, or (ii) during the concession period, under a straight-line method.
 - The transfer of concession assets made by the holder of the concession in favor of the Peruvian Government, during or at the end of the concession term, is exempt from any tax (created or to be created), including CIT and VAT.
 - The holder of the concession must apply CIT and VAT to the revenue of the activities granted under the concession agreement entered into with the Peruvian government (i.e. tolls, tariffs, etc.)
- ▶ In the case of co-funded PPP agreements, the holder of the concession has to apply CIT and VAT to the payments made by the Peruvian government under the regulations applicable to services in general and/or construction services (depending on the type of activities agreed).
- ▶ Stability agreements are regularly applied in PPP projects. They warrant a freeze on CIT -but applying an additional 2% tax rate- and WHT on dividends during the entire period of a PPP project, according to the regulations stated at the agreement execution date. For that purpose, contributions are required to the capital of an incorporated company or a company to be incorporated in Peru for an amount of no less than USD5 million. The investment should be made within a maximum two-year period.

1. Peruvian General Tax Considerations

1. Tax Regime Applicable To Peruvian Entities (Principal Taxes)

a. Corporate Income Tax (CIT)

▶ General considerations:
 Peruvian domiciled entities are subject to Corporate Income Tax (CIT) on their worldwide taxable income. Branches and permanent establishments of foreign companies are taxed only on their Peruvian source income. The general CIT rate is 29.5%. This rate is applied to the taxpayer's net income, which is determined by deducting costs and expenses from the revenues obtained. The tax year starts on January 1 and ends on December 31. Annual CIT returns are filed around March 31 of the following year.

▶ Advanced payments:
 Domiciled companies are under obligation to make advance payments determined by comparing the monthly installments resulting from the application of one of the following methods, whichever is highest:

- Percentage method: apply 1.5% to the total net income of the month.
- Coefficient method: divide the CIT calculated in the previous fiscal year by the total net income from the same period and apply the resulting coefficient to the net income for the month.

Should the advance payments exceed the annual tax determined, the excess may be carried forward as a credit against subsequent CIT payments or a refund may be requested.

▶ Deduction of expenses:
 The expenses incurred in the generation of revenues or in maintaining its source (so-called "causality principle") are generally deductible for determining the CIT base. Some expenses are disallowed, such as expenses incurred in transactions with residents in tax havens, non-cooperative jurisdictions and entities subject to preferential tax regimes (some exceptions apply).





► Tax loss relief:

Taxpayers can choose between the following systems to obtain relief for their tax losses:

- Losses can be carried forward for four consecutive years, beginning with the first subsequent year in which the losses arise; or
- Losses can be carried forward indefinitely, but with an annual limit equivalent to 50% of the taxpayer's taxable income of each subsequent year.

► Permanent establishment:

A foreign company has a permanent establishment in Peru whether:

- It has a fixed place of business in the country whereby it carries out business activities in whole or in part;
- A building site, construction or installation project in Peru, as well as the supervision activities related to them, that exceeds 183 calendar days within any 12-month period;
- The provision of services rendered in Peru for the same (or related) project for a period or periods that exceed 183 calendar days within a 12-month period;

A person acting in Peru on behalf of a non-domiciled entity and has authority to:

- Enter into contracts on behalf of the non-domiciled entity;
- Transfer the ownership of assets owned by the non-domiciled entity; or
- For the provision of services by the non-domiciled entity.

In this case, exceptionally, a permanent establishment will not be set up when the person acting on behalf of the non-domiciled entity carries out an economic activity within the country as an independent agent and acts for the latter in the ordinary course of that activity.

b. Value Added Tax - VAT (IGV in Spanish)

An 18% VAT applies to the following operations:

- Sale of goods within Peru
- Services performed within Peru and services performed by non-domiciled entities that are economically used within Peru ("import" of services)
- Construction contracts
- First sale of real properties by construction firms, and
- Import of goods

VAT applies a debit/credit monthly system whereby input VAT derived from the acquisition of goods and services is used as tax credit against output VAT arising from taxable transactions.

The main requirements that have to be met for considering input VAT as a tax credit are the following:

- The acquisitions must be considered as expenses or costs for CIT purposes.
- Such acquisitions must be related with transactions that are subject to taxation with VAT.

Any credit not used in a specific month may be carried forward in order to be applied against future output VAT. It should be noted that VAT refunds in cash are only available for exports and for certain entities in pre-operating stages that meet specific conditions (See Section 5.3.3.c).

c. Temporary Tax on Net Assets - TNAT (ITAN in Spanish)

TNAT is applicable to domiciled entities (including branches and permanent establishments of foreign companies) that are not in pre-operating stages. It is equivalent to 0.4% of the value of total net assets over PEN1 million (approximately USD270,000)¹.

The basis is the value of the assets set forth in the taxpayer's balance sheet as of December 31 of the previous year, adjusted for deductions and repayments accepted by the regulations.

Note that assets and real property delivered by the Peruvian government to the concessionaire used for the rendering of public services, as well as the constructions made by the concessionaire, do not form part of the tax basis.

The amount of TNAT paid by taxpayers can be used as a tax credit against the CIT (even against advanced payments). If it is not totally offset, the remaining TNAT may be refunded by the Tax Authority.

d. Financial Transaction Tax - FTT (ITF in Spanish)

This tax levies all debits and/or credits on bank accounts held by the taxpayers, among other similar transactions, by the application of a 0.005% rate. The following operations are exempted, among others: transactions carried out between accounts of the same holder and credits to bank accounts on account of salaries. The FTT is deductible for CIT purposes.

2. Tax Regime Applicable to Non-Domiciled Entities

Non-domiciled entities are subject to Withholding Tax (WHT) only on their Peruvian source income. The Income Tax Act considers the following, among others, as Peruvian source income:

- ▶ Services provided in the Peruvian territory (general regulations): 30% WHT rate.
- ▶ Technical assistance (economically used in Peru): 15% WHT rate.
- ▶ Digital services (economically used in Peru): 30% WHT rate.
- ▶ Dividends distributed by a Peruvian entity: 5% WHT rate.
- ▶ Interest paid by a Peruvian entity or when the capital is economically used or placed in Peru: 4.99% if the following requirements are met:
 - In the case of cash loans, the entry in Peru of the foreign currency must be duly accredited
 - The interest rate must not exceed SOFR plus 7 points; and
 - There is no economic relationship between lender and borrower. In the case that the loan granted does not comply with the requirements mentioned above, a 30% WHT rate would apply.

¹ Considering a referential exchange rate of 3.7.

It is important to mention that, until December 31, 2026 (likely to be extended) interests on development loans granted directly or through suppliers or financial intermediaries by international organizations or foreign government institutions are exempt from Income Tax (IT). Development loans are defined as debt operations intended to fund, among others, projects or programs for the development of the country in public infrastructure works and the provision of public services.

- ▶ Those obtained from credit transfers (factoring, etc.) in which the acquirer assumes the debtor's credit risk, when the transferor of the credit or the debtor assigned is a domiciled taxpayer: 30% WHT rate.

However, since 2019, it does not apply to income for services obtained for the transfer of receivable rights of the concessionaire investor in Public-Private Partnership contracts, when the acquirer assumes the risk of the debt.

A reduction of the above mentioned WHT rates would apply if a Double Taxation Treaty (DTT) signed by the Peruvian government is applicable. Peru has currently a DTT with the following countries: Brazil, Chile, Canada, Japan, Mexico, Portugal, South Korea and Switzerland. Peru is also part of the Andean Community (along with Colombia, Ecuador and Bolivia) wherein a sort of DTT is in force (Decision 578).

3. Transfer Pricing Regulations

Peruvian tax legislation states that transactions between related parties (and with tax havens, non-cooperative jurisdictions or entities subject to preferential tax regimes) must be carried out on an arm's length basis.

The prices of the transactions subject to transfer pricing regulations shall be determined in accordance with any of the internationally accepted methods. The value agreed by the parties must only be adjusted when a lower tax payment has been generated in the country.

There are formal obligations for taxpayers:

- ▶ Filing returns according to OECD standards (local report, master report and country-by-country report); and
- ▶ Making available to the Tax Authority sufficient evidence to support the agreed amount.

4. Thin Capitalization and “Tax Ebitda” Regulations

CIT Law establishes limits to the amount of interest that can be deducted, specifically through

- ▶ “Tax EBITDA” Regulations (since 2021): Under these rules, interest on indebtedness with related or unrelated parties can be deducted up to 30% of Tax EBITDA (net income after offsetting losses plus net interest, depreciation and amortization) of the preceding year. Non-deductible interest exceeding the limit may be carried forward to the following four years but will again be subject to the 30% of EBITDA limitation of the corresponding year.

It must be noted that these regulations are not applicable to taxpayers who, through Public-Private Partnerships (PPPs), carry out public infrastructure projects, public services, related services, applied research and/or technological innovations.

2. Special Tax Regulations: Construction Services

1. Corporate Income Tax (CIT)

The Corporate Income Tax (CIT) Act grants special treatment to construction companies with contracts covering more than one taxable year. In this case, the taxpayer may opt for one of the following methods for recognition of income for tax purposes (the advance payments should be determined based on the chosen method):

- ▶ First Method (Cash Method): This consists of assigning to each taxable year the gross income resulting from applying to the amounts collected for each works, during the business year, the percentage of gross profit calculated for the entire works.
- ▶ Second Method (Accrual Method): It consists on assigning to each taxable year the gross income established by deducting from the amounts collected or to be collected (accrued) for the works performed during the business year, the corresponding costs and expenses to such works.

The method chosen must be the same for all the works performed by the taxpayer.

2. Value Added Tax (VAT)

Construction services have certain special regulations in the Value Added Tax (VAT) Act. In this case, the tax must be paid when the invoice is issued or the consideration is received, whichever occurs first (in other type of services, the tax recognition takes place at other moments, such as at the end of the service or the deadline for payments).

Furthermore, construction services are subject to the advance VAT withholding system (SPOT) whereby payers are forced to deposit a percentage of the price (4% instead of higher percentages applicable to other services) in an account opened with Banco de la Nación in favor of the providers, instead of making the total payment to them (the amount collected can be used to pay tax obligations or can be refunded a maximum of four times a year within the first five (5) working days of January, April, July and October).

3. Contribution to the National Training Service for the Construction Industry (SENCICO)

Taxpayers whose core business is the development of construction activities according to the United Nations International Standard Industrial Classifications (ISIC) make contributions to the National Training Service for the Construction Industry (SENCICO).

The applicable rate is 0.2% of the total company income for labor, general expenses, technical management, profits and any other payment billed to the client, irrespective of the construction contract executed.

The obligation to pay the contribution to SENCICO originates with the date of invoicing or the date on which the income is received, whichever occurs first.

4. Consortium Agreements

It is common in the sector that companies develop projects through a consortium agreement (contract where two or more entities associate to participate in a certain business with the purpose of obtaining an economic benefit but maintaining their own legal autonomy).

As a rule, parties of consortium agreements must have independent accounting records, except:

- (i) If due to the conditions of the operation it is not possible to keep independent accounting records; or
- (ii) if the term of the contract is less than three years.

a. Consortium with independent accounting records

- ▶ It is considered an independent taxpayer, subject to the fulfillment of formal and substantial tax obligations (obtaining a Tax ID Number - RUC, determination of taxes, filing tax returns, among others) as any other corporation.
- ▶ Operations between the consortium and the contracting parties qualify as operations with third parties subject to the applicable taxes (CIT, VAT, among others).
- ▶ If a contracting party has more than 30% of the rights over the contract profits, it would be considered a related party with the contract (among other situations established by the CIT Act). In this case, transfer pricing regulations would apply.

b. Consortium without independent accounting records

- ▶ This type of contract does not generate a taxpayer independent from its contracting parties.
- ▶ Each part must account for their respective transactions (income, expenses/costs, input and output VAT) and determine their own taxes (CIT, VAT, etc.)
- ▶ Alternatively, contracting parties may choose an operator. In this case, the operator shall allocate income, costs and/or expenses, as well as VAT, to the contracting parties, so that the parties may determine their own taxes.

3. Special Tax Regulations: Public-Private Partnerships (PPPs)

As previously mentioned, the Peruvian government promotes private investments through concession agreements. It grants to the holder of the concession the execution and exploitation of public infrastructure works and/ or the provision of public services.

