

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

APEC Policy Support Unit

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KEY ABBREVIATIONS

APN	National Port Authority (MTC Special Unit)
ARCC	Authority for Reconstruction with Changes
ATU	Urban Transport Authority for Lima and Callao (MTC Special Unit)
ANA	National Water Authority
CIPRL	Regional and Local Public Investment Certificate
CIPGN	National Public Investment Certificate
CGR	Office of the Comptroller General of the Republic
COPRI	Private Investment Promotion Commission
CORPAC	Peruvian Corporation of Airports and Commercial Aviation
CPC	Private Council for Competitiveness
DGPP	General Directorate of Public Budget
DGPIIP	General Directorate of Private Investment Promotion Policy
DGTP	The Directorate General of the Public Treasury
DL	Legislative Decree
ENAHU	National Household Survey
ENAPU	National Ports Company
EPS	Potable water and sewerage service companies
ESSALUD	Social Health Insurance
GDP	Gross Domestic Product
G2G	Government-to-Government Agreements
IE	Public Initiative
IGV	Value-Added Tax
IMIAPP	Multiannual Report on Investments in Public-Private Partnerships
INDECOPI	National Antitrust Agency
IP	Private Initiative (Unsolicited Proposal)
MEF	Ministry of Economy and Finance
MINDEF	Ministry of Defense
MINSA	Ministry of Health
MTC	Ministry of Transport and Communications
MVCS	Ministry of Housing, Construction and Sanitation
OPIP	Private Investment Promotion Body
OSINERGMIN	Supervisory Agency for Investment in Energy and Mining
OSIPTEL	Supervisory Agency for Private Investment in Telecommunications
OSITRAN	Supervisory Agency for Investment in Transport Infrastructure for Public Use
OTASS	Technical Agency for the Administration of Sanitation Services
PA	Asset-Based Projects
PCM	Presidency of the Council of Ministers
PERT – CPM	Program Evaluation and Review Technique - Critical Path Method

PMI	Multiannual Investment Program
PNCP	National Policy for Competitiveness and Productivity
PNI	National Plan of Infrastructure
PNIC	National Plan of Infrastructure for Competitiveness
PNISC	National Plan of Sustainable Infrastructure for Competitiveness
PNS	National Plan of Sanitation
PPP	Public-Private Partnership
PROINVERSION	Private Investment Promotion Agency
PRONIS	National Health Investment Program
PTAR	Assessment of Wastewater Treatment Plants
PVD	Provias Descentralizado (MTC Special Project for Regional and Rural Roads)
PVN	Provias Nacional (MTC Special Project for National Roads)
RAT	Transitional Support Regime
SIS	Comprehensive Health Insurance
SNPIP	National System of Promotion of Private Investment
SUNASS	Supervisory Agency of Sanitation Services
WfT	Works for Taxes
WWTP	Wastewater Treatment Plant

EXECUTIVE SUMMARY

This Peer Review and Capacity Building report supports and promotes initiatives by APEC member economies in advancing cross-sectoral issues related to Physical Connectivity, with a focus on Peru. The objectives of this process are as follows:

- To conduct a peer review of policies and practices, including relevant laws, regulations, and guidelines related to the planning, selection, and implementation of infrastructure projects.
- To address the capacity-building needs of the reviewed economy through peer review and provide capacity-building activities.
- To enhance knowledge through sharing information among member economies.

Legal System, Governance, and Financial Mechanism for Infrastructure in Peru

Peru's economic framework mainly aims to safeguard private investment and keep markets open. The 1993 Constitution sets up a social market economy where private initiative plays a leading role, and both domestic and foreign investors receive equal support. These principles have helped make Peru one of the most attractive regions for investors, with little government interference and strong protections for economic freedom, property rights, and competition.

Private sector engagement in infrastructure has expanded through various mechanisms introduced during Peru's market reforms. Since the 1990s, efforts such as privatizations, concessions, Public-Private Partnerships (PPPs), Asset-Based Projects (PA), Works for Taxes (WfT), and Government-to-Government Agreements (G2G) schemes have shifted the model from government-led to a mixed approach. These measures coincided with structural reforms that stabilized the economy, reduced government control, and laid the groundwork for sustained private involvement in infrastructure and public services.

PPPs and public works are evaluated using different frameworks because of their unique objectives. Public works focus on identifying problems, service gaps, and budget viability, while PPPs prioritize value for money, risk management, and lifecycle performance. Peru's institutional setup has adapted to support these efforts, particularly by consolidating investment roles within PROINVERSION and achieving regulatory milestones that improve governance, transparency, and policy consistency.

Recent reforms have enhanced the PPP system, although regulatory transitions have delayed project development. Law No. 32441 (2025) strengthened the Ministry of Economy and Finance's (MEF's) leadership, expanded PROINVERSION's authority, improved rules for addenda and contract balance, and simplified land acquisition. Previously, prior to the new law, there were changes between frameworks (such as moving from DL No. 1012 in 2008 to DL No. 1224 in 2015), increases in social and political unrest, and some corruption scandals (such as the Lava Jato and Construction Club cases). These factors and other reasons created uncertainty and slowed award processes, and over USD 27.5 billion in PPPs were awarded since 2007. Overall, the development of PPP regulation reflects Peru's ongoing efforts to improve investor certainty, institutional coordination, and private participation mechanisms.

PPPs are a versatile and broad tool that enables private involvement in nearly all infrastructure and service sectors. The legal framework supports long-term private participation in transportation, energy, telecommunications, sanitation, health, education, applied research, and innovation. PPPs can originate from either public or private initiatives and may be self-financed or co-financed, highlighting their adaptability and alignment with Peru's infrastructure needs. This flexibility makes PPPs essential for attracting private capital and expertise.

The PPP process is structured to ensure thorough evaluation, risk sharing, and effective contract development at each project stage. Its five phases—planning and programming, formulation, structuring, transaction, and contractual execution—each have specific goals and approval criteria. This phased approach helps confirm technical, economic, and financial feasibility before procurement, ensuring eligibility and proper risk distribution. Such organized preparation improves project quality and reduces implementation difficulties.

Institutional responsibilities in PPP development are assigned to improve coordination, fiscal discipline, and transparency. Project owners and PROINVERSION¹ lead the initial planning and structuring phases; with the MEF, regulatory agencies, and the Comptroller providing essential feedback and oversight. During implementation, MEF guidelines set standards for design, construction, operation, guarantees, payments, dispute resolution, and risk management. This multisectoral framework aims to preserve investor confidence and ensure consistent contract performance, thereby reducing uncertainty throughout the project lifecycle.

WfT supports PPPs by facilitating faster, smaller, and socially oriented investments through projects funded with tax credits. According to Law No. 29230, companies can prepay income taxes to finance key public investments for governments and public entities, then recover these expenses via tax credit certificates. While WfT has mobilized USD 3.4 billion across 639 projects benefiting over 22 million people, its investment levels have significantly declined since 2018. Its emphasis on sectors like education, transport, health, sanitation, and security underscores its potential to bridge social and local infrastructure gaps. Nonetheless, expanding its impact relies on boosting institutional capacity, improving outreach, and removing administrative hurdles.

Transportation Sector

1. Overview of the Sector

Transport infrastructure shows notable differences in coverage and performance across modes, with PPPs leading most of the progress over the past twenty years. Roads dominate the network, and while national roads account for only 15.7 percent of the total length, they carry most of the paved network and have expanded significantly since 2001 due to concessions. Railroad development remains limited and has even declined compared to sixty years ago, with only two urban rail lines in operation. Ports demonstrate strong PPP-driven results, with 99 percent of cargo transported through concessioned terminals, while airports follow a similar trend, with most major airports under PPPs and a third group of regional airports being prepared for 2026. Waterways are underdeveloped, with failed PPP attempts due to unresolved environmental and social issues.

¹ In principle, this only applies to the central government. Regional and local governments have the authority to act as a promoting body, like PROINVERSIÓN, but they can also enter into agreements for PROINVERSIÓN to carry out the promotion process.

2. Institutional Responsibility

Complex and fragmented approval processes prevent timely project preparation despite clear sector roles across MTC, APN, PROINVERSION, OSITRAN, and CGR. The MTC identifies and prepares projects, while APN leads port concessions and PROINVERSION structures and procures them. However, multiple mandatory opinions—from MEF, OSITRAN, and CGR—often create bottlenecks, with institutions issuing observations outside their mandates. Evidence shows that over 80 percent of CGR’s comments and more than 70 percent of OSITRAN’s comments involve technical or contractual issues beyond their legal scope, contributing to delays and reducing predictability.

3. Investment Needs

The transport sector shows the biggest infrastructure gap in Peru, needing sustained long-term investments far beyond current plans. According to PNIC estimates, the sector faces a short-term shortfall of USD 10.9 billion and a long-term shortfall of USD 48.8 billion, representing over 30 percent and 44 percent of the total gap, respectively. Roads make up nearly two-thirds of this shortfall, followed by railroads. While PNIC initially focused on high-impact transport PPPs (82 percent of total investment), the later PNISC reduced the sector’s share, left out key projects, and shifted emphasis to public works—changes that created uncertainty, weakened predictability, and conflicted with evidence showing better PPP performance compared to traditional public investments. The new PNI has brought back the importance of transport infrastructure and the relevance of PPPs almost to their original level in PNIC.

4. PPP and WfT

PPP investment has focused on large-scale road and rail projects, while WfT has supported many smaller local transport initiatives. The transport sector has 35 PPP contracts worth at least USD 16.4 billion, with roads and railroads accounting for nearly three-quarters of the planned investment. The recent Anillo Vial Periférico alone represents over 20 percent of all transport PPP investment. Conversely, the WfT mechanism completed 186 transport projects between 2019 and mid-2025, totaling USD 850 million—many initiated by local governments for urban roadworks. Although widely used, WfT accounts for a smaller share of investment and contract value compared to PPPs, serving as a complementary but more localized mechanism.

5. Project Performance

Transport PPPs attract interest and competition, but long preparation times and frequent contract addenda remain key challenges. Projects typically involve an average of 5.3 pre-qualified firms and 2.6 bidders, with some reaching up to 10 bidders, indicating healthy competition. However, transport PPPs take about 22.5 months from call to award—twice the domestic PPP average—with airports experiencing the longest delays. Contract management also involves significant renegotiations: transport accounts for 85 percent of all PPP addenda, averaging 3.7 per contract, especially in airports. While this reflects project complexity and long-term planning, it also highlights ongoing issues in initial design, risk allocation, and institutional coordination – contributing to mismatches between project design and execution realities.

Sanitation Sector

1. Overview of the Sector

Sanitation access has steadily improved, but deep and persistent urban–rural inequalities still limit sector outcomes. Unsafe excreta disposal has decreased economy-wide—from 27.9 percent in 2015 to 20.1 percent in 2024—but rural areas still record levels above 55 percent, much higher than the 11–12 percent seen in urban areas. Non-sewered disposal methods show similar trends: although rural reliance on basic systems has fallen significantly, it remains close to 60 percent, highlighting structural gaps in infrastructure and service quality.

Service provision is highly fragmented, as many small utilities lack the capacity for proper wastewater treatment. Fifty EPS serve urban areas under SUNASS regulation, while over 25,000 JASS operate in rural regions, leading to wide variability in performance. Wastewater treatment coverage varies greatly: SEDAPAL and large EPS exceed 95 percent, but medium and especially small EPS lag behind, with many lacking treatment facilities or operating with non-functional infrastructure, raising significant environmental and health concerns.

Low tariff levels and low societal value of sanitation weaken financial sustainability and investment capacity. Households spend much less on water and sanitation than on other utilities like electricity or gas, even with rising service demands. Low tariffs may improve access in the short term, but persistent underpricing harms the financial base of utilities, limits capital investments, and worsens service gaps, especially in poorer areas where the service is managed by the government.

2. Institutional Responsibility

Sector governance is clearly established institutionally, but regulatory tools and coordination mechanisms are still inadequate to close ongoing service gaps. The MVCS oversees water and sanitation policy and planning, while SUNASS is responsible for regulating service providers. Nonetheless, SUNASS's tools often do not match sector realities, particularly in areas with low-cost recovery and financial instability. Nearly 40 percent of EPS operate under the Transitional Support Regime, with OTASS taking control to stabilize their operations.

Cross-government regulatory and fiscal oversight creates a complex environment that requires better alignment to ensure effective sector performance. The MEF and the PCM jointly oversee regulatory quality and performance-based budgeting, influencing the financial and operational frameworks of all agencies. PROINVERSION promotes private investment and incorporates SUNASS's technical input into PPP contractual design, but overall reform efforts remain hindered by institutional fragmentation and slow decision-making processes.

3. Investment Needs

The sanitation sector faces a significant and continuous funding shortfall that exceeds recent investments. Annually, the required funds total USD 2.82 billion, which is over USD 169 million more than current expenditures. From 2023 to 2037, nearly USD 9 billion will be needed. This gap results from costs related to expanding sewer infrastructure, improving wastewater treatment, upgrading rural sanitation systems, and increasing operational capacity across EPS and JASS.

Planned PPP investments are a crucial part of the essential expansion, especially in wastewater treatment. The sector's pipeline includes 21 PPP projects through 2030, totaling nearly USD 2.7 billion, with most spending expected after 2025. Fifteen WWTPs are prioritized, eight of which will include energy cogeneration, emphasizing the focus on environmentally sustainable infrastructure.

4. PPP and WfT

PPP participation in sanitation has been limited but strategically focused on high-impact wastewater treatment plants. From 2002 to 2024, six PPP projects amounting to USD 925 million were implemented, equally split between greenfield and brownfield projects. Private sector initiatives take the lead in investment, emphasizing their vital role in advancing project development.

Works for Taxes (WfT) has helped with geographically targeted investments but remains limited compared to sector demands and is mainly driven by the government. Between 2009 and 2024, 71 WfT sanitation projects were completed, totaling USD 377 million, with 95 percent of projects led by public entities, mostly local governments. Investment is focused on regions like La Libertad, Cusco, and Cajamarca, while several Amazonian regions have no awarded projects, highlighting uneven distribution across territories.

5. Project Performance

PPP projects in sanitation generally attract strong market interest and tend to advance quickly through key contractual milestones. While low tariffs and limited willingness to pay constrain the sector's financial sustainability, PPP sanitation projects in Peru still draw market interest because their structure reduces direct exposure to tariff risk and substitutes it with more predictable, contract-based revenue streams. In practice, the dominant mechanism in the sector is the co-financed PPP model, supplemented by a lesser extent by self-financed schemes, where revenues are supported through long-term government commitments and structured payment mechanisms (often linked to service provision or availability), rather than relying solely on user payments. This is reinforced by strong contractual arrangements—such as payment through trust funds and ring-fenced revenue accounts in projects like PTARs—which enhance payment security and creditworthiness, making projects bankable even amid low tariffs and fragmented service provision. These projects, on average, received five prequalified bidders and three bids, exceeding the average across other sectors. Contract signing occurred somewhat faster than typical PPP timelines, reflecting positive investor sentiment and manageable structuring complexity.

However, overall sector execution remains inconsistent, with many projects stalled due to various complex challenges. Only a few, such as the Huarmey project, show significant physical and financial progress. Others are at 0 percent completion due to delays in studies, land acquisition, financial closure, and social acceptance. The most common and serious delays come from legal and social obstacles, followed by technical, institutional, environmental, and economic issues.

These combined hurdles cause lengthy delays in implementation, slowing the expansion of sanitation coverage and hindering progress toward environmental sustainability. Delays range from two months to over six years, affecting flagship projects like the Lake Titicaca Basin

system and Lima's Headworks. Overcoming legal barriers, improving project preparation, and strengthening community engagement are essential to accelerating progress.

Health Sector

1. Overview of the Sector

The health system is facing a significant and persistent challenge in infrastructure and capacity, which hurts the quality of and access to services throughout the economy. Nearly all primary care clinics, hospitals, and specialized institutes operate with limited capacity, and the adoption of electronic medical records remains very low. High out-of-pocket expenses, long wait times, and delays in care lead to poorer health outcomes, productivity losses, and decreased patient well-being—pointing to a system that cannot fully meet the population's needs.

Even with widespread insurance coverage, issues such as fragmented service use and heavy reliance on pharmacies highlight structural weaknesses. While SIS covers most insured individuals, its lack of risk pooling through premiums undermines financial sustainability. Additionally, 46 percent of Peruvians seek care at pharmacies, and household expenditure data reveal increasing financial vulnerability and insufficient investment in formal healthcare, exposing gaps in access and trust in the public system.

2. Institutional Responsibility

A complex institutional framework hampers coordination and regulatory oversight, especially for PPPs. MINSA directs policy in Lima, regional governments oversee local networks, and the National Superintendence of Health protects user rights. However, PPPs lack an independent regulator; PRONIS acts as promoter and regulator with limited capacity, risking future concessions.

Fragmented financing and governance weaken accountability and slow system performance improvements. Although SIS, ESSALUD, private providers, and military systems operate at the same time, their responsibilities and funding structures do not match.

3. Investment Needs

The health sector faces a funding shortfall of over USD 16 billion, a result of decades of underinvestment in infrastructure and equipment. Data from MINSA and independent research confirm that the system lacks sufficient physical resources at all care levels. While international benchmarks highlight the need for advanced infrastructure, the existing gap in Peru underscores basic deficiencies in primary care, hospitals, and prevention services.

Available metrics tend to underestimate actual needs because key factors—such as the demand for prevention-oriented infrastructure—are not fully accounted for. Indicators such as beds per capita do not capture the full range of system requirements, including primary care posts, diagnostic equipment, and costs associated with major public health challenges. Consequently, the actual investment needed is probably much higher than current estimates.

4. PPP and WfT

PPP models in healthcare have gradually expanded, demonstrating the potential for private sector involvement in non-clinical, support, and even clinical services. Peru has adopted various PPP types, including ‘gray coat’, ‘green coat’, ‘white coat’, and specialized PPPs, covering a range of services from logistics and diagnostics to complete hospital management. A total of eight major PPPs have been awarded, spanning areas such as medicine storage and hospital complexes, indicating viable options for private sector participation.

Recent and upcoming PPP projects show increased interest and strategic importance, although operational consistency varies. Notable projects include the National Institute of Children’s Health, Torre Trecca, the Kaelin and Barton hospital complexes, and new specialized hospitals in Piura, Chimbote, and Villa El Salvador, demonstrating diverse PPP applications. PROINVERSION’s pipeline includes six more projects valued at over USD 860 million and three large hospital initiatives in Loreto supported by USD 514 million—highlighting a stronger role for PPPs in future health system growth.

The Works for Taxes (WfT) program has raised USD 600 million through 24 projects, mainly for hospital upgrades and equipment. However, its scale remains small compared to sector needs. Focused on regions like Ancash, La Libertad, and Cusco, WfT has helped fund priority investments but cannot replace large infrastructure projects because of its limited scope and dependence on public-sector project initiation.

5. Project Performance

Existing PPPs in the health sector demonstrate strong operational results, increased efficiency, and tangible benefits for patients. The San Borja Children’s Institute reached full operational capacity in three years instead of five, reduced costs, and achieved high standards through ISO certifications. These benefits include faster repairs, lower corruption risks, better human resource management, and increased diagnostic output.

Hospital PPPs like Kaelin and Barton show notable improvements in access, service quality, and system efficiency. Evidence indicates over 40 percent reductions in patient demand at nearby public facilities, significant decreases in wait times, and improved delivery of medicines and surgeries. High user satisfaction and international accreditation further confirm the value of PPP-operated facilities.

These results demonstrate that well-structured PPPs can enhance capacity, quality, and system performance when supported by strong management and clear contractual agreements. Faster construction, greater operational efficiency, and dependable service metrics make PPPs a practical solution to the sector’s infrastructure challenges, provided regulatory and institutional gaps are addressed.

Defining Infrastructure Quality

1. Reviewing PPP Regulations

Peru’s PPP framework clearly defines institutional roles and provides strong legal tools, but its complexity causes coordination and implementation issues. The National System for the Promotion of Private Investment (SNPIP) includes MEF, PROINVERSION, project-owning

agencies, and oversight organizations. Although this setup offers clarity and authority, overlapping responsibilities and varying technical capacity—especially at regional and local government levels—still lead to delays in consistent and timely project development.

Regulatory stability tools improve investor confidence, but their benefits are uneven and often underused. Legal and tax stability agreements, Value-Added Tax (IGV), refund regime (RRT-IGV), anticipated recovery of IGV (RERA-IGV), and guarantees for currency convertibility promote long-term predictability. However, their complexity and eligibility criteria limit access for many regional governments and medium-scale projects, restricting their ability to increase private sector participation.

Fiscal transparency regarding PPP liabilities has improved, but contingent risks remain significant and need better disclosure and management. Peru's accounting system records co-financing, guarantees, and contingent liabilities in accordance with MEF guidelines, but judicial disputes, international arbitration, and delayed land delivery still pose fiscal exposure. While total net commitments stay below legal limits, increasing claims highlight the need for more systematic risk assessment and mitigation.

Environmental and social regulations are established, but their integration in the early stages varies. While frameworks for climate change, biodiversity, and environmental certification are in place, feasibility studies often underuse sustainability considerations. Consequently, climate resilience, community impacts, and environmental costs are seldom systematically incorporated into project planning.

Procurement processes focus on transparency and competition, yet technical evaluation and innovation are limited. Peru's two-phase system (technical pass/fail followed by an economic assessment) is straightforward and fair, but it diminishes incentives for high-quality or innovative proposals. Excessive input specifications and limited use of competitive dialogue hamper private-sector creativity, and delays in expropriation frequently cause renegotiations.

2. Elements that Ensure Quality of Infrastructure

On 14 March 2026, through Supreme Decree 039-2026-EF², the Peruvian government published the National Plan of Infrastructure (PNI) 2026–2031, which takes a territorial approach, meaning it coordinates investment projects by considering each area's unique characteristics to promote sustainable growth over the long term. A strategic roadmap is included, acting as a vital tool for planning infrastructure development in the short and medium term. This roadmap will support the execution of the PNI by harnessing cooperation among the three levels of government involved in infrastructure planning and management. The goal of this approach is to enhance stakeholder coordination.

Infrastructure quality improves through alignment with domestic development plans; however, gaps remain in translating strategic objectives into coherent project pipelines. The PNCP, PNIC, PNISC and PNI base infrastructure development on long-term goals, and multiannual planning promotes cross-sector consistency. Still, differences between the PNI and the PPP pipeline—along with outdated or unprioritized projects—dilute strategic coherence.

² Ministerio de Economía y Finanzas (MEF), “Decreto Supremo N.º 039-2026-EF”.

Long-term stability and resilience are core goals, but operational practices often fall short of international standards. While PPPs offer contractual stability and risk management, high staff turnover in public agencies and a limited understanding of PPP-specific management hinder project continuity. Disaster risk management and climate adaptation requirements are advancing, but their design and implementation vary.

Economic and financial robustness are generally strong, yet lifecycle costing and environmental integration are lacking. PPP projects typically include investment, Operations and Maintenance (O&M), contingency estimates, mobilization of diverse financing sources, and application of VfM principles. However, externalities related to the environment and social aspects are not quantitatively incorporated into lifecycle costs, reducing the accuracy of cost-effectiveness assessments.

Sustainability efforts are progressing, but community engagement and long-term monitoring remain weak. PROINVERSION manages environmental compliance and integrates socio-environmental obligations into contracts, but post-construction monitoring is limited, and community impacts are rarely tracked. Standards for social inclusion, gender, and affordability are still underdeveloped across sectors.

Benefits for local development heavily depend on contract design, highlighting the need for stronger mechanisms to foster inclusive growth. Some PPPs include clauses on local employment and training, but social tariffs, cross-subsidies, and broader community benefits are inconsistently applied. Greater ongoing dialogue with local communities is necessary to improve legitimacy and support.

3. Need for Capacity Building

Evidence across sectors suggests that the main constraints lie not in the design of the system, but in its implementation. While upstream processes—such as project identification, appraisal, and structuring—are generally well-developed, downstream stages—particularly execution, coordination, and ex post evaluation—remain less consistent. This results in delays, frequent contract adjustments, and variability in service outcomes.

Institutional capacity gaps across all PPP stages hinder project quality and must be systematically addressed. Regional and local governments often lack the technical skills to prepare projects, conduct feasibility studies, assess risks, and manage contracts—causing delays, subpar designs, and weaker performance. Building human capacity is crucial to reducing reliance on external consultants and strengthening project ownership.

Specialized skills in climate resilience, environmental assessment, and lifecycle costing are increasingly important but still rare. As infrastructure becomes more vulnerable to climate risks, public entities need deeper expertise in environmental management, risk modeling, and sustainable design. Current practices often include these elements only superficially, limiting long-term project resilience.

Enhanced procurement and contract management skills are needed to meet international standards. Improving technical evaluation methods, using competitive dialogue when appropriate, and better managing expropriations would lower renegotiation rates and improve project performance. Strengthening PPP contract oversight by increasing financial monitoring and balancing incentives is also essential.

Expanding data-driven evaluation and evidence-based policymaking should foster ongoing improvement. While PROINVERSION's data analysis and impact evaluation unit is a regional leader, its insights are not consistently used to improve regulations or inform future projects. Requiring ex-post evaluations would promote learning and enhance quality throughout the system.

Comprehensive capacity-building programs are vital for Peru to unlock the full potential of PPPs in delivering high-quality, resilient, and inclusive infrastructure. Focused training, standardized guidelines, professional certification, and institutional strengthening—especially at decentralized levels—would improve project preparation, speed up implementation, and lead to better long-term outcomes.

1. OVERVIEW

1.1 INTRODUCTION

Both academic research and empirical economics widely acknowledge that infrastructure is a vital input in any production process. It directly impacts gross domestic product (GDP) and also enhances the productivity of other factors like labor and capital, fostering economic growth. For example, access to clean water and adequate sanitation reduces disease risk, improving public health and increasing labor productivity. Similarly, improved road networks decrease travel times and vehicle expenses, allowing for more efficient use of capital.

Infrastructure plays a crucial role in boosting overall economic output while also promoting social inclusion and reducing poverty. For instance, developing transportation infrastructure improves connectivity between towns and communities, making it easier to access new markets and creating jobs and business opportunities.

The positive externalities from infrastructure are maximized when interventions involve multiple public utilities instead of just one, because of the presence of complementarities.³ This underscores the importance of thorough planning—both spatially and temporally—over the execution of isolated projects. Furthermore, careful planning helps identify potential negative externalities early, enabling the development and implementation of suitable mitigation measures.