The concession may be granted under any of the following alternatives:

1. Self-Funded Agreement

Special regulations are applicable (mainly related to the concession assets):

- ▶ Depreciation of concession assets: The holder of the concession may annually depreciate the concession assets by applying one of the following methods: (i) according to their useful life, up to a 20% annual rate, or (ii) during the concession period, under a straight-line method.
- ▶ Amortization of intangible assets: The holder of the concession may annually amortize intangible assets: i) according to their useful life, up to a 20% annual rate; or ii) during the concession period, under a straight-line method.

- ▶ The transfer of concession assets made by the holder of the concession in favor of the Peruvian Government, during or at the end of the concession term, is exempt from any tax (created or to be created), including CIT and VAT.
- ▶ The holder of the concession must apply CIT and VAT to the revenue of the activities granted under the concession agreement entered into with the Peruvian Government (i.e. tolls, tariffs, etc.)

2. Co-Funded Agreement

The holder of the concession has to apply CIT and VAT to the payments made by the Peruvian Government under the regulations applicable to the services in general and/or construction services (depending on the activities agreed with the Government).

3. Other tax matters

a. Tax stability agreement:

The Agency for the Promotion of Private Investment (ProInversión), acting on behalf of the Peruvian State, can enter into stability agreements guaranteeing foreign investors, among others, a freeze on Corporate Income Tax (CIT) -but applying an additional 2% tax rate- and Withholding Tax (WHT) on dividends during the entire period of a PPP project, according to the regulations stated at the agreement execution date.

For that purpose, contributions are required to the capital of an incorporated company or a company to be incorporated in Peru for an amount of no less than USD5 million. The investment can be made within a maximum two-year period.

The term of the stability agreement is subject to the time period of the concession contract for the construction and use of public infrastructure works and/or the provision of public services.

b. Foreign currency accounting

Business transactions must be recognized in compliance with International Financial Reporting Standards (IFRS). Accounting books and records must be maintained in Spanish and must be expressed in Peruvian currency.

However, under certain requirements, companies may keep their accounting books in US Dollars for tax purposes. Requisites are: taxpayer must receive foreign investment or make foreign investment in foreign currency; sign an agreement with the Peruvian Government; use the amounts in the execution of the contract and communicate the decision to the Tax Authority (previous application to the corresponding Ministry is also needed).

Under a USD accounting system, most of operations in this currency would not generate a foreign exchange difference so no tax implications arise for CIT purposes.

c. VAT Early Recovery

Legal entities developing projects currently in the pre-operational stage (which shall be longer than or equal to two years) may request the early recovery of VAT before starting operations.

For such purpose, taxpayer must file an application to ProInversión in order to obtain a Ministerial Resolution that will be published by the specific sector to which the developing projects relate. The Ministerial Resolution grants the company the status of “beneficiary.” Subsequently, it can request the VAT recovery to the Tax Authority. The investment must be made during the pre-operational stage and may not be less than USD5 million.

This regime provides liquidity to the company by avoiding having an unused input VAT during the whole period of the project.





Guide to
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Executive Summary

Labor Regime in the Civil Construction Sector

Applicable provisions

Unlike most economic sectors, the civil construction sector is governed by annual collective agreements. These collective agreements are specific to an activity branch and set wage increases and other benefits recognized for workers who carry out civil construction work recognized in three categories: skilled labor, semi-skilled labor and unskilled labor. These activity-specific collective agreements are applicable as long as the company carries out work considered to be civil construction, as determined by the ISIC (United Nations International Standard Classification) and only if the civil construction works exceed 50 Tax Units (UITs).

For those workers who belong to the civil construction sector, but do not carry out activities related to civil construction, the general labor regime will apply.

Remuneration of civil construction workers

According to the activity-specific collective agreements, civil construction workers are mainly remunerated as follows

- ▶ Base remuneration or wage;
- ▶ Bonuses: Single Civil Construction Bonus, as well as bonuses for transportation, work at height, work at altitude, night work, work in contact with water and for specialization;
- ▶ Allowance for schooling and burial expenses;
- ▶ Bonuses for national holidays and Christmas;
- ▶ Severance Pay (CTS); and
- ▶ Vacation Time Compensation.

Employer's Obligations

For its part, the Employer is obliged to pay a contribution to the Peruvian Social Health Insurance System (EsSalud) equivalent to 9% of the remuneration received by its workers. Additionally, the employer must:

- ▶ Take Out an Occupational Disability and Life Insurance (SCTR) policy;
- ▶ Contribute to SENCICO (National Training Service for the Civil Construction Industry) equivalent to 0.2% of the total income billed from to the client monthly.

Contractors and subcontractors

In accordance with current labor regulations, the civil construction activity can be carried out through contractors and subcontractors. It is important to consider that this hiring modality entails a joint and several liability, for which the main company could be responsible for labor breaches incurred by contractors and even subcontractors in relation to the workers who participate in the project.

1. General Labor Regime

The civil construction regime is only applicable to those workers who are engaged in construction work, classified as skilled labors, semi-skilled labor and unskilled labor. For workers who are not under this regime, the general labor regime is applied, as follows:

a. Employment Contracts

Employment contracts may be signed for an indefinite period of time or for a fixed period of time (subject to conditional provisions). A fixed term contract must be entered into in writing and must expressly state the reason for the temporary nature of this type of contract.

b. Remuneration and Benefits

Workers not subject to the civil construction regime are entitled to the following fringe benefits, which are borne by the employer:

- ▶ **Vacation Pay:** Workers are entitled to thirty (30) calendar days of paid vacation leave for each full year of service, provided that they have worked the minimum number of days required by law.
- ▶ **Statutory bonuses:** Workers receive two bonuses during the year, the first one in July and the second one in December.

- ▶ **Extraordinary bonus:** It is equivalent to 9% of the statutory bonus, and is paid at the same time as the legal bonus. If workers are affiliated to a Healthcare Service Provider (EPS), the bonus amounts to 6.75% of the statutory bonuses.

- ▶ **Severance Pay (CTS):** This is a fringe benefit for the provision of contingencies arising from the termination of employment and the promotion of the wellbeing of workers and their families. Payment is made through a deposit in the workers' bank account in May and November. Workers are authorized to dispose of part of the CTS before the end of their employment relationship, subject to certain conditions.

- ▶ **Distribution of Profits:** Companies with more than twenty (20) workers engaged in business income generating activities must distribute a percentage of their annual income before taxes among all their workers. The percentage of participation is established by law.

- ▶ **Family Allowance:** Workers who have one or more children under the age of 18 or, if older, that are pursuing tertiary or university studies, are entitled to this benefit until they reach the age of 24. This allowance is equivalent to 10% of the Minimum Base Salary, currently set at PEN1,025.

2. Special Labor Regime For Civil Construction

In Peru, there is a general regulation applicable to private sector workers. However, certain sectors are governed by a special regulation.

One of these sectors is civil construction, which due to its particular characteristics determined by the possibility of the labor relationship (since its term is subject to the duration of the works or part thereof), and by the relative location (since there is no fixed and permanent place where the construction work is performed), a special regulation is necessary.

Requirements:

The application of the civil construction regime is only possible when the following requirements are met:

1. Companies that are engaged in or promote construction activities.
2. The activity must be included in Major Division 5 of the United Nations International Standard Industrial Classification (ISIC).
3. Companies that, exclusively, execute works whose individual costs exceed 50 Tax Units¹ (known as UITs in Peru) equivalent to PEN257,500 (approximately USD68,800).



¹ A Tax Unit (UIT) amounts to PEN5,150 for the year 2024. To calculate individual cost of works, all expenses will be taken into account, including wages and materials.

Category of Workers

Once the requirements are met, the regime applies only to those workers involved in the development of civil construction activities. These are classified as follows:

- ▶ **Skilled Labor:**
Personnel who has obtained qualifications in a certain specialty, such as bricklayers, carpenters, electricians, painters, gasfitters, plumbers etc.
- ▶ **Semi-Skilled Labor:**
Personnel who has not reached certain qualifications (semi-qualified) and who perform the same trade or occupation as the skilled labor, but works as assistants to them.
- ▶ **Unskilled Labor:**
Unqualified personnel who carry out auxiliary construction tasks.

Remuneration and Benefits

The remuneration and benefits of the workers are governed by collective agreements, concluded between employers and workers, each represented by their respective federations.

The collective agreements are signed each year, and the 2024-2025 Collective Labor Convention for Civil Construction is currently in force².

It is important to mention that the remuneration of civil construction workers consists of a daily wage plus the Unified Construction Bonus (BUC), as well as the following benefits, if applicable:



² At the close of this edition, Collective Agreement 2024-2025 was adopted, which runs from June 1, 2024 to May 31, 2025, agreeing on an increase of PEN2.10 for skilled labor, PEN1.65 for semi-skilled labor and PEN1.50 for unskilled labor.

*Table of salaries with social benefits (per day's wage)**

Category	Skilled Labor	Semi-Skilled Labor	Unskilled Labor
Daily Wage	86.80	68.10	61.30
Sunday Wage	14.47	11.36	10.22
Unified Construction Bonus (BUC)	BUC 32%: 27.78	BUC 30%: 20.43	BUC 30%: 18.394
Transportation Bonus	8.60	8.60	8.60
Vacations 10%	8.68	6.81	6.13
Christmas Bonus	23.15	18.16	16.35
Extraordinary Bonus (Law 29351) for Christmas Bonus	2.08	1.63	1.47
National Holiday Bonus	16.53	12.97	11.68
Extraordinary Bonus (Law 29351) for National Holiday Bonus	1.48	1.16	1.05
Compensation 12% + Profitability 3%	13.02	10.22	9.20
Education Allowance	7.23	5.68	5.11
Extra Hour	10.85	8.51	7.66
Extra Hour (holidays and special requirements) 60%.	17.36	13.62	12.26
Extra Hour 100%.	21.70	17.03	15.33
H.S. Compensation 15%.	1.63	1.28	1.15
Highly Specialized Bonus (BAE)	<ul style="list-style-type: none"> - Medium Equipment Operator BAE 8%: 6.94 - Heavy Equipment Operator BAE 10%: 8.68 - Electromechanical Operator BAE 22%: 19.10 - 6G approved welder BAE 25%: 21.70 - Operator Surveyor BAE 9%: 7.81 	Not Applicable	Not Applicable
Health Insurance, paid by the employer (EsSalud)	9%	9%	9%
Statutory Occupational Life and Disability Insurance	Yes	Yes	Yes
Life Insurance (Statutory)	Yes	Yes	Yes

*The amounts are considered on a daily basis and are expressed in Soles (PEN).

Source: <https://www.ftccperu.com/images/TABLAS%20SALARIALES%20PDF/TablasSalariales2024-2025.pdf>



3. Intermediation and Outsourcing Services in Civil Construction

Peruvian law has regulated two mechanisms to organize productive activities in civil construction works:

- ▶ Intermediation services
- ▶ Outsourcing with continuous posting of workers.

Outsourcing activities that belong to the company's core business is not allowed. It is important to note that companies have 6 months since February 2022 to adapt their contracts to this restriction.

In the civil construction sector, outsourcing contracts are entered into with contractors and subcontractors.



It is important to point out that the main company, the contractor and the subcontractor are all jointly and severally liable for the period of time that workers are on the job and up to one year following completion of this period, in the event of failure to comply with the law:

1. Payment of Remunerations and Fringe Benefits.
2. Obligations towards the Social Health Insurance System: Contributions to EsSalud (9%).
3. Obligations with respect to social security: Withholding and payment of contributions to the National Pension System (ONP) or to the Private Pension System (AFP) as well as contracting an Occupational Life and Disability Insurance (SCTR) and a Statutory Life Insurance.
4. Obligations with respect to Occupational Safety and Health: Compensation for damages and services as a result of occupational accidents or illness.

4. Surveillance, Prevention and COVID-19 Control Obligations - Civil Construction Workers

Obligations

1. On January 15, 2024, Administrative Directive N°349-MINSA/DGIESP-2024 was approved, which establishes guidelines for the Prevention, Monitoring and Control of the Health of the workers at risk of exposure to SARS-CoV-2. Below, we detail the key aspects of this regulation:

- ▶ Companies have the obligation to prepare the Covid-19 Prevention, Monitoring and Control Plan, which must be approved by the Occupational Health and Safety Committee or the supervisor, as appropriate.
- ▶ The use of a mask is not mandatory, except for health personnel and workers who present flu symptoms. Likewise, the use of a mask is suggested for workers with risk factors.
- ▶ Medical rest days for suspected, probable or confirmed cases of Covid-19 will be determined by the treating doctor.
- ▶ The obligation to provide trainings on Covid-19 and have a health professional is maintained depending on the number of workers.
- ▶ It is important to promote vaccination, have hand washing points and alcohol for disinfection and maintain ventilated environments.