In Peru, public–private partnership (PPP) projects started as part of a broader effort to encourage private investment beginning in 1992. This change was driven by significant updates in laws related to foreign investment, aimed at expanding the private sector through privatizations and concessions. The first PPP projects were launched in 1994, mainly in the roads and electricity sectors.⁴

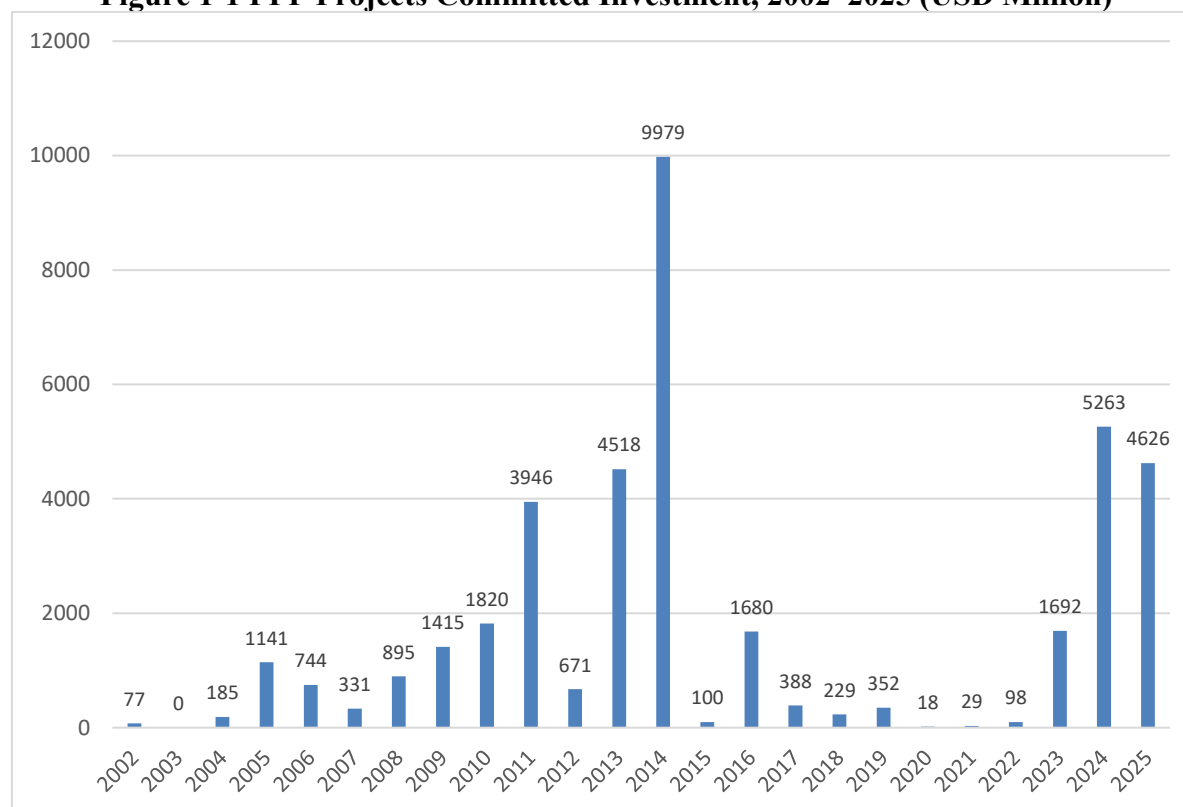
Between 2002 and 2025, Peru awarded over 145 projects through PPPs for a total of USD 40 billion, averaging about six projects each year. The period from 2010 to 2014 was particularly dynamic, with 52 projects awarded (USD 21 billion). Notable among these are Line 2 of the Lima⁵ and Callao⁶ Metro (USD 6.48 billion), the 1.710 and 2.110 MHz spectrum bands (USD 1.2 billion), and the North Multipurpose Terminal (USD 883 million). However, since 2015, the pace of awards has slowed, and this decline was not reversed until 2024, despite successive governments' efforts to improve the regulatory and institutional framework to promote private investment (**Figure 1-1**).

³ See Urrunaga and Wong, “When the total is more than the sum of parts: Infrastructure complementarities,” 2016. The authors estimate the impact of having access to each of the basic services (water, sanitation, electricity and telecommunications) on the living conditions of Peruvian households. They find infrastructure complementarities, because the benefits of having more utilities together (2, 3 or 4) are greater than summing up individual benefits of each utility.

⁴ Concessions in the transport sector began in 1994 with the delivery of the Arequipa-Matarani highway to the company CONCAR S.A.

⁵ Lima is the Capital City of Peru.

⁶ Callao is a Constitutional Province integrated into the metropolitan area of Lima.

Figure 1-1 PPP Projects Committed Investment, 2002–2025 (USD Million)

Source: PROINVERSION (2025).

Regarding PPP governance, there is a tool called Infrascopes, developed by the Inter-American Development Bank (IDB) and Economist Impact. Its purpose is to assess the environment and success of PPPs in Latin America and the Caribbean across five dimensions: regulations and institutions, project preparation and sustainability, financing, risk management and contract monitoring, ex post performance and impact evaluation.

According to the 2019 Infrascopes, Peru ranked third overall in Latin America and the Caribbean, with uneven performance across all categories: it led the index in Investment and Business Climate and Financing, but was mid-range in Maturity and Institutions (9th place) and ranked in the bottom half of the index for Regulations (13th place).

Table 1.1 shows the positions and scores of South American economies in Infrascopes 2023/24. The analysis indicates that Brazil, Chile, Colombia, Uruguay, and Peru are the top five economies out of 26 in Latin America. Brazil improved its overall score since 2020, moving from 5th to 1st place, while the other four economies experienced score decreases. Despite this, Uruguay rose from 7th to 4th place, and Peru declined from 3rd to 5th.

The Regulations and Institutions category scored the highest on average. It evaluates an economy's regulatory and institutional framework for private participation in infrastructure through four subcategories and their indicators: enabling regulatory environment and policy support for PPPs, dedicated PPP agencies, competitiveness and openness in tenders, and equity and openness to contract changes. These indicators assess specific aspects of the legal, regulatory, and institutional structure, including the presence of a dedicated framework for PPPs, staffing of a specific PPP agency, available resources and funds for project preparation, transparency in PPP reporting, selection criteria, and procedures for unsolicited proposals, among others. In this category, Chile ranks 1st place, Brazil 2nd, and Colombia 4th.

The Project Preparation and Sustainability category reviews the processes guiding projects and assesses how sustainability considerations are integrated. It consists of four subcategories: project selection, project preparation and support, the efficiency of project preparation, and social and environmental sustainability. Regarding this indicator, the top performers are Peru and Brazil.

The Financing category focuses on financial frameworks and facilities that support infrastructure development, project financing, and the maturity of the financial sector. It includes three subcategories: the structure and sources of funding, access to funding, and the macroeconomic environment. Additionally, risk management and contract monitoring cover risk allocation, domestic monitoring and reporting, disaster risk, and government risk. Brazil, Chile, and Colombia lead this category.

In the Risk Management and Contract Monitoring category, Chile ranks first and Colombia third. Lastly, the Performance and Impact Evaluation category assesses ex-post aspects of projects and contains subcategories such as post-evaluation of PPP projects, project maturity and quality, impact on infrastructure quality, and environmental and social impacts. In this category, Brazil, Chile, and Colombia are the top performers.

Table 1.1 General Ranking of South American Economies – Infrascopes – 2023–2024

Economy	Infrascopes		Regulations and Institutions		Project preparation and sustainability		Financing		Risk Management and Contract Monitoring		Performance and impact evaluation	
	Position	Score	Position	Score	Position	Score	Position	Score	Position	Score	Position	Score
Argentina	16	41.6	18	55.1	11	43.6	14	48.6	16	43.3	16	17.5
Bolivia	23	21.5	24	33.1	20	19.3	23	23.8	25	16.6	22	4.8
Brazil	1	77.9	2	90.3	2	71.1	1	82.8	2	73.1	1	72.1
Chile	2	76.9	1	97.5	4	63.0	2	82.5	1	80.4	2	61.2
Colombia	3	70.3	4	88.7	5	61.6	3	76.9	3	69.2	3	55.0
Ecuador	9	56.8	9	83.6	6	55.9	17	47.8	9	59.4	7	37.5
Paraguay	14	50.7	7	86.2	13	43.2	11	56.2	18	43.0	14	25.0
Peru	5	65.2	8	85.9	1	71.6	12	56.3	11	54.3	8	37.0
Uruguay	4	65.8	5	88.2	10	45.6	5	76.1	4	69.1	4	50.0
Venezuela	26	16.0	25	31.8	21	18.5	25	9.8	26	16.2	25	3.9

Source: Infrascopes (2024).

Peru has made progress over the last decade in establishing a favorable institutional framework for investments. However, there are still significant challenges in consolidating jurisdictions and enhancing competencies within the PPP institutional framework (for example, developing more suitable regulations to address existing PPP issues, streamlining procedures, improving technical knowledge among public officials, and clarifying the delineation of responsibilities).

The specific recommendations from the Infrascopes 2023/24 for Peru are:

1. **Improve ex post project data collection and reporting:** While sector agencies oversee operational PPPs, Peru has not standardized these efforts across projects or required the regular publication of data and reports on key performance indicators, such as service quality and financial results. Such data can be critical for making well-informed decisions about future projects.
2. **Strengthen disaster risk management:** Peru's current regulatory framework does not require the analysis of environmental risks faced by PPPs or the integration of disaster risk management into this process. Additionally, while most PPP contracts include force majeure clauses, there is no specific guidance on their application. Addressing these issues will increase the resilience and reliability of PPP projects.
3. **Incorporate environmental sustainability and transparency into project planning:** Although there is no legal obligation for PPPs to publish community consultation findings or environmental impact statements, they should still be prepared. Moreover, climate change commitments are not explicitly included as criteria in PPP identification, selection, and development. These components are vital to ensure that PPPs are sustainable and advantageous for all stakeholders.
4. **Create a viability gap fund:** Instead of relying on ad hoc financial support to enhance the bankability of PPP projects, Peru could establish a viability gap fund to formalize its financial assistance efforts.
5. **Strengthen dispute resolution procedures in contracts:** In Peru, although there are clear guidelines for arbitration to resolve disputes in PPP contracts, there is no option to appeal arbitration decisions, and the legislative framework does not specify a maximum timeframe for arbitration rulings.

The Benchmarking Infrastructure Development (BID) report (World Bank 2024) examines key elements of a PPP ecosystem. Using data from the BID database, it assesses the regulatory standards involved in PPP infrastructure project planning, procurement, and management across 140 economies. The report emphasizes the significance of a strong PPP regulatory framework in creating a supportive environment for successful PPP initiatives, while also recognizing that it is only one of several important factors.

This report presents new empirical analysis based on primary data and includes case studies from various economies to show how they have developed strong PPP ecosystems and improved their regulatory frameworks over time. It supports the Knowledge Pact Agenda's focus on evidence-based decision-making by providing data to inform PPP strategies and operations. Additionally, it aims to bolster the PPP ecosystem to attract private-sector investment, thereby advancing Private Capital Enablement (PCE) goals that ultimately facilitate private capital mobilization (PCM). These are two critical objectives of the World Bank Group, vital for closing the infrastructure gap.

The findings are presented through four indicators: preparation, procurement, contract management, and unsolicited proposals. Peru leads among Latin American economies in the Unsolicited Proposal (USP) category with a perfect score of 100. However, it has the lowest score in procurement at 48, ranking below Mexico and Colombia, which scored 76 and 75, respectively (Table 1.2).

Some economies in the region, like Panama, do not regulate any of the specified USP areas, earning zero points. Others, such as Peru, regulate all of them, achieving 100 points based on the initiative's benchmarks. When analyzing the data by income level, a pattern appears: higher income groups tend to have higher average USP scores. This indicates that wealthier economies generally have more comprehensive and robust regulations for managing USPs.

Compared to certain APEC economies, Peru leads in USP, but all of these economies score higher in procurement. In the preparation category, Australia and the Philippines outperform Peru, but Peru ranks ahead of Indonesia; Japan; Korea; and Viet Nam. In Contract Management, Peru again trails Australia and the Philippines but surpasses Indonesia; Japan; Korea; and Viet Nam.

Overall, the Latin American economies in the sample outperform the APEC average in all categories except preparation.

Table 1.2 PPP Legal Scores

Economy/Category	Preparation	Procurement	Contract Management	Unsolicited Proposal (USP)
Australia	87	71	87	67
Brazil	59	68	79	58
Chile	44	70	90	67
Colombia	83	75	80	92
Indonesia	59	67	67	58
Japan	45	59	73	50
Korea	61	59	70	75
Mexico	71	76	86	75
Paraguay	73	72	87	83
Peru	78	48	86	100
Philippines	79	58	95	75
Viet Nam	72	80	79	67
Latin American Economies (simple average)	52.2	62.7	72.7	65.7
APEC (simple average)	56.6	61.1	71.4	62.8

Note: APEC simple average based on 18 economies.

Source: World Bank (2024).

Finally, regarding infrastructure quality, the overall investment quality can be assessed using the Quality Infrastructure for Sustainable Development Index (QI4SD), developed by the United Nations Industrial Development Organization in partnership with the International Quality Infrastructure Network. The QI4SD assigns a unique score to each economy, measuring its performance across three main pillars of sustainable development: people, planet,

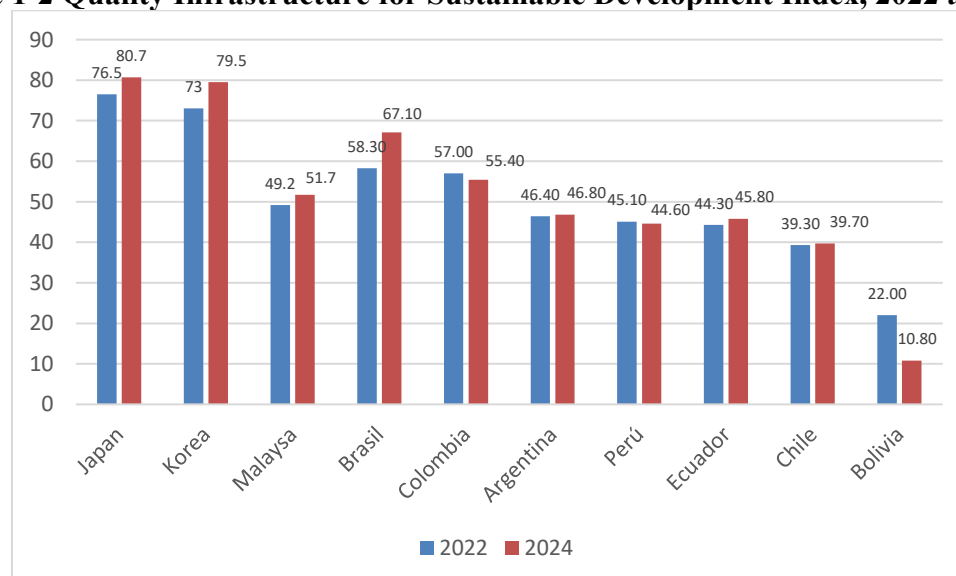
and prosperity. These scores show how ready each economy is to face these challenges. The index scores range from 0 to 100: a score of 100 represents perfect performance, while 0 indicates the lowest performance.

Quality Infrastructure (QI) is a multidimensional concept that includes five key dimensions, each evaluated with 38 indicators. These dimensions are Metrology, which ensures accurate and dependable measurements crucial for trade, health, and industrial processes; Standardization, which establishes technical specifications and best practices to enhance usability, security, and performance; Conformity Assessment, which checks compliance with standards to guarantee the quality of products and processes; Accreditation, which verifies the credibility of conformity assessment bodies; and Policy, which represents the government's role in promoting and supporting quality infrastructure through regulation, funding, and stakeholder engagement.

Peru has QI index values for 2022 and 2024, but because the methodologies differ, these cannot be directly compared. The latest assessment highlights strengths in policy and accreditation, reflecting strong government support and a well-established certification system. Conversely, metrology and conformity assessment are underdeveloped, indicating gaps in measurement systems and verification processes. While standardization has made some progress, issues with accessibility and implementation remain.

In 2024, when comparing performance to other economies, advanced economies such as China (93.9 points), France (89.3), Germany (85.0), the United States (84.8), and the United Kingdom (81.8) scored highest on this index. In South America, the Quality Infrastructure Index for Sustainable Development in 2022 and 2024 showed little change, except for Brazil and Bolivia, as shown in **Figure 1-2**. Argentina's score increased slightly from 46.4 to 46.8, while Ecuador's rose modestly from 44.3 to 45.8. Chile experienced a small increase from 39.3 to 39.7. Meanwhile, Peru's score declined slightly by 0.5 points from 45.1 to 44.6. Colombia's score also decreased from 57.0 to 55.4. As noted, Peru remains just above the Latin American average in 2024. The graph illustrates that Japan and Korea have higher scores than South American economies, including Peru. Meanwhile, Malaysia's score on the infrastructure quality index is similar to Peru's.

Figure 1-2 Quality Infrastructure for Sustainable Development Index, 2022 and 2024



Source: Quality Infrastructure for Sustainable Development Index (QI4SD), (2024) and authors' compilation.

1.2 PERUVIAN LEGAL SYSTEM AND GOVERNANCE

Peru is regarded as one of the most open economies in the world for investment. Its legal framework aims to provide economic stability and protect investments, while also minimizing government interference in economic activities, such as income tax treatment and dividend distribution.

The 1993 Constitution establishes a social market economy as a general principle, where the government guides investments in public services but allows private enterprise to invest and compete freely. The key features of this economic model are:

- Primacy of private initiative.
- Principle of subsidiarity. Guarantor and control (property rights, etc.).
- Recognition of a ‘free market’ where economic freedoms—such as free competition, prohibition of anti-competitive conduct, and efficient, impartial dispute resolution—are upheld.
- Equal treatment of domestic and foreign investments.

Since the 1990s, the government has promoted various forms of private investment in Peru, starting with privatizations at the beginning of the decade, followed by concessions, then concessions through PPPs, Asset-Based Projects (PA), Works for Taxes (WfT), and government-to-government agreements (G2G). There is no single system for government contracts. The regulation of government investment contracts is detailed in separate regulations depending on the contract's subject matter. In infrastructure, the following are notable:

- The General Law on Public Procurement (public works), which includes the Government Contracting Law (Law No. 32069) and its regulations (Supreme Decree No. 009-2025-EF), along with its amendments.
- Legal framework of the National System for Promoting Private Investment for developing investment projects under PPP and PA, as defined by Law No. 32441 and its regulations, Supreme Decree No. 316-2025-EF.
- The legal framework for WfT was established by Law No. 29230, along with its regulations, Supreme Decree No. 038-2026-EF.
- The legal framework for G2G Agreements under the Authority for Reconstruction with Changes (ARCC) and others (DU No. 040-2019).⁷
- Law No. 31841 established the National Infrastructure Authority and terminated the ARCC.

When infrastructure investments involve the use of public resources, the scope of the Law Creating the National Multiannual Programming and Investment Management System (DL No. 1252), its regulations (Supreme Decree No. 284-2018-EF), and the General Directive (Directive No. 001-2019-EF/63.01) must also be considered.

⁷ Article 7 of the DU authorizes the ARCC and Ministries to use the Government-to-Government contracting method for managing and providing goods, services, or works needed to carry out construction and reconstruction projects. This contracting can be performed by the other Government through its own agencies, departments, or public or private companies, whether domestic or foreign. Government-to-Government contracting is governed by the scope of international trade and the norms and principles of international law.

At the beginning of the 1990s, Peru undertook a major structural reform, supported by multilateral organizations, that introduced significant changes in public policy to achieve macroeconomic stability. These reforms not only aimed to reverse the economic crisis Peru was facing but also to profoundly alter the role of the government. Its entrepreneurial role was essentially dismantled, and its intervention in society was reduced. The system was intended to promote a free market and safeguard certain guarantees, such as maintaining a regulatory role in a market economy.

The pursuit of macroeconomic stabilization was accompanied by increased market openness and the promotion of private investment, including infrastructure and other activities with monopolistic features. Private participation in infrastructure was launched through an ambitious privatization program for public companies.⁸ Starting in the 1990s, the government launched a program that still promotes concessions and other alternative investment methods in infrastructure and public services, such as PPP, PA, and WfT. To achieve this, it established the regulatory and institutional foundations for domestic infrastructure to be governed and developed.

It should be clarified that public works projects and PPPs follow different processes and evaluation criteria due to their distinct regulatory frameworks, objectives, and mechanisms. Public works focus on assessing project viability by examining the problem, infrastructure gap, intervention options, and the sustainability of investments and budgets. This ensures the project is necessary and financially viable. In contrast, PPP evaluations must also demonstrate Value for Money (VfM). This involves using eligibility criteria, analyzing optimal risk distribution, and designing pay-for-performance schemes. PPPs are only selected if they offer greater lifecycle efficiency than traditional public works.

Main regulatory instruments for participation in public-private investment projects

Peru's privatization legal framework in the 1990s started with the Law for the Promotion of Private Investment in State-Owned Enterprises (1991). The Private Investment Promotion Commission (COPRI) was created to oversee the process, including selecting which government entities to privatize. A Special Privatization Committee (CEPRI) was subsequently established to handle specific sale procedures. In August 1996, the Law for the Promotion of Private Investment in Public Works, Infrastructure, and Public Services was passed to encourage private sector involvement in infrastructure projects via concessions. By 2002, after various organizational efforts, the responsibilities and functions related to private sector participation were unified within PROINVERSION, under the MEF.

PROINVERSION has overseen the design and leadership of initiatives to boost private investment in public infrastructure and services across sectors like Transportation, Energy and Hydrocarbons, Telecommunications, and Water and Sanitation. Its role includes designing, approving, and awarding concession contracts. The goal is to attract investment to stimulate the economy, improve the operation of infrastructure-related facilities, and ultimately provide high-quality, accessible services to the population.

The 1991 legal framework was considered sufficient for protecting private property rights and entrepreneurial freedom in Peru, functioning as a declaration of rights for both domestic and

⁸ Between 1990 and 1999 assets of USD 7,895 million were privatized. This represented one of the biggest transaction volumes ever registered in Latin America (See Ministerio de Economía y Finanzas (MEF), "Guía Orientativa para la Aplicación del [Decreto Legislativo N° 1224.]").

foreign investors (Fernández-Baca 2004). It guarantees equal treatment for local and foreign capital and permits the transfer, without prior approval, of all investment capital, profits, and royalties related to technology use and transfer. Furthermore, it states that there are no restrictions on foreign capital investing in any sector of the Peruvian economy. A new regulatory system supports this framework, with dedicated units created for water and sanitation (1992), telecommunications (1993), energy and hydrocarbons (1996), and transportation infrastructure (1998).

In Peru, the 2008 PPP Law (DL No. 1012) set the guidelines and principles that govern PPPs, including Private Initiatives. These are characterized as self-sustaining and co-financed, and the law also introduces the concept of ‘value for money’.⁹

In 2014, with the approval of the new Regulations on the Organization and Functions of the Ministry of Economy and Finance (MEF), the General Directorate of Private Investment Promotion Policy (DGPIIP) was established as the main body responsible for formulating and proposing economy-wide policies for developing and promoting private investment, in line with Peru’s broader economic policy.

In 2015, DL No. 1224 created the National System for the Promotion of Private Investment (SNPIP), designating the MEF as the overseeing authority of the system, acting through the DGPIIP. This new regulatory framework aimed to simplify and streamline the process for awarding projects, prioritizing value for money and increasing efficiency.

In 2018, building on DL Nos. 1012, 1224, and 1251, the MEF issued DL No. 1362. The purpose was to bring order and prevent confusion within the PPP and PA regulations, reaffirming the MEF's role as the entity responsible for setting private investment policies. It also aimed to establish transparent and clear processes, improve initial studies, and minimize changes to projects.

Finally, on 16 September 2025, Law No. 32441 was published, which regulates the promotion of private investment through PPP and PA. Its regulations, Supreme Decree No. 316-2025-EF, were published on December 24, 2025. Among other provisions, the following can be mentioned:

On PROINVERSION's governance:

- PROINVERSION will transition from having an Executive Directorate to an Executive Presidency.
- The Board of Directors shall consist of five members: three appointed by the MEF — including two independent directors chosen through a public competitive process — one from the Ministry of Transport and Communications, and one from the Ministry of Housing, Construction, and Sanitation.

⁹ Before the PPP eligibility criteria, Peru used a qualitative and quantitative approach (Public Sector Comparator) to assess Value for Money, back when DL No. 1012 was in place (from 2008 to 2015). See MEF, “Ministerial Resolution No. 249-2014-EF/15.”

About PROINVERSION's new competencies:

- When acting as the Project Owner Entity: (i) formulate the PPP projects, (ii) prepare the technical studies for the Evaluation Report, (iii) sign the PPP contracts, and (iv) manage and administer the PPP contract.
- Intervene during the contractual execution phase.
- Achieve the acquisition or expropriation of land and the removal of interference necessary for project award, and develop the strategy for its implementation, subject to the prior approval of the public entity that owns the project.

On contractual modifications:

- It is acknowledged that competitive conditions may change when unexpected events significantly impact the service.
- The assessment of the economic and financial equilibrium is marginally supported with respect to the new obligations arising from the contractual modifications.
- Addendum types with special characteristics are incorporated to regulate additional investments outside the concession area, introduction of third-party investments whose recovery may exceed the term of the concession, incorporation of operational aspects, among others.
- A six (6) month period has been set for the joint review of proposed addenda.
- The Regulations may establish procedures and/or methodologies for signing addenda, such as in response to unforeseen events or additional investments outside the project area.
- Establish detailed rules for addenda for renewal and/or extension of the term of the PPP contract.

On functional responsibility in the context of PPPs:

- Criminal liability may not be included in the control reports unless the elements of the criminal offense and sufficient evidence to prove the commission of the crime have been specified.
- Functional liability may not be attributed based on judicial decisions or arbitration awards resolving disputes under the new Law.

Regarding process simplification:

- The Ministry of Economy and Finance (MEF) prioritizes the Central Government's Public-Private Partnership (PPP) projects through a Supreme Decree.
- The MEF's areas of expertise are limited to the main milestones of PPP projects. Now, the MEF only provides input on financing capacity or budgetary capacity (as applicable), explicit firm and contingent commitments, financial and non-financial guarantees, economic and financial equilibrium, and eligibility criteria (the latter only for PPPs of Regional and Local Governments).

- The areas of expertise of the Regulatory Bodies and the Comptroller General of the Republic are clearly defined.
- Ad hoc instruments are established, tailored to the special characteristics of PPP projects, for evaluating financing capacity and preparing Technical Studies under private investment regulations.