5. Employment Contracts for Individuals Working in Peru

1. Employment Contracts for Peruvian Citizens

The laws of the Republic of Peru establish that open-ended contracts are the legal default scheme for hiring personnel in Peru. However, as an exception, fixed-term contracts can also be signed. Fixed-term contracts require by law an objective cause that supports a fixed hiring period (for example, the start-up of a new business, specific projects or services, contract substitution, etc.) and their effectiveness is subject to compliance with certain formal requirements.

This type of contract must comply with the rights and benefits granted to employees by law.

2. Employment Contracts for Expatriates

a. General Information

Contracts for expatriates in Peru are regulated by a specific law that governs the hiring of specialized foreigners to cover positions that cannot be filled by Peruvian workers. These are renewable contracts with a term of up to three years.

The contracts can:

- Establish percentage restrictions or
- Be exempt from percentage restrictions

As a general rule, foreign employees should not exceed 20% of the company's personnel. Salaries paid to expatriates should not exceed 30% of the total payroll. An exception to these limits are professionals and specialized technicians or management personnel of a new entrepreneurial activity or in cases of a business reconversion substantiated with the corresponding documentation.

This type of contract must be approved by the Ministry of Labor. At present, approval is automatic at the time the document is registered.

b. Specific regulation for certain nationalities

There are some exceptions for hiring personnel of certain nationalities such as:

- Andean Community: Bolivia, Colombia, Ecuador; Spain (Double Nationality Agreement).
- Mercosur: Argentina, Bolivia, Brazil, Paraguay, Uruguay, Chile, Colombia, Ecuador. Also, in the event the expatriate is a first-generation descendant of a Peruvian citizen or has Peruvian descendants, hiring will take place under the Peruvian personnel hiring scheme and, consequently, employment contracts will not require approval by a Labor Authority (but will need to be notified) or comply with the conditions provided by law for contracting foreign personnel, just registration.



6. Immigration Issues

1. Work Visa

A Work Visa allows foreign workers who intend to live in Peru to perform subordinate activities for a local employer or independent activities in the private or public sectors through an employment contract approved by the Labor Authority, or a service contract.

This can be a temporary visa for less than one year, or a resident visa for one year or more, which can be renewed. In the event of its renewal, the employment contract must be in effect during the same time period as the visa.

Application Procedure

a. Application while the expatriate is abroad - To be collected at the Peruvian Consulate

This entails having all the required documents in Peru when applying for a visa. The documents need to be authenticated by the Peruvian consulate abroad and then legalized at the Ministry of Foreign Affairs, or apostilled abroad (Hague Convention) to be accepted in Peru. Translation into Spanish will be required by a Peruvian state certified translator, including the employment contract in case is in a foreign language.

As expatriates will be abroad during the process, once the visa is approved, applicants will need to collect the visa at the previously selected Peruvian Consulate according to their place of residence. Once the visa is stamped on the passport, the entrance to Peru can be scheduled. Once in Peru, additional actions need to be taken until the alien registration card (C.E.) is issued (in the case of a one-year visa). This process usually takes thirty (30) business days as from the date the application is filed with Immigration Services.

b. Application once the expatriate is in Peru - Change of migratory status

In Peru, expatriates can start performing their activities once their visa is approved. Entering Peru with a business visa is recommended, to avoid inspection risks. In case permanence in the country is as a tourist, a special permit to enter into contracts will be needed to sign the employment contract duly approved by the Ministry of Labor.

Once the visa is approved, the recipient is registered as a resident to coordinate the collection of the alien registration card. Otherwise, if the stay is temporary, the visa will be register in the system, stamps are not available for passports. This process usually takes sixty (30) business days as from the date the application is filed with Immigration Services. If during the evaluation process the expatriate needs to travel abroad, a special travel permit will be required.

2. Designated Work Visa

A Designated Work Visa allows designees employed by a foreign company to perform highly specialized technical assistance in Peru. For this visa, a service contract must be signed between the foreign company and the local company (recipient) specifying the technical assistance required from the company, among other documents (criminal records, designation letter, authorization letter or a letter from the local company). This can be a temporary visa for less than one year, or resident visa for one year or more.

The activities that can be performed with a Designated Work Visa are for a specific task or activities that require professional, commercial or technical know-how. The entity that will receive the service is the local company. As a matter of fact, an agreement will be entered into between the foreign and local companies as a backup document. The foreign company will provide a service to the local company and will send its employees to provide this service. There will be no labor relationship between the expatriates and the local entity.

Application Procedure

a. Application while the expatriate is abroad - To be collected at the Peruvian Consulate

This entails having all the required documents in Peru when applying for a visa. The documents need to be authenticated by the Peruvian Consulate abroad and then legalized at the Ministry of Foreign Affairs, or apostilled abroad (Hague Convention) to be accepted in Peru. Translation into Spanish will be required by a Peruvian state certified translator.

As expatriates will be abroad during the process, once the visa is approved, applicants will need to collect the visa at the previously selected Peruvian Consulate according to their place of residence.

Once the visa is stamped on the passport, the entrance to Peru can be scheduled. Once in Peru, additional actions need to be taken until the alien registration card (C.E.) is issued (in the case of a one-year visa). This process usually takes thirty (30) business days as from the date the application is filed with Immigration Services.

b. Application once the expatriate is in Peru - Change of migratory status

In Peru, expatriates can start performing their activities once their visa is approved. Entering Peru with a business visa is recommended to avoid inspection risks. Documents to process the visa will be obtained in Lima and others from abroad.

Once the visa is approved, the designee is registered as a resident and will be given an alien registration card. Otherwise, if the work is temporary, the visa will be stamped on the designee's passport. This process usually takes sixty (60) business days as from the date the application is filed with Immigration Services. If during the evaluation process the expatriate needs to travel abroad, a special travel permit will be required.

3. Business Visa

A Business Visa allows the holder to carry out business activities, as well as to provide legal, contractual, specialized technical assistance for short periods, or perform other similar activities.

Application Procedure

This visa is granted at the Peruvian Consulate for a maximum of 183 calendar days. Exceptions include the granting of a Business Visa at the airport in Peru, for example: Schengen community countries (for 90 calendar days only, and permanence in the country for a maximum of 180 days); Pacific alliance countries for 183 days; Chinese nationals are also exempted from requesting a business visa at a Peruvian Consulate for a maximum of 183 calendar days if they can prove compliance with one of the following conditions:

- ▶ They hold a visa valid for a minimum period of six (6) months granted by the United States of America, Canada or the United Kingdom, Australia or a State of the Schengen Community.
- ▶ They hold a valid permanent residence from the United States of America, Canada or the United Kingdom, Australia or a State of the Schengen Community.

7. Individual and Labor Taxes

1. Income Tax

a. Residence for Tax Purposes

Income tax treatment depends on whether an individual is considered a resident or non-resident for tax purposes. According to the Income Tax Act, individuals are considered as tax residents in Peru when they have spent more than 183 calendar days in the country during any 12-month period. This change will only become effective as of January 1 of the following year, when compliance with this requirement is evident.

Foreign individuals remain as tax residents in Peru for tax purposes, until they meet the permanence requirement detailed above.

b. Labor and Individual Taxes

According to the Income Tax Act, the compensation received for services rendered within Peruvian territory will be considered as Peruvian Source Income, irrespective of the location of the legal entity or individual paying the income. Hence, the remuneration received by employees or expatriates for services rendered in Peru will be subject to Peruvian income tax.

It must be noted that the employers will be liable to withhold and pay to the Tax Authority the employee's income tax. For this purpose, it must determine the employee's income tax debt and withhold the appropriate amount on a monthly basis, and then pay the income tax to the Tax Authority, based on the tax resident status of the individuals and the procedure provided by law.

In the event employees are considered non-residents for tax purposes, a fixed tax rate of 30% will be applicable over the remuneration received for their work in Peru, as of the first day of service, regardless of where payment is effected.

In case of tax residents, acumulative bracketed income tax rate is applicable:

First PEN36,050 per year	0%
First PEN25,750, after initial deduction	8%
PEN25,750 to PEN103,000	14%
PEN103,000 to PEN180,250	17%
PEN180,250 to PEN231,750	20%
In excess of PEN231,750	30%

The tax unit in force during fiscal year 2024 was PEN5,150.

Further to the deduction of seven tax units to be applied on the resident's gross income, an additional three tax units can be deducted from the calculation basis, subject to specific limits and requirements, for expenses incurred as a result of lease/sublease agreements, hotel, restaurant and bar expenses, professional fees for doctors and dentists, payment for services rendered that qualify as self-employed remuneration (fourth income tax bracket) for specific professionals and payments made to EsSalud (Social Health System) in favor of domestic workers, if reported in an Annual Income Tax Return.

It is important to note that all the expenses mentioned above must be paid through the financial system using the methods approved by the Tax Authority (bank transfers, credit and/or debit cards, but not cash).

c. Tax Exemptions

Non-resident individuals temporarily entering the country to perform the following activities will not be taxed for revenues obtained in their home country, since they are not considered as Peruvian source income:

- ▶ Actions that precede a foreign investment or any other business.
- ▶ Supervision or control of an investment or business (i.e. gathering data or information, meeting public or private sector personnel, etc.)
- ▶ Hiring local personnel
- ▶ Signing agreements or similar documents

Additionally, the following are not subject to taxation in Peru:

- ▶ Amounts paid to non-domiciled employees, their wives/husbands and children for the items set forth below:
 - Flight tickets at the inception and termination of the employment contract.
 - Family and food allowances paid during the first three (3) months of residence in Peru.
 - Shipment of household goods to the country, at the beginning of the contract.
 - Flight tickets to the employee's home country due to vacation during the term of the employment contract.
 - Shipment of household goods to the employee's home country, upon termination of the contract.

All the expenses referred to above must be included in the employment contract approved by the Peruvian Labor Authority establishing that the costs will be assumed by the employer.

- ▶ Amounts that users of technical assistance pay to non-resident individuals hired to provide services in Peru, for flight tickets inside and outside the country, as well as family and food allowances in Peru.
- ▶ Expenses and contributions related to health benefits granted to all employees.
- ▶ Remuneration assigned to a sole proprietor that is considered as third income tax bracket – Income related to any business activity.

d. Double Taxation Treaties

If foreigners come from countries that have entered into agreements with Peru to avoid double taxation (Japan, Chile, Canada, Brazil, Mexico, South Korea, Switzerland and Portugal) or from countries in the Andean Community (Ecuador, Colombia and Bolivia), other tax regulations are applicable.

Finally, note should be taken that tax resident individuals will be liable to file a tax return, provided they receive income other than employment income. The law establishes this obligation (i.e. a domiciled individual who receives remuneration and interest from a bank account abroad). Hence, there is no obligation to file a tax return if tax resident individuals receive only employment income.

2. Social Security Contributions

a. Pension Systems and Contributions

Employees can alternatively join the Government Pension System (GPS) or the Private Pension System (PPS). In the GPS, employees must make contributions equal to 13% of their remuneration. In the PPS, employees must make contributions Equal to an average of 12.55% of their monthly remuneration paid only in cash. Irrespective of the system chosen by employees (GPS or PPS), the employer is responsible for withholding employees' contributions from their remuneration.

b. Health Insurance Contribution

This contribution is paid by the employer and its purpose is to fund the Social Healthcare System (EsSalud), which provides healthcare services and pays subsidies in case of employees' disability. It is collected by the Peruvian Tax Authority (SUNAT). The amount is equal to 9% of the employees' remuneration.

If the company provides health coverage to its employees using its own resources or through an EPS (Private Healthcare Service Provider), it can request a credit of up to 25% of the Healthcare System contribution, subject to certain limits established by law.

c. Statutory Employer-Provided Life and Disability Insurance

This is a mandatory insurance paid by the employer. Premiums depend on the number of insured employees, occupational risks, and in general, on the terms agreed with the insurance company.

d. Occupational Life and Disability Insurance (SCTR)

This is a mandatory insurance to be paid by companies whose activities entail a certain level of risk such as fishing, construction, air transportation, manufacturing, among others described in Appendix 5 of Executive Order (**Decreto Supremo**) 009-97-SA, and provides additional coverage for health and pension plans. The health service agreement may be entered into with EsSalud or with a Private Healthcare Service Provider (EPS). A pension agreement can be entered into with the Government Pension Fund Agency (ONP) or with a private insurance company. The rates depend on the type of activity and/or the terms agreed on with the insurance company.

e. Other Contributions

Additional contributions are applicable based on the company's activities, such as the Retirement Fund, which applies to mining, metal and steel companies, among others.



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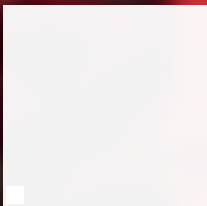
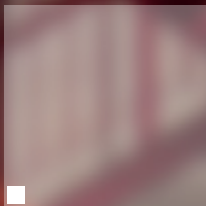
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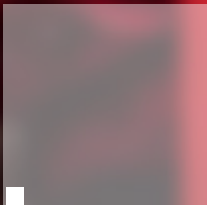
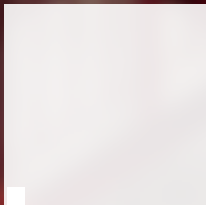
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Guide to
Investing in
Infrastructure
Projects
in Peru
2024/2025

7

Executive Summary

- ▶ Imported goods are subject to import tariffs with currently ad valorem rates of 0%, 6% and 11%.
- ▶ Likewise, the Value Added Tax (VAT) of 18% is applied to imported goods, which can be used as input VAT (tax credit) by the importer.
- ▶ An Advanced VAT Payment System would apply on imports with rates of 3.5%, 5% or 10%, having a taxable base consisting of the Customs Value plus all taxes levied on the import and other surcharges, which can also be used as input VAT by the importer.
- ▶ It must be noted that the World Trade Organization (WTO) rules are applicable to determine the customs value of imported goods. In that regard, in case that the imported goods are related to the development of engineering for their manufacturing, depending on the characteristics of the engineering service (engineering, development, artwork, design work, plans or sketches), the amount of the service must be added to the customs value of the imported goods (taxable base for import taxes).
- ▶ In addition, there are local regulations that establish requirements for the entry of goods that are considered restricted, and conditions to be considered when the entry to Peruvian territory of certain goods is prohibited.
- ▶ Peru has 24 Free Trade Agreements and Economic Integration Agreements (FTA & EIA) in force that could provide the importer with custom duty reductions on imports if certain requirements are met.
- ▶ The export of goods from Peru is not levied with custom duties nor VAT. Certain time frames must be met when exporting goods which ownership was transferred in the country prior to loading.
- ▶ Peruvian Customs regulations have established customs benefit regimes for certain type of operations, allowing, between others, the temporary import of goods, warehousing of goods previous to their import into the country, as well as Tax Special Treatment zones in which certain activities could be developed tax exempted. The currently operative Special Treatment Zones are the located in the northern (Paita), southern (Ilo, Matarani, Tacna) and oriental (Amazon Zone) regions of Peru. The benefits of these regimes can be accessed if the established conditions and requirements are met.

1. Customs Taxes

1. Import of Goods

Imported goods are subject to import tariffs with currently ad valorem rates of 0%, 6% and 11%¹.

Likewise, the Value Added Tax (VAT) of 18% is applied to imported goods. Additionally, depending on the type of goods, imports may be taxed with the Excise Tax or Luxury Tax (ISC), Antidumping Duties, Countervailing Duties, or others.

The usual customs taxes and duties applied are summarized as follows:

Tax	Rate	Taxable Base
Customs Duties ^(a)	0%, 6% y 11% ²	Customs Value ^(d)
Value Added Tax (VAT) ^{(b) (c)}	18%	Customs Value + Customs Duties + Excise Tax (if applicable)

- (a) Customs duties rates depend on the type of goods being imported. Capital goods (fixed assets) are generally subject to a 0% rate.
- (b) Value Added Tax (VAT) can be used as tax credit by the importer.
- (c) Certain goods are additionally subject to Excise Tax or Luxury Tax (ISC).
- (d) This value shall be determined according to the WTO Customs Valuation Agreement rulings, the Andean Community and the Peruvian regulations, based on a CIF customs basis (FOB, freight and insurance).

Some imported goods can also be charged with anti-dumping measures or countervailing duties. The former are applied to some imported goods when the price discrimination could harm or threaten to harm a branch of local production. Countervailing duties are applied to imported goods that are subsidized in their country of origin and can harm or threaten to harm local production via the importation. These measures will only be applicable after the authorities perform proper market investigations.

World Trade Organization (WTO) rules are applicable to determine the customs value of imported goods. One of the rules sets forth that, when a buyer imports a manufactured good and the purchase price does not already include the value of any engineering, development, artwork, design work, plans or sketches, then said value must be added to the customs value to determine the import tax base of said manufactured good.

Since the amount of certain services Provided, regarding an EPC (Engineering, Procurement and Construction) or EPCM (Engineering, Procurement, Construction and Management) Contract, would be part of the customs value of related imported goods, a certain legal procedure must be followed in order to avoid double taxation on VAT (1 - import VAT and 2 - local VAT charged for the services used within Peruvian territory, rendered by a non-resident).

¹ An ad valorem rate of 4% is charged in the case of Express Shipment (goods with an FOB value of USD200 or more, up to a maximum of USD2,000 per shipment).

² For Express Shipments, an ad valorem rate of 4% is charged.

The import of goods is subject to the Advanced VAT Payment System, wherein the tax is determined by applying a percentage to the Customs Value plus all taxes levied on the import and other surcharges, where applicable. The applicable tax rates are 3.5%, 5%, or 10%, depending on the situation of the importer and/or the goods to be cleared through customs. Like VAT, the amount paid may be used by the importer as a tax credit. However, there are certain cases in which the VAT paid in advance is not applicable; for example, when the import procedure is performed by VAT withholding agents, or in the case of certain goods excluded from this system. Additionally, there are some sensitive products that need further analysis.

Payments related to imported goods greater than PEN7,000 or USD2,000 must be made using banked payment methods such as account deposits, drafts, fund transfers, payment orders, among others. Additionally, payments made regarding transactions related to other type of customs operations, different from the import regime, must also be made using these means of payment for amounts equals to PEN2,000 (USD500) or greater.

When importing goods worth more than USD2,000, the services of a customs agent or broker authorized by Peruvian Customs will be necessary to undertake the documentary and electronic procedures for import. It should be noted that the importer will be required to produce the necessary documents that support the entry of goods, such as commercial invoices, shipping documents, among others.

In addition to the formalities of customs clearance procedures, there are local

regulations that establish additional requirements for the entry of goods that are considered restricted, and conditions to be taken into account when the entry to Peruvian territory of certain goods is prohibited. Further details are provided below.

2. Export of Goods

The export of goods is not subject to the payment of Value Added Tax (VAT).

The Value Added Tax Act defines the export of goods as the sale of real property performed by a taxpayer domiciled in the country to a non-domiciled party, regardless of whether the transfer occurs abroad or in Peru, provided that said goods are subject to a customs process for definitive export.

If the transfer of ownership of the goods occurs in the country prior to loading, the classification as export of goods is conditional upon the goods being shipped within a term of no more than sixty (60) calendar days after the date of issue of the respective commercial invoice.

When the sale involves documents issued by a bonded warehouse that guarantee the purchaser's right to dispose of said goods, the classification will be conditional upon the shipment being made within a term of no more than two hundred and forty (240) calendar days after the date on which the warehouse issues the document.

If the established terms expire without the goods having been shipped, it will be understood that the operation has been performed in national territory, and will be levied with or exempted from VAT, as applicable.

2. Free Trade Agreements And Other Commercial Agreements

Peru's development strategy is based on an economy open to the world and competitive in its export offer. It has been a successful strategy that has allowed the country to consolidate its foreign trade as an instrument for economic development and poverty reduction.

The implementation of Free Trade Agreements (FTAs) allows foreign goods to enter Peru under preferential conditions, with a customs duty reduction of up to 100%, provided they comply with the rules of origin established in each one of the 24 Free Trade Agreements and Economic Integration Agreements (FTA and EIA) signed by Peru.

The agreements in force, executed by the Peruvian government in order to gain access to international markets, are listed below:

1. Agreements of the World Trade Organization (WTO). Entered in force on January 1, 1995.
2. Agreements of the Asia-Pacific Economic Cooperation Forum (APEC). Entered in force on November 14, 1998.
3. Andean Community (CAN) Agreement (signed between Peru, Ecuador, Bolivia y Colombia). Entered into force on July 30, 1997.
4. MERCOSUR Economic Complementation Agreement No. 58 signed between Argentina, Brazil, Paraguay, Uruguay and Peru. Entered into force on January 2, 2006.
5. Economic Complementation Agreement No. 50 between Cuba and Peru. Entered into force on March 9, 2001.
6. Free Trade Agreement between Peru and Chile, which modifies and substitutes ACE No. 38. Entered into force on March 1, 2009.
7. Trade Integration Agreement between Peru and the United Mexican States. Entered into force on February 1, 2012.
8. Peru - United States Trade Promotion Agreement. Entered into force on February 1, 2009.
9. Free Trade Agreement between Canada and Peru. Entered into force on August 1, 2009.
10. Free Trade Agreement between Peru and Singapore. Entered into force on August 1, 2009.
11. Free Trade Agreement between Peru and China. Entered into force on March 1, 2010.

12. Free Trade Agreement between Peru and the EFTA States (Switzerland, Liechtenstein, Norway and Iceland). Entered into force with Switzerland and Liechtenstein on July 1, 2011; with Iceland on November 1, 2011 and with Norway on July 1, 2012.
 13. Free Trade Agreement between Peru and Korea. Entered into force on August 1, 2011.
 14. Agreement for a Closer Economic Partnership between Peru and Thailand. Entered into force on December 31, 2011.
 15. Economic Partnership Agreement between Peru and Japan. Entered into force on March 1, 2012.
 16. Free Trade Agreement between Peru and Panama. Entered into force on May 1, 2012.
 17. Trade Agreement between Peru, Colombia and Ecuador, on one part, and the European Union and its member states, on the other part. Entered into force on March 1, 2013.
 18. Free Trade Agreement between Costa Rica and Peru. Entered into force on June 1, 2013.
 19. Partial Scope Agreement of a Commercial Nature between Peru and Venezuela. Entered into force on August 1, 2013.
 20. Framework Agreement of the Pacific Alliance (Colombia, Chile, Mexico and Peru). The Agreement entered into force on July 20, 2015.
 21. Free Trade Agreement between Peru and Honduras. Entered into force on January 1, 2017.
 22. Free Trade Agreement between Peru and Australia. Entered into force on February 11, 2020.
 23. Trade Agreement between the United Kingdom of Great Britain and Northern Ireland, on one part, and Colombia, Ecuador and Peru, on the other part. Entered into force on December 31, 2020.
 24. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), signed by Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Entered into force on September 19, 2021.
- Also, Peru has concluded Free Trade Agreement negotiations with Brazil and Guatemala.
- Furthermore, Peru currently maintains negotiations with Turkey, El Salvador, Nicaragua and India in order to subscribe bilateral Free Trade Agreements.

3. Restricted or Prohibited Goods

Some goods that are imported into the country may be considered by legal mandate to be restricted or prohibited, for reasons of national security or public health, among other reasons.

Restricted goods are those that require special authorizations, licenses, permits, etc., from the pertinent institutions, depending on the goods to be imported. These goods must have the required documentation at the time of import, prior compliance with the requirements established by the control units of the competent sector.

Some of the entities and types of restricted goods are as follows:

- ▶ **National Superintendency of Tax Administration (SUNAT)** through the National Intendency of Chemical Supplies and Supervised Goods for controlled chemical inputs and audited goods given its probability to be used in illegal mining and in the preparation of illegal drugs, among others.
- ▶ **Ministry of Health (MINSA)** through the Medicines, Supplies and Drug Administration (DIGEMID), with respect to medicines and medical devices; and through the Bureau of Environmental Health (DIGESA) with regard to food and beverages, etc.
- ▶ **Ministry of Energy and Mines (MINEM)** in the case of goods (products, machinery and equipment) that use radioactive sources.
- ▶ **Ministry of Internal Affairs (MININTER)** through the National Superintendency for the Oversight of Security Services, Weapons, Munitions, and Explosives for Civilian Use (SUCAMEC) for goods such as firearms, explosives, etc.
- ▶ **Ministry of Agriculture and Irrigation (MINAGRI)** through the National Agricultural Sanitation Service (SENASA) as the institution in charge of protecting agricultural and animal health, etc.
- ▶ **Ministry of Transportation and Communications (MTC)** for radio-electric transmitters in general and/or communications equipment/devices.
- ▶ **Ministry of Foreign Affairs (MRE)** for texts and/or publications that include geographical- cartographical and historical material.

Furthermore, prohibited goods are not allowed to enter or leave the country. Certain goods are considered restricted or prohibited for export as well.