Also, PROINVERSION acts as the Private Investment Promotion Body (OPIP) in the case of the following projects:

1. PPP projects of the Central Government, regardless of their classification or origin.
2. PPP projects of the Regional and Local Governments initiated through Co-financed Private Initiatives.
3. PA of the Central Government Assets initiated by the government with an investment exceeding USD 65 million.
4. PA of the Central Government Assets initiated by IP.
5. Projects that, by law, are assigned to PROINVERSION.

Table 1.3 summarizes the evolution of the regulatory framework promoting private investment (See **Annex** for details).

Table 1.3 Evolution of the Regulatory Framework Promoting Private Investment

Period	PPP Unit	Year	Description
1991–2002	Commission for the Promotion of Private Investment and Special Committees (COPRI)	1991	Legal framework for the stability of investments through Decrees No. 662, 674, 757 and 758.
		1993	The Peruvian Constitution of 1993 establishes the principles of the social market economy.
		1996	TUO of Concessions systematizes the rules for the award of public infrastructure concessions.
1996–1998	Commission for the Promotion of Private Concessions (PROMCEPRI)	—	The entity that manages the concession processes.
2002–present	Private Investment Promotion Agency (PROINVERSION)	2002	Law No. 28059
		2008	Legislative Decree No. 1012
		2015	Legislative Decree No. 1224
		2016	Legislative Decree No. 1251
		2018	Legislative Decree No. 1362
		2025	Law No. 32441

Source: Authors' compilation.

National Plan of Infrastructure 2026–2031

The new National Plan for Infrastructure (PNI) 2026–2031 was approved and published on 14 March 2026, by Supreme Decree No. 039-2026-EF.¹⁰ This is a crucial step in prioritizing strategic investments in Peru. With a portfolio of 72 projects worth over USD 43 billion, it highlights the scale of the challenge Peru faces in closing infrastructure gaps and boosting competitiveness.

The PNI is divided into four sections: the first provides a sectoral diagnosis of the physical and financial progress of the prioritized projects; the second details the vision and territorial approach through the delineation of four macro-zones; the third explains the methodology used for prioritizing the project portfolio; and the fourth establishes the Roadmap, which aims to coordinate different levels of government to close gaps.

The prioritization of projects considered in the PNI is based on a methodology that uses sustainability indicators, evaluating four key dimensions: economic-financial, social, institutional, and environmental. This approach aims to ensure the viability and sustainability of investments while generating broad benefits for the population.

The PNI prioritizes a portfolio distributed among sectors such as Transport (28), Agriculture and Irrigation (9), Water and Sanitation (8), Electricity (8), and Health (6), among others. In terms of implementation modalities, the portfolio includes 33 PPPs, 13 State-to-State projects, 22 Public Works projects, 2 active projects, and 2 projects for taxes.

Another important aspect is that the plan goes beyond listing projects; it proposes a roadmap with five strategic lines. These include portfolio management, identifying programs with a territorial focus, promoting an infrastructure strategy for the Peruvian Amazon, and establishing a long-term strategic vision for infrastructure development across the economy.

One of the most significant elements of this plan is the incorporation of a territorial approach, organizing projects into macro-zones: North, Center, Lima-Callao, and South. This method links infrastructure development with the productive, logistical, and social dynamics of each area, recognizing that Peru's development is uneven and that investments must address different regional realities. Infrastructure, in this context, not only connects territories but also creates opportunities for economic and social growth.

To ensure the successful implementation of the PNI, it has been established that the MEF has 90 calendar days to publish guidelines for preparing and monitoring action plans for the prioritized projects. These action plans must be approved by the respective entities within 45 calendar days following the publication of the MEF guidelines.

Each Action Plan should include, among other aspects: (i) a timeline with project milestones, (ii) responsibility assignments, (iii) a risk management strategy, (iv) a citizen engagement plan, and (v) monitoring and evaluation indicators.

However, project management experience shows that change does not happen from planning alone. The real challenge lies in executing and managing projects throughout their lifecycle. Three factors usually determine whether projects progress or stall.

¹⁰ MEF, “Decreto Supremo N.º 039-2026-EF”.

First, proper project maturation is essential. A prioritized portfolio must be supported by thorough studies, clear risk definitions, and suitable structuring models for each project type. Second, the implementation mechanism must be carefully selected, as the PNI combines modalities such as PPPs, government-to-government contracts, and public works. The key is aligning the mechanism with the project's nature, complexity, and available institutional capacities. Finally, the PNI requires a management and monitoring system during execution. Effective inter-institutional coordination, contract management, and ongoing technical oversight are crucial to prevent delays, disputes, or cost overruns. In the transport sector, the PNI has decided to exclude Line 3 of the Lima Metro. This effectively suspends the project indefinitely, even though it would have connected 13 districts. Beyond just the road kilometers, this postponement delays an integrated transportation system that could have transformed mobility for millions of Lima residents. The Callao outer harbor, a key infrastructure to reduce port traffic congestion and improve port logistics, has also been canceled.

1.3 MECHANISMS OF FINANCING INFRASTRUCTURE

1.3.1 Public-Private Partnership (PPP)

PPPs are a form of private investment participation, through long-term contracts involving the Government, a public entity, and one or more private investors, for the development of public infrastructure projects, public services, services linked to public infrastructure, applied research, and/or technological innovation. Project risks are appropriately distributed, and resources are provided, preferably by the private sector.

According to the law, PPPs can be started either by the public entities that own the projects or by the private sector through the submission of Private Initiatives (IPs). They can be classified as self-funded or co-funded.

PPPs can be carried out through concession, operation, and maintenance contracts, and can be used to carry out projects in:

- General public infrastructure, including but not limited to road networks, multimodal networks, railways, airports, ports, logistics platforms, urban recreational and cultural facilities, prison infrastructure, irrigation, health, and education.
- Public services, including but not limited to telecommunications, energy and lighting, water and sanitation, and other social services related to education, health, and the environment (such as waste treatment and processing).
- Services related to public infrastructure required by the government, including, but not limited to, toll and fee collection systems and “Better Citizens” Service Centers.
- Applied research projects.
- Technological innovation projects.

Projects carried out under the PPP modality, regardless of their classification and origin, proceed through the following phases (**Table 1.4**):

Table 1.4 PPP Project Phases

Phase	Description	Tools	Approval
Planning and programming	Identify priority projects with PPP potential	Supreme Decree of the Ministry of Economy and Finance approving the list of potential PPP projects of the Central Government. Multiannual Investment Report in PPPs	To submit the project as a PPP
Formulation	- Technical, economic, and financial evaluation of the PPP project - Preparation of the Evaluation Report, noting any challenges or risks	Evaluation Report Eligibility Criteria Technical Studies	To incorporate the project into the promotion process
Structuring	- Design and structure the project as a PPP - Prepare bidding documents and draft contract - Coordination meetings with entities reviewing the contract	Initial Version of Contract Integrated Evaluation Report Economic and Financial Model	To authorize market opening (procurement launch)
Transaction	- Open the market process (call for bids) and receive proposals - Collect opinions on the final version of the contract - Sign the PPP contract	Final Version of Contract Integrated Evaluation Report Economic and Financial Model	To authorize contract signing
Contract execution	- Financial close - Contract administration (by granting authority) - Contract oversight (by Regulator or Supervisor) - Possibility of amendments	—	—

Source: Authors' compilation.

- Planning and Programming:** This includes planning for projects and commitments, both confirmed and potential, that could be proposed as PPPs. This phase now materializes in two instruments: i) For projects of the Central Government, through the Supreme Decree

of the MEF that approves the list of potential PPP projects that will be promoted by PROINVERSION; and ii) for projects of Regional Governments and Local Governments, through the IMIAPP.

- **Formulation:** The formulation phase involves designing and/or evaluating the project. It is the responsibility of the public entity that owns the project or PROINVERSION, within their respective powers. This is achieved through the Evaluation Report.
- **Structuring:** This includes the design of the project as a PPP, encompassing its economic and financial structure, remuneration mechanism if applicable, risk allocation, and contract design. The OPIP is responsible for preparing the Initial Contract Version and obtaining the favorable opinions of the public entity that owns the project, the regulatory body, the Ministry of Economy and Finance (MEF), and the Comptroller General's Office (CGR), as applicable.
- **Transaction:** This includes the project's market launch and the contract signing. The OPIP prepares the Final Version of the PPP Contract and requests a favorable opinion from the public entity that owns the project within its jurisdiction, a non-binding opinion from the regulatory body if applicable, a favorable prior opinion from the MEF, and a non-binding prior report from the Comptroller General of the Republic, if applicable. OPIP also receives and assesses bidders' comments and determines the appropriate award method, which may be a public bidding process, a comprehensive project competition, or other competitive mechanisms.
- **Contractual Execution:** This includes the term of the PPP contract, which is the responsibility of the public entity that owns the project. It also covers monitoring and supervision of contractual obligations.

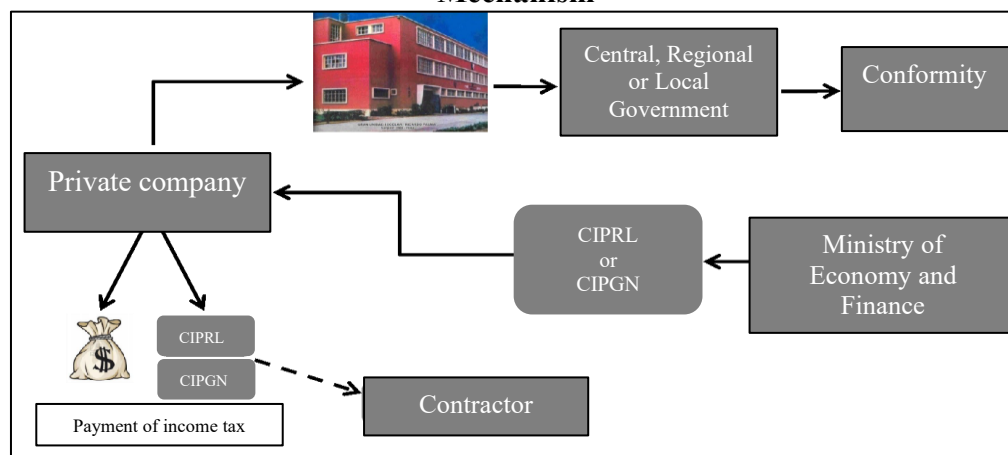
It is worth noting that the MEF published guidelines for the design of PPP contracts, outlining and establishing the main aspects that must be regulated to ensure alignment with the private investment promotion policy (design, execution of works, operation, maintenance, deadlines, concession assets and areas, economic and financial regime, financing, economic and financial balance, insurance, guarantees, contract termination, dispute resolution, penalties, among others).¹¹

1.3.2 Works for Taxes (WfT)

This mechanism allows private companies to prepay their income tax to finance and directly implement public investment projects prioritized by regional and local governments, public universities, and central government agencies. Once the project is completed or has made progress, the Public Treasury refunds the investment amount to the private company through certificates (CIPRL or CIPGN), which can be used to pay income tax (**Figure 1-3**). The CIPRL are funded through subsequent deductions mainly from canon and surcharge resources. Meanwhile, the CIPGN are issued using the institutional funds available to public entities of the Central Government.

¹¹ MEF, "Lineamientos para el diseño de contratos de asociación público privada", 2019. [Guidelines for the design of Public-Private Partnership contracts].

Figure 1-3 Relationship between the Government and the Private Sector in the WfT Mechanism

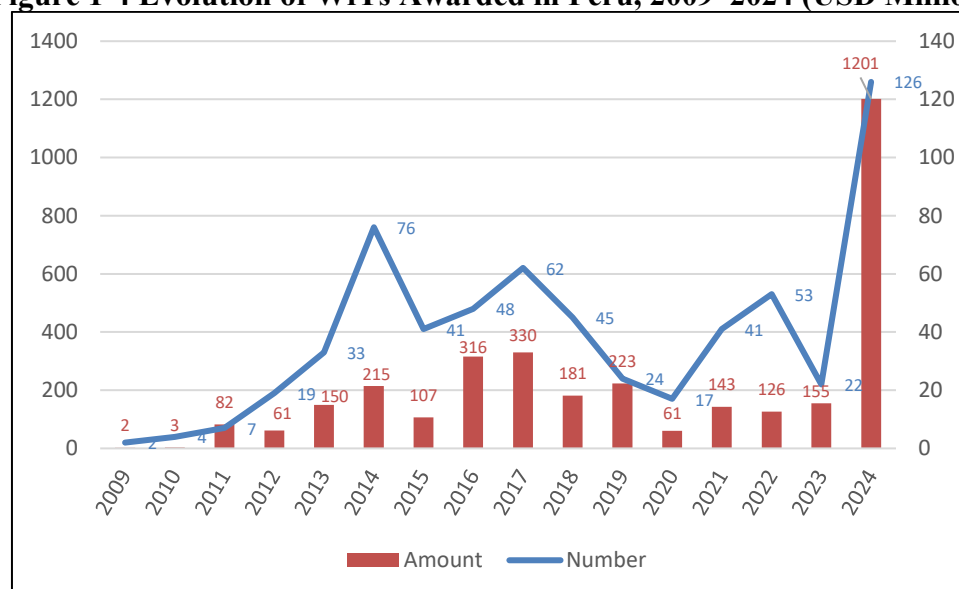


Source: PROINVERSION (2024).