4. Temporary Admission for Re-exportation in the Same State

This customs regime allows for the temporary entry of certain goods into the national territory, with the suspension of customs duties and other taxes levied on the import hereof (for a maximum period of 18 months) duly guaranteed, destined for a specific purpose in a specific place and which will be re-exported within the established term without having undergone any modification whatsoever, with the exception of the depreciation as a consequence of normal wear and tear.

5. Bonded Warehouses

This system allows for goods entering national territory to be stored in a bonded warehouse for such purpose, for a given period (maximum term of 12 months) under the control of the Customs Administration, without paying customs duties and other taxes applicable to import for consumption, provided that the goods were not requested within a prior specific customs regime and they are not in a situation of legal abandonment.

6. Free Trade Zones

► Tacna Free Trade Zone

The Tacna Free Trade Zone was created in 2002 in order to promote investment in the south of the country through the incorporation of companies engaged in a series of industrial activities, agribusiness, in-bond processing and assembly, and storage, distribution, unpacking, and packaging services, etc. A tax exemption system was granted, which includes Income Tax, Value Added Tax (VAT), Selective Consumption or Luxury Tax (ISC) Municipal Promotion Tax (IPM), as well as any other tax, whether existing or to be created, provided the activities are developed within that Zone.

Products shipped from abroad that enter the Zone are not subject to import duties, since the Tacna Free Trade Zone has been granted the status of a special customs treatment area. In the case of goods transferred to the Tacna Commercial Area, only a special tariff is paid. However, if those goods are destined for the rest of the country, then they are subject to payment of the duties charged on imported goods.

The benefits system of tax exemptions is in effect until 2032. It should be noted that persons from the rest of the national territory may acquire in the commercial zone, through electronic commerce, certain goods, in amounts, quantities or volumes determined by special regulations. These commercial operations are not taxed with the VAT until December 31, 2027.

► **Puno Special Economic Zone**

Like the Tacna Free Trade Zone, the Puno Special Economic Zone is an area which enjoys the status of falling outside customs territory, where a special tax system is applied that not only exempts goods entering the area from import duties, but also provides an exemption to Income Tax, the Value Added Tax (VAT), Selective Consumption or Luxury Tax (ISC), Municipal Promotion Tax, as well as any other federal, regional or municipal tax currently in force or to be created, including those that require express exemption, provided that users carry out authorized activities such as industry, agribusiness, in-bond processing and assembly, and storage, distribution, unpacking, packaging services, etc., within the Zone.

The exemptions are valid through 2027, with the exception of the Income Tax, which concludes on December 31, 2028.

This zone is not yet operative.

► **Cajamarca Free Trade Zone**

The Cajamarca Free Trade Zone was created in 2021 to foster the sustainable socioeconomic development of Peru's northeastern region by attracting companies engaged in production, commercialization, industrial, agribusiness, maquila, and service activities. For such purpose, they will be granted access to a tax exemption regime including income tax, value added tax, excise tax, municipal promotion tax, customs fees and duties, and all other taxes, whether central, regional, or municipal, currently existing or to be created in the future, including those requiring express exemption.

This zone is not yet operative.

► **Chimbote Free Trade Zone**

The government declared its interest in creating the Chimbote Free Trade Zone in 2022 to contribute the sustainable socioeconomic development of Áncash by attracting companies engaged in industrial, agribusiness, assembly, maquila, and service activities.

This zone is not yet operative.

7. Other Special Treatment Zones

► **Special Development Zones (ZED) (previously known as CETICOS)**

In addition to the special customs areas mentioned above, there are also Special Development Zones (ZED) in Ilo, Matarani, Paíta, Tumbes, and Loreto.

ZEDs are limited geographical areas that are considered primary customs zones subject to special treatment, where industrial, maquila, logistics (merchandise storage, transportation, distribution, and sale, etc.), repair or refurbishment, telecommunications, information technology, and scientific and technological research and development activities may be performed.

Therefore, the entry of goods to these zones is exempt from import taxes; however, the entry of goods from ZEDs to the rest of the national territory is subject to the payment of customs duties and other import taxes.

With regard to all other duties and taxes, the development of activities in the country's ZEDs Ilo, Matarani, Paita are exempt until December 31, 2042 from Income Tax, Value Added Tax, Selective Consumption or Luxury Tax (ISC), Municipal Promotion Tax, as well as all taxes in force or created in the future—including those that require express exemption by law—with the exception of contributions to ESSALUD and rates.

Likewise, transfers of goods and provisions of services between users established in ZEDs are exempt from the Income Tax, Value Added Tax (VAT), Selective Consumption or Luxury Tax (ISC) and any other tax in force or to be created, including those that require express exemption.

Finally, in the case of the Loreto ZED, it is important to note that the term for incorporating companies in that Zone, as well as their exemptions, is fifty (50) years, as from May 22, 1998.

At present, the Loreto and Tumbes ZEDs are not yet operative.

► Amazon Tax Special Zone

The Amazon Tax Special Treatment Zone (related to the “Peruvian-Colombian Protocol” - PECO), was created with the objective of promoting the integral development of the Amazonian Region, establishing conditions for the promotion of public and private investment. The promotion measures considered are listed below:

Peruvian-Colombian Protocol” - PECO:

Under this Protocol, the importer may make a claim for preferential tariff treatment to the import of certain goods that are detailed in the Common External Tariff that is part of the Protocol.

The preferential treatment only applies when the goods are imported to the regions of Loreto, San Martín and Ucayali.

Act for Investment Promotion in the Amazon - Law 27037:

This law allows the entry of certain goods into Peru for consumption into the Amazon (goods classified in chapters 84, 85 and 87 of the Customs Tariff), exempted from the payment of VAT, until December 31, 2029 (except for the region of Loreto, which will benefit from this law until December 31, 2028).

For purposes of this benefit, among other aspects, the Amazon is composed of the regions of Amazonas, Loreto, Madre de Dios and Ucayali, as well as some provinces in the regions of Ayacucho, Cajamarca, Cuzco, Huánuco, Junín, Pasco, Puno, Huancavelica, La Libertad and Piura.

8



Executive Summary

- ▶ Over the last decades, environmental regulation has been more demanding and more entities with environmental competences have arisen. Nonetheless, whilst this might seem overwhelming, the paradigm of environmental protection and sustainability, have brought increasingly opportunities to make investments more sustainable and profitable under circular economic considerations.
- ▶ Project investments must consider the regulations regarding the environmental impacts in the land where the project will set, (fauna, flora, water, land, air, cultural heritage patrimony) and the regulations regarding the use of their process's inputs.
- ▶ The most important environmental procedure necessary before the implementation of an infrastructure project is to obtain an environmental certification.
- ▶ This certification, is provided by an environmental authority which determines if the project is environmentally viable or not evaluating all the impacts the project may have and mitigation measures proposed in terms of biodiversity management, water usage, waste management, effluents, noise, vibrations and emissions management, hazardous and restricted substances control, energy sources, protection of natural areas, as well as archeological heritage, among others.
- ▶ It is important to consider that in our legislation the concept of environment englobes social aspects and that this certification does not imply the authorization to start the project, but is a requirement for most licenses, authorizations and permits needed.
- ▶ Environmental protection is a developing and dynamic area due to its importance and relevance in society. Peruvian legislation is no stranger to the need for the continuous improvement and specialization of environmental regulations, which can be reflected on the measures taken and proposed projects that aim at the full protection of the environment. (Taxable base for import taxes).

1. Overview

Environmental protection has turned into a key factor in projects development, gradually increasing its importance through time. This tendency has resulted in the evolution of not only global but also local legislation in order to create actions to guard the environment against any possible negative impact over it.

Peru started developing a legal environmental framework just between the 90s and the 2000's. Previously there were few scattered norms referring to environmental components protection but with no supervision mandate, therefore there was a weak control. However, as most countries, during the past few years it has been possible to see an evolution on the associated legislation, resulting in more control and proper awareness by the government. Alongside the understanding of the need to protect the environment, there has also been an increase on the number of direct actions to protect it accompanied by a growth on the specialization of the sector, solidifying the importance of its regulatory treatment.

The constant improvement on the environmental treatment requires for project holders to comply with the current legal requirements and also be prepared to deal with any new obligations, not only due to the possible consequences but also in order to protect the natural resources and environment.

Besides the direct involvement of the government on the environmental protection, society as a whole plays an important role in supervising the environmental compliance. In this context, projects can also be affected by social conflicts that can cause delays or put them a risk. These factors have also been taken into consideration for the development of the legislation, by implementing adequate mechanisms to prevent social conflicts, and even solve them, while also securing the protection of the environment.



2. Legal Framework

The Peruvian legal framework includes a wide range of environmental obligations that must be complied with by project holders. Each distinct obligations are grouped and categorized accordingly to its specialty and monitored by the pertinent authorities.

In that sense, the current legislation can be divided into two groups, the first one consisting of general obligations that are bound to be complied with by every actor, and a second group that encompasses specific obligations related to the individual activities required for a project, contractual commitments, environmental effects as well as the project's location.

The General Environmental Act—Law 28611—provides the main legal framework, as well as general obligations that require compliance by project executors in environmental protection matters.

A team of multidisciplinary officers is in charge to evaluate the environmental viability (and therefore provide the environmental certification) of the projects according to sector, size and type. The supervision of the projects with environmental certification is also handled by specific competent authorities. This categorization ensures that projects are properly evaluated and supervised during their effective term.

Peru's Agency Environmental Certification for Sustainable Investments (SENACE) was created in 2012 by Law 29968 as a specialized and independent agency that conducts environmental impact assessments for the largest investment projects in Peru.

Currently, most of the major projects require SENACE's approval of their correspondent environmental impact assessments. However, SENACE is not the only entity with competences on these matters. Depending on the size or extension of a project, environmental impact assessments may be handled by the Regional Government or the ministry of a specific sector. In recent years, the government has been making efforts to unify its entities according to categories. This unification is not an easy task and has to be done progressively, especially because of setbacks that can be encountered in the process. The trend is to centralize the environmental evaluation in SENACE and the environmental supervision in the Environmental Assessment and Supervisory Board (OEFA), nonetheless it is always important to verify the identity of the main regulator and associated supervisors.

Additionally, when a project involves different aspects as water use or disposal, energy generation, restricted products, transportation, among others, there are different authorities involved that authorize and regulate each specific aspect such as the National Water Authority, the Bureau of Environmental Health, Water Utility Companies, the National Superintendency of Tax Administration (SUNAT), etc.

Besides the regulators, there are also a series of inspectors and authorities that verify compliance with different obligations. OEFA monitors environmental compliance, waste management, environmental complaints, as well as solid waste infrastructure. OEFA can carry out audits at any moment, start administrative procedures, impose fines, and also has the authority to suspend projects.

OEFA is also qualified to receive any kind of environmental complaint from any person, even if it is not the direct inspector, and has the obligation to refer it to the competent authority. It can also follow up on a complaint to verify that it is being processed.

Local governments are also involved in the regulation and oversight of specific matters in their areas of influence. Besides issuing the necessary operating licenses, they can also approve special environmental certifications or close down projects in the event they identify a breach. The government is strengthening the power and resources of environmental prosecution offices in order to safeguard environmental rights and enforce the use of criminal law when necessary, in the case of grave damage to the environment. These government agencies work individually but they collaborate with each other when a non-compliance is identified.

A breach, or non-compliance, of any environmental obligation can lead to a direct consequence, such as the temporary closure of the project or the start of an administrative procedure.

Compliance is highly important in order to protect the environment and ensure the continuance of operations.

The most common breaches are related to non-compliance with Environmental Management Instruments, lack of environmental monitoring, deficient waste management, excesses in permissible water limits, among others.

If an inspection concludes that there is evidence or indication of non-compliance, then an administrative procedure is initiated.

This procedure is managed by the authority in charge, with established guidelines, instances and opportunities for the project holders to file rebuttals and execute their legitimate defense.

The usual consequences include high monetary fines, suspension or closure of the project, and the obligation to improve or change specific parts of the project. In some cases, if there is evident environmental damage, a criminal action can also be initiated.

Local stakeholders also play an important role, since the Peruvian legislation establishes that they can participate in prior consultations when required. If the communities surrounding the project believe they can be affected, if there is a setback in negotiations or the commitments are not met, social conflicts can arise, which can also delay the projects. When managed correctly, projects are also subject to incentives and recognitions by the government. The National Environmental Award recognizes those who contribute with environmental protection through specific projects, correct waste management, recovery of natural areas, etc. OEFA also has different incentives like the Annual Ranking of Environmental Excellence (REAL); Green Leaf, also known as Qumir Rapi, Green Life or Qumir Kawsat; and a Fine Discount Certificate. To be eligible for any of these recognitions, projects must be registered in the Good Practices Register and have a sustainable practice in operation.

a. Environmental Management Instruments

The National Environmental Impact Assessment System (SEIA) was created by Law 27446 as a unique and coordinated system to identify, prevent, supervise and correct any possible negative environmental impacts, including national policies and plans, and its Regulations were approved by Supreme Decree 019-2009-MINAM. The SEIA establishes the projects that are required to have an Environmental Impact Assessment (EIA).

It also regulates the categorization of said studies according to their impact. Those who want to start a project of any kind are subject to the established procedures for obtaining the corresponding Environmental Certification through SENACE or the competent Ministry.

In the event that a project is not listed, the holder can consult the Ministry of the Environment (MINAM) to verify if certification is required. In the case that an Environmental Certification is not required, the project might still require the submission of an Environmental Management Report, depending on the Ministry in charge of overseeing the project.

Ministerial Resolution 157-2011-MINAM, as amended, lists the projects that are subject to the SEIA regulations, including projects related to agriculture, tourism, electricity generation, malls, road infrastructure, telecommunications infrastructure, health establishments, waste management infrastructure, multifamily housing, parking buildings, water and sanitation projects, among others. Additionally, new sectors have been set to be supervised by the OEFA, including education, housing and construction, sanitation, justice, health, culture, transportation and communications.

These instruments must be followed and updated when necessary. The obligations set out by environmental certificates range from monitoring environmental factors periodically, having waste management plans in place, making proper use of water and its disposal, fulfill oil and gas obligations if necessary, prevent soil contamination, to mention a few.

The Environmental Impact Assessment (EIA) determines the obligations of each project based on its type, location, impact, duration and size, and is undertaken by registered Environmental Consulting Firms.

The first step to determine the obligations of a project is to classify it according to the established categories. Secondly, a Public Participation Plan must be drawn up with the stakeholders in its area of influence.

Following the initial approvals, project holders are required to establish a baseline, a process usually accompanied by the regulator. The Environmental Impact Assessment (EIA) is evaluated and approved accordingly if it is determined that it includes all the necessary aspects relevant to environmental protection. In some cases, the regulator might raise observations to be addressed by the project holder.

Once an EIA is approved it can also be amended or updated depending on the requirements of the project. This process is also regulated, and holders must comply with the established obligations at the appropriate time or they will be subject to an administrative procedure and fines.

The legislation related to environmental control keeps being updated and becoming more specialized. Supreme Decree 021- 2021-MTC issued by the Ministry of Transportation and Communications approves the Environmental Supervision and Enforcement Regulations, establishing the base rules for future inspections. This demonstrates the importance of the sector.

b. Water Resources and Effluents

The Water Resources Act–Law 29338– and its Regulations approved by Supreme Decree 001-2010-AG, lay out the legal framework related to water use and effluents disposal.

Peru has a specialized authority that regulates water use and issues the necessary permits for different projects.

The National Water Authority (ANA) is the office in charge of approving water supply studies and its works; it also issues authorizations for water use and disposal in Peru are divided in superficial and groundwater, and can be extracted from rivers, lakes, wells or the ocean.

Peru has a diverse list of water sources, which are controlled and protected to avoid contamination and secure a continued supply. ANA, which is an agency attached to the Ministry of Agriculture and Irrigation (MINAGRI) is assisted by Local Water Administrators and the Administrative Water Authority (AAA), which support its work locally, to ensure a greater presence and carry out more extensive supervision work.

The main operating permits required by projects include the Water Use License, Water Use Permits, Water Use Authorization and the Residual Water Reuse Authorization.

Each permit allows project holders to make use of water resources in specific circumstances and must be requested following established procedures.

Water licenses or permits determine not only the sources from which the water is extracted, but also the volume of water that can be used, the consideration that must be paid and the applicable control instruments.

Water can be used in different ways, with specific permits required on a case-by-case basis. Additionally, if the water is to be used for human consumption, it also needs authorization from the Bureau of Environmental Health - (DIGESA).

Once water is disposed of, it also needs to fulfill pre-established obligations in order to ensure that the effluents will not endanger the environment. Some of these obligations can include treatment plants or grease traps. Water disposal can be done through the sanitation sewer network, managed by a Service Provider Company (SPC) or returned directly to nature through a water source. In both cases, effluents must comply with the maximum acceptable values or maximum permissible limits, as applicable. In the event it is determined that effluents are considered pollutants, the supervisory authority can impose a fine. In the case of water disposed through the sanitation sewer, SPCs charge an extra fee based on the non-compliance provision. If the water is disposed to a natural source, OEFA is the agency in charge of its inspection and the subsequent imposing of fines.

c. Other Permits and Authorizations

In addition to environmental certificates and water authorizations, projects are also subject to another set of permits and obligations related to their location.

Local governments are in charge of issuing construction and operating licenses, carrying out technical safety inspections, authorizing the transit of certain vehicles, determining the use of the streets adjacent to the projects, and in some cases, they can determine working hours depending on the zoning.

Besides issuing special permits, local governments also monitor noise pollution, sanitation obligations, waste management, air pollution, as well as handling possible claims presented by local stakeholders.

Depending on the location of the project and its characteristics, the involvement of other entities might be required, such as the National State-Protected Natural Areas Service (SERNANP), the Forest and Wildlife Service (SERFOR), the Coastguard Authority (DICAPI), the Supervisory Body of Private Investment in Energy and Mines (OSINERGMIN), the National Superintendency of Tax Administration (SUNAT), and the Office of the Prime Minister (PCM).

d. Waste Management

The Solid Waste Management Act, Legislative Decree N° 1278, and its accompanying regulations approved by Supreme Decree N° 014-2017-MINAM, regulate how solid waste is managed, encouraging waste reduction, recovery, recycling and valorization, setting its goal on reaching an optimal circular economy production. The waste management legislation is constantly being updated and improved by the pertinent authorities. Therefore, it is important to keep track of its changes. Project holders need to develop, implement, and follow a Waste Minimization and Management Plan, which must be designed according to its activities and needs. This plan carries the main obligations that must be followed during the development of a project, encouraging the reduction of waste disposal, as well as the safe management of hazardous products.

Waste management is divided into two main categories based on its origin. The first one regulates municipal waste, which consists of household waste and it is mostly handled by the local government. The obligations related to municipal waste are usually simple and easy to follow.

On the other hand, non-municipal waste is handled by service operators due to its volume and characteristics. Alongside this main division, waste can also be classified according to its origin and hazardousness.

The categories that can be considered as special waste include not only hazardous or bio contaminated waste, but also the one originated from electric and electronic equipment or construction

and demolition activities. These special categories have specific regulations that must be complied by project holders.

Construction and demolition waste is regulated by Supreme Decree 002-2022-VIVIENDA. This piece of legislation has been recently renewed, establishing new obligations not only for project holders, but also for waste operators and government authorities.

Electric and Electronic Equipment Waste is regulated by Supreme Decree 009-2019-MINAM, while Scrap Tires must follow the provisions approved by Supreme Decree 024-2021-MINAM. Alongside, new prioritized goods are meant to be included, such as containers and packings as well as lubricants.

Waste regulation is oriented towards the reduction of waste disposition, focusing on reduction, reuse, and recycling.

In general, infrastructure projects handle waste as non-municipal through a specialized operator. These service providers must have the necessary authorizations to operate according to their specific activities. This type of waste is also subdivided in different categories and managed accordingly.

Project holders are bound to follow the Solid Waste Management Act, which includes the obligation to submit waste management schemes for hazardous waste and reports, manage waste according to its category through a specialized operator, have proper waste storage locations, minimize waste, have sanitation systems, and properly identify waste.

e. Others

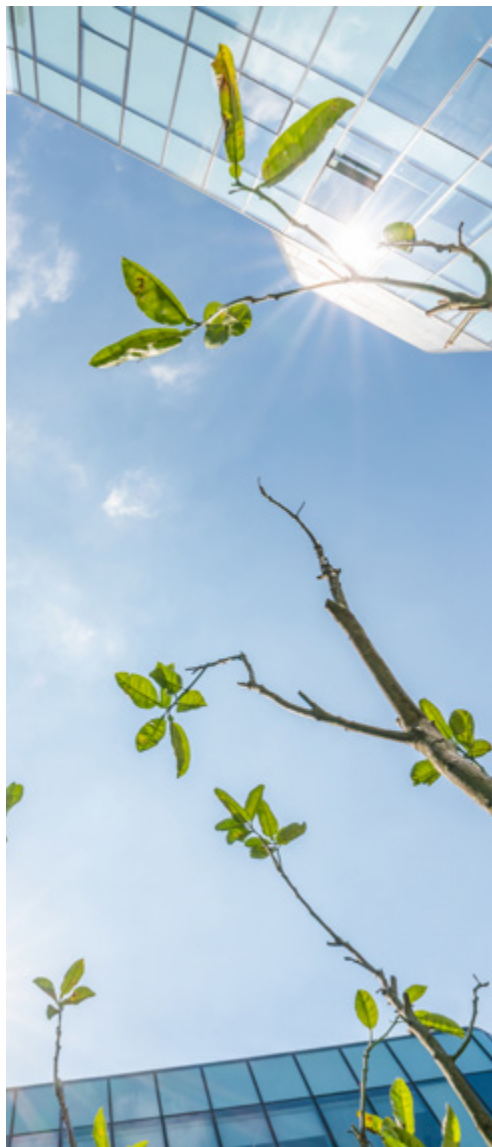
Most environmental agencies and authorities publish an Annual Environmental Assessment and Enforcement Plan (PLANEFA), which determines some of the main activities and areas to be covered during the year. This plan not only give project holders an overview of the main objectives of the environmental assessments to be held during the following years, but also allows the identification of the main aspects and issues that might need to be taken into consideration on project development.

It is also important to mention that the country is currently working on a Pollutant Release and Transfer Registry, as well as on legislation related to Carbon Credits.

Moreover, there is a tendency to promote a circular economy, which is currently being implemented by the production sector.

Peru is also currently upgrading its digital government tools, which allow project holders to submit and receive information, alongside others, through online mechanisms, reducing paper use and procedural delays.

Local environmental legislation not only regulates the main current aspects of projects, but also aims at satisfying future needs in environmental protection.





Guide to
Investing in
Infrastructure
Projects
in Peru
2024/2025

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A	P	P	E
N	D	I	X

Principal Regulatory Entities

1. National Infrastructure Authority - ANIN

(Autoridad Nacional de Infraestructura)

Tel: +51 1 679 9900

www.gob.pe/anin



In July 2023, Law 31841 created the ANIN, a public executing agency of the Presidency of the Council of Ministers in charge of the formulation, execution and maintenance of national investment projects or programs, which are assigned or delegated to it. Among others, these projects have investment amounts equal to or higher than two hundred million Soles, that are in the current multi-year investment program and that have not been physically executed.

2. Central Reserve Bank of Peru - BCRP

(Banco Central de Reserva del Peru - BCRP)

Tel: +51 1 613 2000

www.bcrp.gob.pe



The Central Reserve Bank of Peru (BCRP) is an autonomous constitutional institution of the Peruvian State. According to the Constitution, the faculties of the BCRP are to regulate the currency and the credit in the financial system, manage international reserves under its care, and other functions indicated in the law that created the institution. Likewise, the Constitution orders the BCRP to issue coins and paper money and to accurately inform the country from

time to time on the state of national finances. It also has the responsibility of maintaining monetary stability, avoiding the pressures of inflation and depreciation on the economy.

3. Office of the Prime Minister - PCM

(Presidencia del Consejo de Ministros - PCM)

Tel: +51 1 219 7000

www.gob.pe/pcm



The Office of the Prime Minister is the technical-administrative institution of the Executive Branch, whose maximum authority is the President of the Republic of Peru. It coordinates and follows up on multi-sector policies and programs of the Executive Branch. It also carries out coordinated actions with the Congress and different constitutional entities.

4. Ministry of Economy and Finance - MEF

(Ministerio de Economía y Finanzas - MEF)

Tel: +51 1 311 5930

www.gob.pe/mef



The Ministry of Economy and Finance (MEF) is an entity of the Executive Branch responsible for planning, directing, and controlling matters related to the budget, treasury, debt, accounting, fiscal policy, public spending, and economic and social policies. It also designs, establishes, performs, and supervises national and sector policies under its jurisdiction, assuming a guiding role therein.