In May 2008, through Law No. 29230—which promotes regional and local public investment with private sector participation—the Works for Taxes (WfT) mechanism was established to speed up the implementation of public works across Peru. In subsequent years, both the law and its regulations have been amended to encourage greater use, simplify procedures, and facilitate private sector initiatives for project proposals, broadening the scope of WfT to include equipment, process reengineering, information systems, and other necessary components to achieve project goals.

As noted by PROINVERSION, WfT serves as a mechanism that enables collaboration between the public and private sectors to close the infrastructure gap in the economy through agreement signing. Since its creation, WfT has supported projects in transportation, energy, telecommunications, agriculture, irrigation, water, and sanitation. The project portfolio also covers social sectors such as education and health.

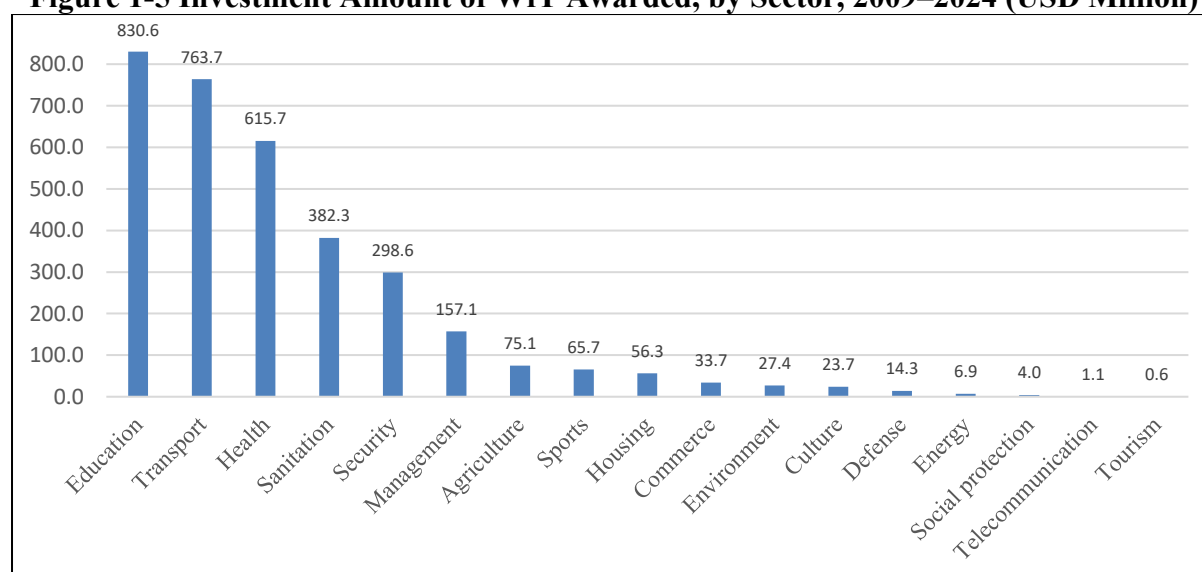
From 2009, there was a significant growth until 2014. From that year on, the number of projects began to decrease. This trend was reversed in 2024, when projects rose from 22 to 126. Over 22 million Peruvians have benefited from the development of 620 projects, totaling USD 3.4 billion by 2024 (see **Figure 1-4**).

Figure 1-4 Evolution of WfTs Awarded in Peru, 2009–2024 (USD Million)

Source: PROINVERSION (2025).

Although the mechanism, by its nature, does not support large investments in infrastructure, it is still considered to have significant room for expansion, as the number of awarded projects involving private companies and the investment amount remain relatively low compared with their potential and are very far below other investment options. Due to the importance of this investment mechanism, it is necessary to spread more information on its proper use among the involved actors, both in the public and private sectors.

During the period 2009–2024, the five sectors with the highest investment in works awarded by taxes are: education (USD 831 million), transportation (USD 764 million), health (USD 616 million), sanitation (USD 382 million), and security (USD 299 million). **Figure 1-5** shows that these sectors account for more than 85 percent of total investment.

Figure 1-5 Investment Amount of WfT Awarded, by Sector, 2009–2024 (USD Million)

Source: PROINVERSION (2025).

Box 1.1 Attractiveness to Foreign Investors

Foreign investors view Peru's PPP framework as one of the strongest in Latin America in terms of design, but with more mixed results in implementation. On the positive side, Peru ranks fifth out of 26 economies in the latest Infrascope 2023/24, reflecting a solid regulatory framework, institutional capacity, and project-preparation systems, which are key factors valued by international investors (IDB 2024). Similarly, World Bank benchmarking highlights strengths such as a clear legal framework, fiscal oversight by the Ministry of Economy and Finance, caps on contingent liabilities, and mechanisms like arbitration and step-in rights, all of which support investor confidence (World Bank 2023). In this regard, Peru continues to be seen as an upper-tier PPP market in the region, especially when compared to peers with weaker institutional setups.

However, investors' concerns are increasingly focused on execution risks rather than regulatory design. Evidence from the IDB shows that beyond formal frameworks, political stability, institutional coordination, and implementation capacity are critical factors influencing PPP investment flows in Latin America (IDB 2024).

At the sector level, reform priorities differ (World Bank 2024): (i) in transport, the main concern for investors is reducing execution bottlenecks—particularly land acquisition, permitting, and contract management—which directly impact construction risk and financing conditions; (ii) in water and sanitation, the key challenge is financial sustainability: low tariffs and fragmented service provision limit cost recovery, so projects are mainly bankable when supported by co-financed schemes, predictable public payments, and ring-fenced revenue mechanisms, combined with stronger utilities and clearer tariff policies; and (iii) in health, investors tend to favor availability-based PPP models focused on infrastructure and non-clinical services, which require well-defined performance indicators, payment certainty, and strong public contract management to mitigate demand and operational risks.

Finally, while Peru maintains a competitive PPP framework, attracting foreign investment moving forward will depend on advancing a second wave of reforms focused on improving execution credibility, institutional stability, and financial sustainability of projects.

2. TRANSPORTATION SECTOR

2.1 OVERVIEW OF THE SECTOR

Transport infrastructure includes the following:

- Roads
- Railroads
- Ports
- Airports
- Waterways

Roads include (i) national highways overseen by the Ministry of Transport and Communications (MTC), operated by private firms (if they are PPPs), or by Provias Nacional (PVN) if not granted as concessions; (ii) regional and rural roads managed by Provias Descentralizado (PVD); and (iii) local roads handled by Municipalities (Local Governments). National roads make up 15.7 percent of the total road length but account for more than two-thirds of the paved roads. Notably, 83.1 percent of national roads are now paved, compared to only 50 percent in 2001 when the first road concession was granted (**Table 2.1**). While the total length of national roads increased by 61 percent from 2001 to 2024, paved national roads grew by 163 percent, mainly driven by PPPs, as will be discussed later.

Table 2.1 Classification of Roads in Peru (2024)

Road classification	Length (km)	Paved (km)	% Paved
i. National	27,525	22,871	83.1
ii. Regional	27,732	6,992	25.2
iii. Local	120,596	4,144	3.4
Total	175,853	34,007	19.3

Source: Ministry of Transport and Communications (MTC).

Railroads consist of (i) interregional freight and passenger trains managed by private companies, including PPPs for public railways overseen by MTC and lines operated by private mining companies, and (ii) subways run by the Urban Transport Authority for Lima and Callao (ATU). Currently, Lima has only two lines—both concessioned—one operating at full capacity and the other still under construction but with five stations in service. The total railroad network in Peru remains very limited, spanning nearly two thousand kilometers. Alarming, 60 years ago, the network was more than twice as extensive.

Ports are mainly classified by ownership and purpose. This can be depicted as a simple matrix with these two criteria, as shown in **Table 2.2**. The ports relevant to this study are those in the first category: publicly owned and for public use, most of which are already concessioned. The National Ports Company (ENAPU), which previously managed all ports in this category, has reduced its scope and influence over time due to the rise of PPPs, but it still oversees a few small ports.

Table 2.2 Classification of Ports

Ownership / Purpose	Public	Private
Public	Almost all PPP. A few still in ENAPU	Oil company
Private	Chancay Port	Mining companies

Source: Authors' compilation.

The Port of Chancay is a private project that received a maritime license to build and operate a port in Chancay, located 75 km north of Lima. It has recently started operations. Therefore, it is not classified as a PPP. However, since it is a port for public use, it is regulated by OSITRAN, the Supervisory Agency for Investment in Transport Infrastructure for Public Use, as are other public-use ports, regardless of ownership or operation.

The year 2024 was favorable for port cargo, with a 14.5 percent increase over 2023, bringing total cargo to nearly 64 million metric tons (**Table 2.3**). Seaports dominate almost all cargo volume because inland river ports are too small. Callao ports – which include one multipurpose port, one container port, and one mineral concentrates port, all operated as PPPs – account for about 70 percent of total cargo. Overall, port PPPs handle 99 percent of cargo, leaving only 1 percent for cargo through ports managed by ENAPU and the Regional Government (GR). The main type of cargo is containers, making up 52.4 percent, followed by solid bulk at 37.3 percent. Callao ports follow the same trend, with containers at 70 percent and the share of solid bulk decreasing to 20 percent.

Table 2.3 Cargo Volume at Public Use Ports in 2024

Cargo classification	Seaports	Callao	Inland Ports	PPP	ENAPU & GR	Total (sea + inland ports)
Container (units)	2,026,139	1,806,299	4,540	2,026,863	3,816	2,030,679
Container (MT)	33,376,522	30,758,291	75,476	33,401,725	50,273	33,451,998
Fractional (MT)	3,061,302	2,059,072	250,311	3,037,713	273,900	3,311,613
Solid Bulk (MT)	23,814,182	8,603,441	-	23,340,404	473,778	23,814,182
Liquid Bulk (MT)	2,776,588	2,417,007	123,788	2,877,680	22,696	2,900,376
Rolling (MT)	298,543	280,365	2,710	298,543	2,710	301,253
Total (MT)	63,327,137	44,118,176	452,285	62,956,065	823,357	63,779,422

Source: National Port Authority (APN).

Most airports in Peru operate under PPPs through three concession agreements: Jorge Chavez International Airport (Callao, Lima); the First Group of Regional Airports (12 airports mainly in northern Peru); and the Second Group of Regional Airports (5 airports in southern Peru). The Peruvian Corporation of Airports and Commercial Aviation (CORPAC) used to oversee these airports and manage air navigation services, including control tower operations. Currently, CORPAC only manages the airport in Cusco and a few others. A new PPP for a Third Group of Regional Airports (seven existing airports and a new one under construction in Chinchero, which will be the main airport in Cusco) is planned to be implemented by the end of 2026. CORPAC is expected to continue operating air navigation services.

Finally, waterways are important for passenger and freight transport, mostly in jungle rivers, but on a very small scale and in a risky and inefficient manner. Because of this, a waterway project was launched to improve the navigability of the main jungle rivers, including the

Amazon River, and was granted as a concession several years ago. However, it was not possible to start the construction because the detailed environmental and social studies did not receive approval. As a result, the PPP is now nearing expiration.

2.2 INSTITUTIONAL RESPONSIBILITY

The main role in the public sector falls on the Ministry of Transport and Communications (MTC). Regarding PPPs, the MTC defines the terms of infrastructure concessions, including the project scope, concession length, duties of the concessionaire, and evaluation criteria, among other issues. This means that the MTC is responsible for identifying projects and preparing initial studies, then assigning the process to PROINVERSION to lead. The MTC grants the concession contracts, with the Transport Vice Minister usually signing these agreements. An exception occurs in the case of ports, where the President of the National Port Authority (APN) signs the concession contracts, since this institution is responsible for promoting, establishing rules, controlling port activities and services, and managing port concessions to the private sector, acting on behalf of the government MTC.¹²

Another important participant is PROINVERSION, whose main goal is to promote private investment in infrastructure and public services in a technically sound, transparent, and high-quality manner. This is the public entity that receives assignments from a government unit (such as a Ministry or a Regional/Local Government), in this case from MTC or APN, and is responsible for the following phases of the concession process, known as structuring and procurement. In some cases, PROINVERSION also prepares the initial studies, depending on the assignment.

As mentioned, PROINVERSION leads this process, but some technical reports require approval from other institutions. These reports mainly include the bidding documents, drafts, and final versions of concession contracts, with approvals primarily needed from MEF and MTC (or APN in port cases). Additionally, other institutions such as the regulator OSITRAN and the National Controller Office (CGR) participate to review technical reports and provide opinions. OSITRAN, the Supervisory Agency for Investment in Transport Infrastructure for Public Use, manages the concession contract in regard to (i) regulation of tariffs and access to essential facilities, (ii) supervision of service quality and overall contract compliance, and (iii) application of penalties after due process. The Contraloría General de la República (CGR) serves as the National Controller Office, aiming to oversee proper use of public resources and legality in public administration. As the primary authority of fiscal control, CGR must be informed of any matters that could affect government financial capacity.

Issues often occur during these procedures (approvals and opinions) because the involved institutions take too long in performing their tasks, and it is common to have two or more interactions in each procedure. In many cases, the comments provided go beyond the institutions' formally assigned functions. According to Consejo Privado de Competitividad - CPC (2025), 87.3 percent of the CGR comments on contract final versions and addendums relate to technical aspects and project costs, rather than comments about government financial capacity to meet its commitments, which should be the main focus of this institution.¹³ Similarly, 76 percent of OSITRAN comments on the final versions of contracts and addendums refer to issues outside its duties, such as execution of works, financial aspects, and the contract-

¹² According to Law No. 27943 and its regulation.