5. Ministry of Labor and Employment Promotion - MTPE

(Ministerio de Trabajo y Promoción del Empleo - MTPE)

Tel: +51 1 630 6000

www.gob.pe/mtpe 

The Ministry of Labor and Employment Promotion (MTPE) is the State institution responsible for designing, coordinating, and executing the policies and programs aimed at creating and improving dignified and productive work through the promotion of job market insertion opportunities and skills, as well as fostering a democratic system of labor relations through labor coordination, surveillance of compliance with laws, conflict prevention and resolution, and the improvement of working conditions.

6. National Institute for the Defense of Free Competition and the Protection of Intellectual Property - INDECOPI

(Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual - INDECOPI)

Tel: +51 1 224 7777

www.gob.pe/indecopi 

Indecopi promotes a culture of fair competition and protects all forms of intellectual property (trademarks, copyrights, patents, and biotechnology).

7. Supervisory Board for Investment in Energy and Mining - OSINERGMIN

(Organismo Supervisor de la Inversión en Energía y Minería - OSINERGMIN)

Tel: +51 1 219 3400

+51 1 219 3410

+51 1 427 4935

www.gob.pe/osinergmin 

OSINERGMIN is responsible for supervising and controlling compliance with legal and technical provisions of activities developed by companies in the electricity and hydrocarbons subsectors, as well as compliance with legal and technical regulations related to the conservation and environmental protection. It is also in charge of quality and quantity control of fuels and higher prerogatives as part of its power to impose sanctions.

8. Supervisory Board For Private Investment In Telecommunications - OSIPTEL

(Organismo Supervisor de Inversión Privada en Telecomunicaciones - OSIPTEL)

Tel: +51 1 225 1313

www.osiptel.gob.pe 

OSIPTEL is in charge of regulating and supervising the public telecommunication services market, independently of the operating companies.

9. Supervisory Board for Investment in Public Transportation Infrastructure - OSITRAN

(Organismo Supervisor de la Inversión en Infraestructura de Transporte de Uso Público - OSITRAN)

Tel: +51 1 440 5115
www.ositran.gob.pe 

The general purpose of OSITRAN is to regulate, govern, supervise, and audit the behavior of the markets under its jurisdiction, with regard to the actions of service providers, as well as the compliance with concession agreements, impartially and objectively holding harmless the interests of the State, investors, and users.

10. National Superintendency of Labor Auditing - SUNAFIL


(Superintendencia Nacional de Fiscalización Laboral - SUNAFIL)

www.sunafil.gob.pe 

SUNAFIL is a specialized technical entity that forms part of the Ministry of Labor and Employment Promotion (MTPE), and is responsible for promoting, supervising, and auditing the compliance with labor laws and those related to occupational health and safety.

11. Superintendency of Banking and Insurance and Private Pension Fund Management Companies - SBS


(Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones - SBS-AFP)

Tel: +51 1 630 9000
www.sbs.gob.pe 

SBS is in charge of regulating and supervising the financial, insurance, and private pension fund systems. Its main objective is to protect the interests of depositors, the insured, and pension fund affiliates.

12. National Superintendency of Public Records Offices - SUNARP

(Superintendencia Nacional de los Registros Públicos - SUNARP)

Tel: +51 1 208 3100
www.gob.pe/sunarp 

The mission of the SUNARP is to provide legal security and certainty on ownership of different rights registered with it, backed by modernization, simplification, integration and the specialization of registration nationwide.

13.
National Superintendency Of Sanitation Services - SUNASS
 (Superintendencia Nacional de Servicios de Saneamiento - SUNASS)
 Tel: +51 1 614 3200
 www.gob.pe/sunass 

The SUNASS is a decentralized public institution that rules, regulates, supervises and controls water and sewage services provided, impartially and objectively protecting the interests of the State, investors, and users.

14.
National Superintendency of Customs and Tax Administration - SUNAT
 (Superintendencia Nacional de Administración Tributaria - SUNAT)
 Tel: +51 1 315 0730
 www.sunat.gob.pe 

SUNAT also includes the National Customs Superintendency. It is in charge of managing, supervising, and collecting domestic taxes, with the exception of municipal taxes. It also manages and controls the international trafficking in goods within customs territory and collects the duties applicable by law, facilitates foreign trade economic activities, and inspects the international traffic in persons and the means of transportation. It also conducts the actions necessary to prevent and punish customs crimes.

15.
Environmental Assessment and Supervisory Board - OEFA
 (Organismo de Evaluación y Fiscalización Ambiental - OEFA)
 Tel: +51 1 204 9975
 www.oefa.gob.pe 

OEFA is the specialized public technical body, attached to the Ministry of the Environment, in charge of promoting compliance with environmental regulations (from the transferred sectors) by economic agents in order to protect the balance between investment in economic activities and environmental protection. In terms of infrastructure projects it is important to mention that the competences from the Ministry of Transportation are to be transferred in 2025, while the competences from the energy and mining sectors have been already transferred.


16.
Ministry of Transportation and Communications - MTC
 (Ministerio de Transportes y Comunicaciones - MTC)
 Tel: +51 1 615 7800
 www.mtc.gob.pe 

The Ministry of Transportation and Communications (MTC) is the Peruvian Government entity that seeks to ensure rational territorial order with respect to resources, production, markets, and population, through the regulation, promotion, implementation, and supervision of transportation and communications infrastructure.

17. Ministry of Energy and Mines - MINEM

(Ministerio de Energía y Minas - MINEM)

Tel: +51 1 411 1100


www.minem.gob.pe 

The Ministry of Energy and Mines (MINEM) is the entity responsible for promoting the development and use of energy resources on a rational, efficient, and competitive basis in a scenario of decentralization and regional development, prioritizing private investment, satisfaction of demand, and the use of renewable energies. It also promotes the development of the mining industry, safeguarding legal stability, rational exploitation, and the introduction of new technologies.

18. National Agency for the Environmental Certification for Sustainable Projects - SENACE

(Servicio Nacional para la Certificación Ambiental de Inversiones Sostenibles -SENACE)

Tel: +51 1 5000710

www.gob.pe/senace 

Senace is an entity under the Ministry of Environment as the entity in charge to evaluate the Environmental Impact Assessments for projects which imply relevant environmental impacts. It was created in 2012 and started its competences in 2015 with the transfer of the energy and mining projects. It is relevant to say that the competences for transportation projects are also under Senace.

Economic Promotion Institutions

1. Ministry of Foreign Affairs: Executive Office for Economic Promotion - DPE

(Ministerio de Relaciones Exteriores -MRE)
(Dirección General de Promoción Económica -DPE)

The Executive Office for Economic Promotion (DPE) is the institution of the Ministry of Foreign Affairs (MRE) responsible for coordinating with Peruvian missions abroad in an effort to promote Peru as a country capable of providing goods and services in international markets, as well as positioning it as a world-renowned tourist destination, and a country with interesting business and investment opportunities in different economic sectors.

It should be noted that the DPE has a Quality Management System certified with ISO 9001:2008 International Standard, governed under the values of equality, social commitment, honesty, transparency, and teamwork, thus ensuring that the needs of its national and international users are met.

The DPE reaffirms its commitment to provide services with high standards of quality, excellence, and continuous improvement in the development of the certified processes, such as:

- ▶ Support for exporters, investors, and travel agents
- ▶ Support for trade, investment, and tourism missions
- ▶ Response to requests
- ▶ Training
- ▶ Dissemination of opportunities
- ▶ Organization of events
- ▶ Resolution of trade problems and impasses

Services Offered by the DPE Through its Three Departments:

a. Trade Promotion Services - PCO

(Dirección de Promoción del Comercio - PCO)

- ▶ Dissemination of business opportunities
- ▶ Dissemination of the export offer
- ▶ Support in the solution of trade problems between companies
- ▶ Identification of business opportunities
- ▶ Support to trade missions and their participation in fairs abroad
- ▶ Support to exporters in the resolution of trade impasses
- ▶ Organization of trade events

b. Investment Promotion Services - PIN

(Dirección de Promoción de las Inversiones - PIN)


- ▶ Participation in the negotiation of Foreign Investment Promotion Agreements
- ▶ Dissemination of investment opportunities (federal, regional, and municipal governments)
- ▶ Coordination of international events for investment promotion (road shows, videoconferences, fairs, and seminars)
- ▶ Preparation and coordination of an agenda for foreign business missions
- ▶ Dissemination of specialized information on foreign investment
- ▶ Support in the identification of investment possibilities and strategic alliances
- ▶ Dissemination of tenders and international bidding processes called by public and private Peruvian entities

c. Tourism Promotion Services - PTU

(Dirección de Promoción del Turismo - PTU)

- ▶ Dissemination of tourism offer
- ▶ Support for culinary events
- ▶ Dissemination of tourism materials
- ▶ Support for tourism promotion fairs abroad
- ▶ Support for agendas involved in the promotion of tourism
- ▶ Promotion and negotiation of tourism agreements
- ▶ Dissemination of tourism information obtained by our missions abroad

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- Website: www.gob.pe/rree 

2.

Ministry of Foreign Trade and Tourism (MINCETUR) and Peruvian Commission for the Promotion of Exports and Tourism (PromPerú) (Ministerio de Comercio Exterior y Turismo, y PromPerú)

The Ministry of Foreign Trade and Tourism (MINCETUR) defines, directs, carries out, coordinates, and supervises foreign trade and tourism policies. In coordination with the Ministry of Foreign Affairs (MRE) and the Ministry of Economy and Finance (MEF) and the other Government sectors in their related areas, it is responsible for the promotion of exports and international trade negotiations. Likewise, it is in charge of regulating the Foreign Trade. The Minister leads international trade negotiations on behalf of the State and may sign related agreements, within its sphere of competence. With regard to tourism, the Ministry promotes, guides, and regulates tourism activities in order to encourage the sustainable development thereof, including the promotion, guidance, and regulation of handicrafts.

Contact

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PromPerú

PromPerú is the agency of the Ministry of Foreign Trade and Tourism (MINCETUR) that is in charge of developing strategies to produce an integrated and attractive image of Peru. This image will help develop domestic tourism and promote the country to the world as a privileged destination for inbound tourism and investment. It is also in charge of promoting Peruvian exports.

Contact

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3.

Private Investment Promotion

Agency - ProInversión

(Agencia para la Promoción de la Inversión Privada - ProInversión)

ProInversión is a public entity attached to the Ministry of Economy and Finance (MEF) and is in charge of executing the national policy for promoting private investment. Its mission is to promote investment via agents in the private sector, in order to boost Peru's competitiveness and sustainable development and thus improve the wellbeing of the population.

ProInversión offers its services for investments in Peru free of charge, in three stages:

a. Pre-Incorporation

- General information service: macroeconomic data, legal framework, tax system, etc.
- Specific information service, at the request of the potential investor.
- Preparation of agendas with: potential partners, suppliers, clients, authorities, associations, unions, etc

b. Incorporation

- Guidance on obtaining municipal permits and licenses for the establishment of an industrial or commercial business.
- Contact and accompaniment to the regions and potential production zones.
- Advice on migratory processes for entry and residence of businesspeople.

c. Post-Incorporation

- ▶ Establishment of a network of contacts with public and private companies.
- ▶ Guidance for the expansion of the business.
- ▶ Identification of administrative barriers.

ProInversión provides information to potential investors regarding the incorporation of a business in Peru, identifying investment opportunities by sectors, learning about the processes of Public-Private Partnerships (PPP), among others.

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4.

Association for the Promotion of National Infrastructure - AFIN

(Asociación para el Fomento de la Infraestructura Nacional - AFIN)

AFIN is the business association that brings together the main concessionaires of infrastructure for public services in the sectors of energy, transport infrastructure, telecommunications, sanitation, irrigation and social infrastructure.

Contact

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5. Peruvian Chamber of Construction - CAPECO

(Cámara Peruana de la Construcción - CAPECO)

The Peruvian Chamber of Construction (CAPECO) is a business institution created in 1958 with the purpose of grouping and representing all those who work in the construction industry in the country. Its vision is to contribute to national development and to improve the quality of life of Peruvians through responsible construction.

Contact

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6. Lima Chamber of Commerce - CCL

(Cámara de Comercio de Lima - CCL)

For the last 128 years, the Lima Chamber of Commerce (CCL) has represented and defended the interests of the business class before the country's authorities, as well as national and foreign entities. As part of its activities, it promotes free market policies and free competition with a sense of social responsibility, as well as fair and honest competition within a framework of values and ethical principles, fostering domestic and foreign trade and promoting good commercial practices.

The Lima Chamber of Commerce (CCL) is a strategic partner of the State, cooperating to ensure that the laws and other provisions foster national social and economic prosperity, taking the initiative in offering proposals and assuming responsibility in the activities entrusted to it by the State. It attempts to maintain close relations among all organizations representing business activities and cooperation for development, both Peruvian and international, especially supporting the decentralization of production. As a complementary activity, it conciliates interests and manages arbitration proceedings in an affordable and democratic manner between companies or businesspeople, trying to ensure quick and friendly agreements.

The vision of the Lima Chamber of Commerce (CCL) is to be the country's leading business association, respected by society and a reference point for the opinion of the business class.

The Lima Chamber of Commerce (CCL) groups together over 14,000 member companies, including the Chamber of Commerce, Production, and Services (Perucamaras) which, in turn, groups together the country's 63 chambers and associations.

Contact

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7. Foreign Trade Society of Peru - COMEXPERU

(Sociedad de Comercio Exterior del Perú - COMEXPERU)

ComexPeru is the private association that groups the leading companies involved in foreign trade in Peru. Its main purpose is to contribute to the improvement of competitive conditions within a free-market environment that will make Peru an attractive destination for private investment.

Objectives and Guidelines

- Promote the development of foreign trade
- Defend free market policies
- Encourage private investment

Contact

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8. National Confederation of Private Business Institutions - CONFIEP (Confederación Nacional de Instituciones Empresariales Privadas - CONFIEP)


The National Confederation of Private Business Institutions (CONFIEP) brings together and represents private business activities within Peru and abroad. Its principal objective is to contribute to the process of sustained economic growth, based on investment and job creation through individual effort and initiative, the promotion of entrepreneurship and private property.

Objectives and Guidelines

- Business unity: Strengthen the union between Peruvian business entrepreneurs to build an order in which free enterprise and a market economy are the distinguishing features.
- Representation: Act as the principal spokesperson for entrepreneurs nationwide before the State, and in public and private forums.
- Services: Promote greater communication and coordination between business sectors, and support, back, and provide advice to the business community.

Contact

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9. Association of Capital Market Business Promoters - PROCAPITALES

(Asociación de Empresas Promotoras del Mercado de Capitales - PROCAPITALES)

The Association of Capital Market Business Promoters (PROCAPITALES) brings together the principal actors in the market, channeling their concerns and proposals. It acts as a business guild to focus fundamentally on promoting investment and capital markets.

It speaks on behalf of its associates to the public sectors with proposals to reduce legal costs and bureaucratic barriers that hinder easy market access. The institution's principal objective is to encourage an efficient legal framework and appropriate corporate governance practices.


Objectives and Guidelines

- Promote the development of new investment instruments
- Encourage access by new issuers of fixed-income and equity securities
- Promote the mobilization of institutional investor resources through new intermediary vehicles
- Actively promote improvements in legislation and the regulation of the capital market
- Publicize and encourage the implementation of good corporate governance practices

- Create a permanent, proactive, and organized space for dialogue and interaction between agents in the market, including the regulatory and supervisory institutions
- Contribute to the institutional strengthening of agents participating in the capital market

Contact

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10. inPERU

inPERU is a non-profit association founded by the main unions of the Peruvian market: the Peruvian Finance Association, the Peruvian Association of Insurance Companies, the Association of Banks of Peru, the AFP Association, the Lima Stock Exchange, CAVALI, the National Confederation of Private Business Institutions and the Association of Capital Market Business Promoters.


Likewise, it has the support of the Government, through the Ministry of Foreign Affairs, the Ministry of Economy and Finance, the Ministry of Foreign Trade and Tourism, the Central Reserve Bank, ProInversión, the Superintendency of Securities Markets and the Superintendence of Banking, Insurance and AFP.

Its main objectives are:

- Articulate the efforts of the private sector around the promotion of Peru and its regions as a destination for financial and direct investment.
- Promote collaboration and public-private dialogue, for the development of financial and direct investment.
- Position private investment as a source of growth, economic development and job creation through investment promotion activities at the national level and abroad.

Contact

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11. National Association of Industries - SNI


(Sociedad Nacional de Industrias - SNI)

The National Association of Industries (SNI) is the institution that groups together Peru's private industrial companies. It is a private-law, non-profit legal entity.

The members of the SNI currently include over 1,000 of the most representative companies of the country's industrial sector, accounting for 90% of the gross value of national production. It should be noted that 16% of Peru's Gross Domestic Product (GDP) is contributed by the industrial sector.

Contact

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12. Peruvian Association of Exporters - ADEX

(Asociación Peruana de Exportadores - ADEX)

The Peruvian Association of Exporters (ADEX) is a business institution founded in 1973 to represent and provide services to its members: exporters, importers, and trade service providers. It is an association made up of large, medium, and small enterprises whose common denominator is their vision of achieving ambitious business objectives.

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13. National Society of Mining, Oil and Energy - SNMPE

(Sociedad Nacional de Minería, Petróleo y Energía - SNMPE)

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14. Peruvian Association of Port Operators - ASPPOR

(Asociación Peruana de Operadores Portuarios - ASPPOR)

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15. Real Estate Developers Association - ADI PERU

(Asociación de Desarrolladores Inmobiliarios - ADI PERU)

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16. Peruvian Automotive Association - AAP

(Asociación Peruana Automotriz - AAP)

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17.
Peruvian Banking Association -
ASBANC
 (Asociación de Bancos del Perú - ASBANC)

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EY has a global focus on infrastructure, with global professionals including engineers, project process specialists, economists, legal, tax, and regulatory experts in more than 140 countries. Our global team is closely networked and shares industry and technical knowledge to provide our clients with a seamless global service. Some of our specialist infrastructure-based services include:

Project Finance Advisory Services

Advising on the development, optimization and implementation of finance plans covering the full range of project financing options for infrastructure projects; non and limited recourse debt and tax effective leasing structures as well as assistance in seeking local equity investors.

Infrastructure Lead Advisory Services

Advising sell-side or buy-side clients in privatizations, concessions and PPP deals. Our teams have the capabilities to assist in the preparation of tender offers and unsolicited proposals, analysis of project risks and mitigation mechanisms, review of tender documents and contracts and legal, financial and taxation advice in dispute resolution. Fundraising for projects if clients are awarded the transaction is also part of our comprehensive services.

Mergers & Acquisitions Advisory Services

Mergers and acquisitions, at either the holding company or asset level, require specific knowledge and skills in order to complete transactions. The knowledge and skills required relate to the regulatory environment, including the rules and regulations of each country's stock exchange, accounting, legal, structuring and taxation disciplines in addition to an understanding of transaction value-drivers.

Transactions Advisory Services

Our global transaction capability covers over 80 countries and comprises over 5,000 professionals. These transaction professionals work across many elements of the transaction life cycle in the deal critical areas of financial due diligence, commercial due diligence, tax due diligence, legal due diligence and structuring and transaction integration.

Valuation, Business Modeling & Economics (VME)

Providing a range of services to companies in the infrastructure sector including valuations for purchase price, allocation/acquisition, accounting, tax planning, finance and capital markets purposes, and has specialists with extensive skills ranging from valuations of businesses and intangible assets to specialized industry knowledge. Further VME has deep expertise in reviewing models for financing purposes and is also able to construct or review cash flow models as part of an acquisition strategy.

Transaction Integration

Providing commercial and operational due diligence, integration planning and methodology development, synergy assessment, and integration program management; corporate strategy advice on market opportunities and areas to exploit along the value chain, as well as practical operational advice in areas such as overhead and capital expenditure cost reduction, process efficiency, supply chain and procurement, and in functional areas such as finance and human resources.

Tax Advisory Services

The provision of tax advisory services involves our support in the different stages of the project (PPP, O&I, G2G, among many others): preliminary studies; bidding process; kick off and initial stage; and ongoing assistance during its execution. Our tax assistance includes tax burden determination in financial models; tax planning to structure the investment within the country, legal vehicles to be chosen, related parties transactions, reorganization processes, exit strategy; etc.; tax advisory, focused mainly on the agreement signed with the government or with foreign and local strategic suppliers, tax stability agreements, early recovery of VAT, among many other fields.

VAT Early Recovery

Advising on the evaluation of the requirements and preparation of the application to qualify as beneficiary of the VAT Early Recovery System; on the preparation of the investment schedule and the list of goods and services related to the project considering the required codes; follow up of the applications before the authorities in charge; on the formulation of amendments to the investment commitment; strategy and preparation of recovery requests; review of the VAT prior to filing the application and support during the verification and controls from the sectorial authorities and the Tax Authority, among other services.

Legal Services

We provide a full range of legal advice to international and domestic investors, banks and multilateral organizations on public and private infrastructure and construction projects, including PPP, G2G, public procurement process and Works for Taxes. We advise our clients during the entire project life, including its inception and legal structuring, the bidding process, the drafting and negotiation of the legal agreements required for the project (such as concession contracts), the financing of the projects, management of claims, regulatory advice once the project is operating and the settlement of claims. Our expertise covers several and diverse sectors such as transportation (ports, airports, toll roads, urban highways) social infrastructure (health, education, penitentiaries) energy, oil and gas, water and sewage, real estate, among others.

Customs

Advising on the optimization of customs regimes; planning and advice on customs valuation in the importation of goods; implementation and use of free trade agreements; advice and analysis of customs tax impact of international trade of goods; advice on risk prevention and customs compliance; evaluation and design of business structures from a customs perspective, support in customs audits and customs litigation, among other services.

For more information about our services
visit our website www.ey.com/pe



EY Thought Leadership



Peru's Business and Investment Guide 2024

The Peru's Business and Investment Guide 2024 is a tool for national and foreign investors, providing key information on the country's current economic situation and the principal tax, legal, and labor issues, as well as on how to incorporate businesses in Peru, and general information on how to invest and do business in the country. It also contains a complete directory of Peruvian embassies and consulates abroad, as well as contacts of interest to investors.



www.ey.com/es_pe/entrepreneurship/peru-business-investment-guide



Peru's Energy Investment Guide 2024/2025

The Energy Investment Guide, developed by EY in collaboration with the Ministry of Foreign Affairs and PeruPetro, provides crucial insights into Peru's energy industry. This guide has been designed to be an indispensable tool to assist investors in making informed decisions about the exploration and development of new extractive projects within the country. Featuring up-to-date data and in-depth analysis, the guide aims to create a favorable investment climate, encouraging sustainable growth and development in Peru's dynamic energy sector.



www.ey.com/es_pe/energy-reimagined/energy-investment-guide



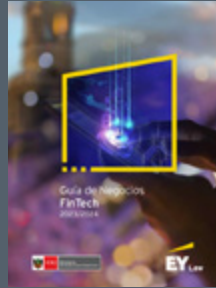


Peru's Mining & Metals Investment Guide 2024/2025

Peru's Mining and Metals Investment Guide has been structured to serve as an initial step in the process of evaluating the mining landscape in Peru as an essential tool to guide investors, providing detailed information on regulations, opportunities and projections with the possibility of making long-term investments in the exploration and development of new mines in the country. This strategic resource not only drives efficiency and sustainability in the industry, but also contributes to the country's economic growth by attracting investments committed to best practices and the long-term development of Peruvian mining.



[www.ey.com/es_pe/
mining-metals/mining-
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EY FinTech Business Guide 2023/2024

EY Law presents the FinTech Business Guide 2023/2024 prepared to provide information on the industry, the perspectives of regulators, the main legal, financial and accounting aspects to develop FinTech businesses in Peru, as well as an overview of the ecosystem in the region.



[www.ey.com/es_pe/law/
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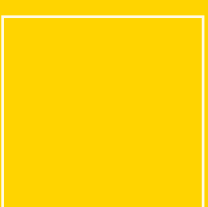
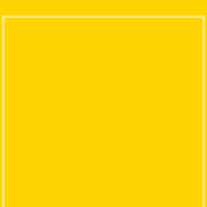




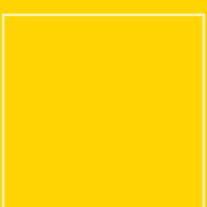


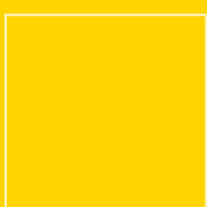

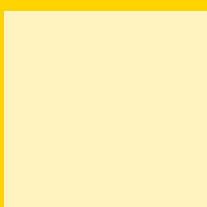

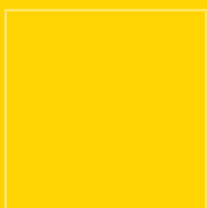


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