¹³ Based on 20 control reports prepared by CGR between 2017 and 2024.

related topics.¹⁴ This points to a major challenge at OSITRAN, which is not unique and is also observed among the other regulators,¹⁵ as shown in **Table 2.4**.

Table 2.4 Regulators' Comments on Final Version of PPP Contracts and Addenda (Reports between 2013 and 2024)

Issues	OSITRAN	Regulators average
Regulator duties	24%	31%
Execution of works	28%	21%
Financial aspects	26%	23%
Contract own topics	21%	25%
Number of reports	16	31

Source: CPC (2025).

Despite OSITRAN's weaknesses, it has several strengths, such as transparency and ongoing performance evaluation of each PPP under its supervision. For example, OSITRAN has been publishing the numbers and models used in tariff regulation processes on its website for nearly 20 years and was the first institution to do so. This makes it easy for parties to review the regulator's work, provide comments, and perform their own calculations during the process. Another important task that OSITRAN performs is the creation of annual performance reports for each PPP it supervises, which are also published online. Overall, this regulator plays an excellent role in providing useful information throughout the lifecycle of PPP contracts.

2.3 INVESTMENT NEEDS

Following Bonifaz et al. (2020), the most recent estimate of Peru's infrastructure gap, developed as part of the first infrastructure plan (National Plan of Infrastructure for Competitiveness – PNIC), shows that the transport deficit in 2019 was USD 10.9 billion in the short-term (a 5-year period) and USD 48.8 billion in the long-term (a 20-year period)¹⁶ (**Table 2.5**). These numbers represent 30.7 percent and 44.3 percent of the total infrastructure gap for each period, making transport the sector with the largest deficit overall.

Table 2.5 Infrastructure Gap (USD Million)

Infrastructure	Short-Term (2019–2023)	Long-Term (2019–2038)
Roads	4,708.62	32,005.48
Railroads	6,191.00	13,976.58
Ports	...	1,503.58
Airports	...	1,289.39
Transport	10,899.62	48,775.03
Total	35,509.92	110,137.03

Source: Bonifaz et al. (2020)

The primary long-term gap in this sector concerns roads, which account for 65.6 percent of the transport deficit and 29.1 percent of the overall deficit. The second-largest gap is in railroads,

¹⁴ Based on 16 reports prepared by OSITRAN between 2013 and 2024.

¹⁵ Based on 31 reports prepared by regulators between 2013 and 2024. Besides the 16 reports of OSITRAN already mentioned, CPC includes 15 reports prepared by the other 3 regulators: 2 by SUNASS, 9 by OSINERGMIN, and 4 by OSIPTEL.

¹⁶ The last result was obtained as a comparison to OECD economies, mainly.

with figures of 28.7 percent and 12.7 percent, respectively. This result aligns with expectations, given the high level of private involvement across transport sectors, especially where PPP is the main model in most ports and airports.

Transport projects in the PNIC involved investment commitments of USD 24.2 billion, nearly half of the long-run deficit. As shown in **Table 2.6**, two-thirds of this investment was attributed to PPP projects, emphasizing those already under construction and in operation. Notably, transport accounted for 82 percent of the total investment in the PNIC, making it the dominant sector by a wide margin.

Table 2.6 Number of Transport Projects and Investment Commitments in PNIC, 2019

Projects	Quantities	PPP	Public Works	Total
Not in operation	Number	5	8	13
	Investment (USD million)	5,776.59	7,896.34	13,672.92
Already in operation	Number	11	2	13
	Investment (USD million)	10,140.90	410.19	10,551.09
Total	Number	16	10	26
	Investment (USD million)	15,917.49	8,306.52	24,224.01

Source: PNIC (2019).

Although PNISC as a whole expanded, increasing the number of projects from 52 to 72 and total investment from USD 29.5 billion to USD 36.8 billion, the transport sector actually contracted: the number of projects declined from 26 to 18, and the associated investment dropped from USD 24.2 billion to USD 21.1 billion.¹⁷ Transport share in PNISC investments was 57 percent, compared to 82 percent already mentioned in the case of PNIC. The main reason for this was the inclusion of social sectors like health and education in the new plan.

It is clear that a plan cannot be written in stone, meaning it can evolve over time. Changes may happen, but they should generally not be drastic. Therefore, it did not make sense that 13 of the 26 transport projects included in PNIC were not part of PNISC, 9 of which MTC did not include in the new plan,¹⁸ and the other four because they did not reach the appropriate score to be considered. This situation negatively affected concessions already in operation¹⁹ and the predictability of transport infrastructure.

Another significant change between the two plans was the shift toward public works. As shown in **Table 2.7**, public works in PNISC account for the majority of projects and investments, totaling 61 percent and 55 percent, respectively. In PNIC, PPP was the main modality, as previously mentioned. This is more difficult to explain, since the best performance was related to PPP projects. Evidence shows that public works in PNIC accounted for only 4.5 percent of the committed investments in this modality, while PPP accounted for 14.2 percent of their planned investments during PNIC's validity period.

¹⁷ This is not only an exchange rate effect, but also a reduction in the amount of Soles (Peruvian currency) in real terms.

¹⁸ This group included 2 projects concluded and 1 project stopped with a request for cancellation.

¹⁹ For example, Santa Rosa bridge was excluded, affecting access to the new terminal of Lima's Airport.

Table 2.7 Number of Projects and Investment Commitments in PNISC, 2022

Projects	Quantities	PPP	Public Works	Total
Not in operation	Number	3	2	5
	Investment (USD million)	2,404.12	6,040.97	8,445.09
Already in operation	Number	4	9	13
	Investment (USD million)	7,109.07	5,593.37	12,702.44
Total	Number	7	11	18
	Investment (USD million)	9,513.19	11,634.33	21,147.52

Source: PNISC (2022).

The newly approved PNI includes 28 transport projects with a total investment commitment of USD 30.1 billion, making up 70 percent of the total planned investment. This indicates a resurgence in the importance of transport infrastructure, although some significant projects, like Line 3 of the Lima Metro and the Callao outer harbor, have been removed from the plan.

Box 2.1 National Plan of Infrastructure

The first national infrastructure plan, known as PNIC, was released in July 2019. It contained an assessment of the infrastructure gap, a methodology for prioritizing projects, and a new institutional framework to support infrastructure development. Project prioritization relied on three criteria, each with specific indicators: productive impact (57 percent), social impact (32 percent), and financing (11 percent).

A total of 52 projects were chosen, with 29 being Public-Private Partnerships (PPPs). The distribution of projects was as follows (**Table 2.8**):

Table 2.8 PNIC's Project Distribution (2019–2022)

Sector	Number of projects
Transport	26
Telecommunication	5
Energy	11
Sanitation	4
Irrigation	4
Environment	2

Source: Authors' compilation.

The second plan, PNISC, was released in October 2022. Its main focus was sustainable development, assessed across four dimensions with several indicators: financial sustainability (36.4 percent), social sustainability (32.4 percent), institutional sustainability (10.1 percent), and environmental sustainability (21.1 percent). This version included 72 projects, with 26 being PPPs. The health and education sectors were included, and the project distribution was as follows (**Table 2.9**):

Table 2.9 PNISC's Project Distribution (2022–2025)

Sector	Number of projects
Transport	18
Telecommunication	9
Energy	2
Sanitation	12
Irrigation	2
Environment	1
Health	22
Education	4
Production	1
Hydrocarbon	1

Source: Authors' compilation.

The new plan, PNI, was published in March 2026. It includes 72 projects, with PPP as the primary modality chosen for 33 projects, returning to the original approach developed in PNIC. The distribution of projects according to the prioritized sectors is as follows (**Table 2.10**):

Table 2.10 PNI's Project Distribution (2026–2031)

Sector	Number of projects
Transport	28
Telecommunication	1
Energy	8
Sanitation	8
Irrigation	9
Health	6
Education	4
Production	1
Tourism	1
Culture	5
Social protection	1

Source: Authors' compilation.

2.4 PPP AND WFT

There are 35 PPP contracts in transportation infrastructure involving investments of at least USD 16.4 billion (**Table 2.11**). The first contracts were signed in 1999, and they are still active. In terms of the number of contracts, half are road PPPs, and nine are port PPPs. Railroad PPPs include three interregional railways and two Lima Subway lines. Although there are only three airports PPPs,²⁰ one involves 12 airports, and another involves 5 airports. So, a total of 18 airports have been granted in concession.

²⁰ There was a fourth PPP project (Chinchero Airport in Cusco), but it was cancelled by the government.

Table 2.11 PPP in Transport Infrastructure (1999–2024)

Infrastructure	Number of contracts	Investment* (USD million)
Roads	17	6,262.92
Railroads	5	6,035.82
Ports	9	2,506.14
Airports	3	1,525.94
Waterways	1	95.00
Total	35	16,425.82

(*) Planned investment when each PPP contract was signed.

Source: PROINVERSION.

The most significant PPPs based on initial investment plans are roads and railroads, accounting for 38.1 percent and 36.7 percent of the total transport infrastructure investment, respectively.

However, the road investment includes a large and costly network in Lima called Anillo Vial Periférico (AVP), which was recently granted under concession and accounts for 20.7 percent of the total investment. Therefore, the remaining 16 road PPPs only represent 17.4 percent.

Regarding Works for Taxes (WfT), figures differ in both magnitude and sectoral participation. Transport projects assigned between 2009 and July 2025 numbered 186, with an investment of USD 850 million, averaging USD 4.6 million per project (**Table 2.12**). Clearly, the number of WfT projects is much higher, while WfT investments are much lower because they typically involve local government projects, primarily urban roads.

Table 2.12 WfT in Transport Infrastructure (2009–July 2025)

Sector	Already assigned		New projects	
	Number of contracts	Investment (USD million)	Number of contracts	Investment (USD million)
Transport	186	850.00	41	697.68
Total	746	3,740.31	338	3,327.87

Source: PROINVERSION, July 2025.

Transport WfT accounts for 25 percent of all agreements under this modality and 23 percent of the total investment. For new projects seeking financing, Transport WfT drops to 12 percent in contract count but stays at 21 percent of total investment. These numbers are lower than those in PPP.

2.5 PROJECTS' PERFORMANCE

Data from 31 of 35 transport PPP projects indicate substantial interest, with an average of 5.3 pre-qualified firms per project. The distribution varies, as shown in **Table 2.13**. Only five transport projects had just one pre-qualified firm (16.1 percent, mostly roads), while an equal number had 10 or more pre-qualified firms (80 percent of which were roads). Overall, for all PPPs, these figures were 8.5 percent and 4.7 percent respectively.²¹ Nearly half of the transport

²¹ PPP in other sectors had only 6 projects with one pre-qualified firm (6.1 percent), that could be seen as a better performance than transport PPP. On the other hand, other sectors PPP barely got one project with 10 or more pre-qualified companies (1 percent), that could be shown precisely the opposite result to the one just mentioned.

projects (48.4 percent) involved five or more prequalified firms, close to the percentage for all PPPs (53.5 percent).

Table 2.13 Number of Pre-qualified Firms and Number of PPP Contracts (1999–2024)

Number of Prequalified firms	Total	Transport	Roads	Railroads	Ports	Airports	Waterways
1	11	5	3	-	1	1	-
2	14	5	3	-	2	-	-
3	15	2	-	1	1	-	-
4	20	4	2	-	1	-	1
5	13	3	3	-	-	-	-
6	8	-	-	-	-	-	-
7	18	4	1	-	1	2	-
8	16	3	-	1	2	-	-
9	8	-	-	-	-	-	-
10	1	1	-	-	-	1	-
11	2	1	1	-	-	-	-
12	1	1	1	-	-	-	-
13	1	1	1	-	-	-	-
14	1	1	1	-	-	-	-
Total	129	31	16	2	8	4	1

Source: PROINVERSION.

To evaluate the competitiveness of transport PPPs, it is more relevant to consider the number of bidders per project (see **Table 2.14**). Although 38.7 percent of PPPs received only one bid, the average number of bidders per project was 2.6, a healthy figure that promotes competition. While the data may not be entirely representative, it is notable that two road projects attracted many bidders – one with 8 and the other with 10.

Table 2.14 Number of Bids and Number of PPP Contracts (1999–2024)

Number of Bids	Total	Transport	Roads	Railroads	Ports	Airports	Waterways
1	37	12	7	1	3	1	-
2	41	6	3	1	2	-	-
3	27	6	1	-	2	2	1
4	13	3	1	-	1	1	-
5	3	2	2	-	-	-	-
6	4	-	-	-	-	-	-
7	2	-	-	-	-	-	-
8	1	1	1	-	-	-	-
9	-	-	-	-	-	-	-
10	1	1	1	-	-	-	-
Total	129	31	16	2	8	4	1

Source: PROINVERSION.

Transport projects generally take much longer than other sectors, with an average of 22.5 months from the PPP call to the award date (**Table 2.15**). This duration is twice the average for all PPPs, highlighting that extended time is a major weakness in transport infrastructure projects. Delays are especially noticeable in airport PPPs, while road PPPs are closer to the overall PPP average. Port PPPs are the most efficient, with durations near the general PPP average.

Table 2.15 Time Indicators of PPP Projects (1999–2024)

	Time to award date (in months)	Time since PPP beginning (in years)
Transport	22.54	14.95
Roads	23.04	15.50
Railroads	16.32	12.21
Ports	13.59	14.63
Airports	30.68	16.62

Source: PROINVERSION.

Transport PPPs generally have longer durations, leading to greater experience and more lessons learned. Most transport PPP contracts are signed for 30 years, placing them roughly in the middle of their lifespan today. There is a wide range of project durations, with some projects just starting and others nearing their expiration.

In PPP projects, transport contracts mostly include addenda: 116 out of 137 (84.7 percent) contain them, averaging 3.7 addenda per contract. Roads have the highest number of addenda at 68, while airports have the most addenda per contract at 5.3. Railroads have the fewest addenda overall, and ports have the least, with only 2.3 per contract (**Table 2.16**).

Table 2.16 Contract Amendments (1999–2024)

	Number of addenda	Average addendum per contract
Transport	116	3.7
Roads	68	4.3
Railroads	9	4.5
Ports	18	2.3
Airports	21	5.3

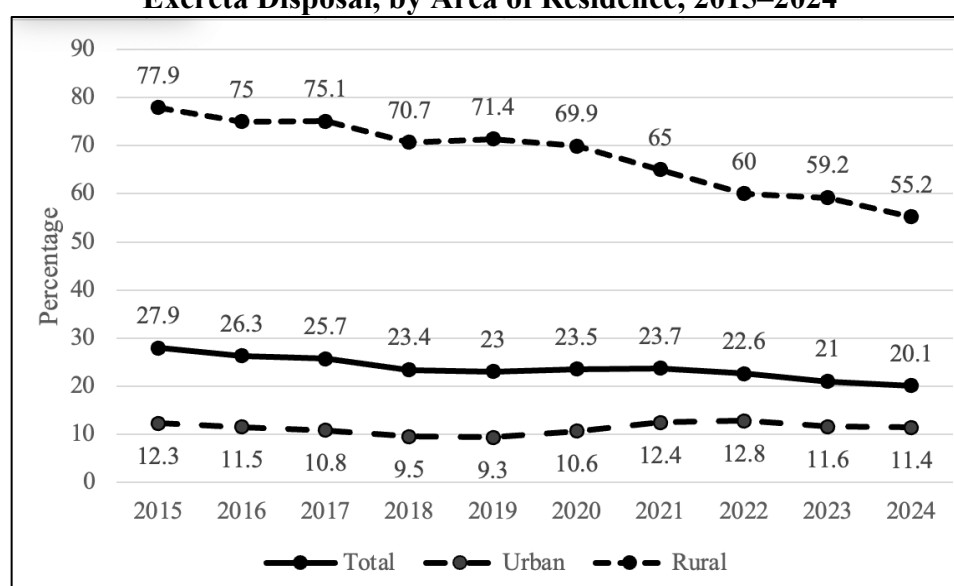
Source: PROINVERSION.

3. SANITATION SECTOR

3.1 OVERVIEW OF THE SECTOR

From 2015 to 2024, the percentage of the population using unsafe methods for excreta disposal shows a consistent downward trend across all residential areas (**Figure 3-1**). Across the economy, the proportion decreased from 27.9 percent in 2015 to 20.1 percent in 2024. The most notable decline occurred in rural areas, where unsafe disposal dropped sharply from 77.9 percent in 2015 to 55.2 percent in 2024 — a reduction of over 22 percentage points. Urban areas maintained relatively low levels throughout the period, decreasing gradually from 12.3 percent to 11.4 percent. This ongoing disparity emphasizes the urban–rural gap in access to safe sanitation solutions. Despite overall progress, rural populations still face significant challenges in achieving safe excreta management.

Figure 3-1 Percentage of Population Without Access to Sewerage Services and Safe Excreta Disposal, by Area of Residence, 2015–2024



Source: ENAPRES-INEI, PNS 2022–2026.

Between 2015 and 2023, the percentage of the population relying on non-sewered waste disposal methods has gradually decreased overall, but a significant gap remains between urban and rural areas (**Table 3.1**). In urban regions, the proportion of population using such methods slightly dropped from 12.7 percent in 2015 to 12.3 percent in 2023. Within this group, those using septic or cesspits increased from 7.1 percent to 7.5 percent, and those disposing of waste into rivers, ditches, canals, or with no system at all fell from 5.6 percent to 4.8 percent. Conversely, rural areas started at a concerning 78.5 percent in 2015 and, despite steady declines, still reported 59.9 percent in 2023. The use of simple disposal methods like rivers, canals, or no system decreased significantly in rural settings—from 29.7 percent to 17.4 percent—but remains a major public health issue. The persistent gap between urban and rural figures underscores ongoing structural inequalities in sanitation infrastructure. Targeted interventions are needed to improve rural sanitation access and eliminate this ongoing disparity.

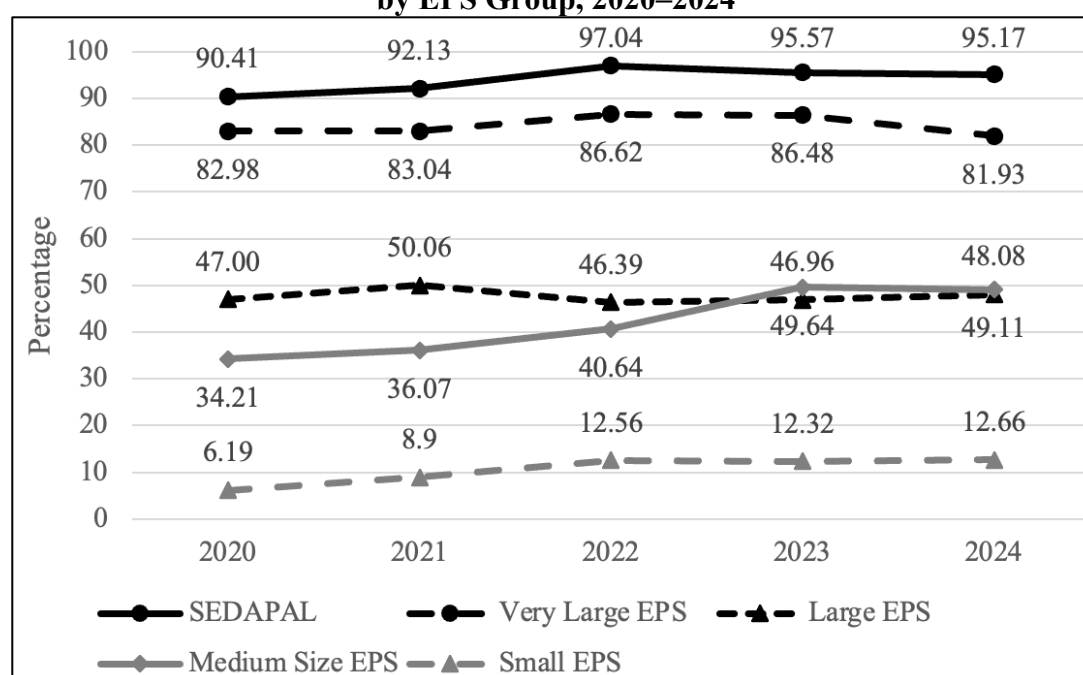
Table 3.1 Percentage of Population Using Other Forms of Safe Excreta Disposal by Area of Residence (2015–2023)

Area of residence and other forms of excreta disposal	2015	2016	2017	2018	2019	2020	2021	2022	2023
Urban	12.7	11.7	11.1	9.9	9.6	10.8	12.7	13.2	12.3
Septic pit / cesspit / black pit	7.1	6.9	6.2	5.5	5.2	6.5	8.5	8.2	7.5
River / ditch / canal / none	5.6	4.8	4.9	4.4	4.4	4.3	4.2	5.0	4.8
Rural	78.5	75.4	75.7	70.9	71.6	69.8	65.6	60.9	59.9
Septic pit / cesspit / black pit	48.8	48.7	49.8	46.9	48.2	47.7	45.5	42.2	42.5
River / ditch / canal / none	29.7	26.7	25.9	24.0	23.4	22.1	20.1	18.7	17.4

Source: INEI - ENAPRES

By 2023, the provision of sanitation services in urban areas is handled by 50 service provider companies (EPS) regulated by SUNASS: 48 are publicly owned entities that must be incorporated as joint-stock companies, SEDAPAL owned by the central government, and Executing Unit 002: Sanitation Services of Tumbes (AGUA TUMBES) (SUNASS 2023). In rural areas with fewer than 2000 residents, water and sanitation services are provided by over 25,000 Sanitation Services Administrative Boards (JASS) and other providers. The 50 service provider companies deliver potable water to 20.1 million people, which is 59.1 percent of the total population, 71.1 percent of the urban population, and 91.1 percent of the population within their service areas. This is managed through approximately 4.28 million water connections, with 38.8 percent operated by SEDAPAL. However, for sewerage services, the coverage drops to 18.8 million people, with SEDAPAL serving 53.2 percent of them (SUNASS 2025).

From 2020 to 2024, the percentage of wastewater collected by EPS (potable water and sanitation service providers) that received treatment showed steady improvement across most provider categories (**Figure 3-2**). SEDAPAL maintained its position as the top performer, reaching 97.0 percent in 2022 before slightly dropping to 95.2 percent in 2024. Very Large EPS exhibited similar trends, increasing from 90.4 percent in 2020 to 95.2 percent in 2024. In contrast, Large EPS remained relatively stable around 47–50 percent throughout the period. Notably, Medium-Sized EPS consistently improved, rising from 34.2 percent in 2020 to 48.1 percent in 2024, effectively narrowing the gap with larger providers. Meanwhile, Small EPS, although still far behind, gradually increased treatment coverage from just 6.2 percent in 2020 to 12.7 percent in 2024. Despite these advances, the ongoing underperformance of small providers continues to highlight significant infrastructure and capacity issues, with implications for public health and environmental sustainability in their service areas.

Figure 3-2 Percentage of Collected Wastewater Receiving Treatment Before Discharge, by EPS Group, 2020–2024

Source: SUNASS – Benchmarking.

As of 2024, a total of 18 Water and Sanitation Service Providers (EPS) did not report any wastewater treatment in any of the localities where they operate. These companies are categorized by size: 2 are large EPS, 5 are medium-sized, and 11 are small EPS. Among them, 11 EPS lacked treatment plant infrastructure entirely, 5 had treatment plants (PTARs) that were non-operational, 1 had a PTAR under construction, and 1 had an operational PTAR but did not report its treatment data (**Table 3.2**). This widespread lack of treatment capacity, especially among small- and medium-sized EPS, presents significant challenges for environmental and public health oversight.

Table 3.2 Wastewater Treatment (2024)

EPS Size Category	Number of EPS Without Treatment	Reasons Cited
Large	2	1 PTAR paralyzed, 1 with PTAR operational but no report
Medium	5	All without PTAR infrastructure
Small	11	4 PTARs paralyzed, 1 under construction, 6 without PTAR

Source: SUNASS.

3.2 INSTITUTIONAL RESPONSIBILITY

In Peru, the Ministry of Housing, Construction, and Sanitation (MVCS) holds the main responsibility for water and sanitation, as well as housing, construction, and urban and territorial development. It is responsible for developing and implementing domestic strategies for the water and sanitation sector, which includes establishing public policies, creating regulatory frameworks, and promoting public-private partnerships (PPPs) to expand and

improve service delivery. Supporting this role, the National Superintendency of Sanitation Services (SUNASS) works alongside to enforce sector policies and develop regulations for service providers. Although SUNASS does not directly approve investment projects, it is tasked with setting tariff structures—decisions that can greatly affect the viability and financial sustainability of these projects.

While SUNASS has broad regulatory duties, its authority and tools are not always well suited to address the sector's structural issues—such as widespread hesitation among users to pay for services. Under Peru's Framework Law for Regulatory Bodies (Law No. 27332), SUNASS—like other economy-wide regulators—has the authority to supervise service providers, set tariffs, issue binding regulations, inspect regulated activities, impose sanctions, and resolve disputes or customer complaints. However, in practice, sector performance remains weak, and the regulator's capacity to promote better results is limited. Many utilities—19 out of 50 EPS—are currently under the Transitional Support Regime (RAT), a measure used when utilities face serious operational or financial problems. Under this arrangement, the Technical Agency for the Administration of Sanitation Services (OTASS), a specialized body linked to the MVCS, takes over management, including appointing boards and senior managers, aiming to restore operational stability. By 2022, OTASS was overseeing 20 EPS under this scheme. Every three years, SUNASS assesses the performance of these utilities to decide whether they should stay under RAT or return to their original governance.

The MEF oversees the formulation of Peru's economic and fiscal policies and has the authority to approve SUNASS's budget. It manages the economy-wide performance-based budgeting system, which applies to all government agencies, including economic regulators. In the regulatory sphere, the MEF shares responsibilities with the Presidency of the Council of Ministers (PCM) in areas such as administrative simplification, international regulatory cooperation, intergovernmental coordination, performance-oriented regulation, ex-ante regulatory impact assessments, as well as promoting transparency and public consultation processes. This joint approach aims to strengthen governance and ensure that regulatory policies are coherent, efficient, and aligned with domestic development objectives.

Finally, the Agency for the Promotion of Private Investment (PROINVERSION) is a specialized technical body linked to the MEF, dedicated to attracting and facilitating investment in Peru. Its mandate includes promoting PPPs and other investment mechanisms for services, infrastructure, public assets, and government projects. The agency provides investors with information, guidance, and mediation to align diverse perspectives during project development, fostering an environment conducive to private-sector participation. PROINVERSION's work is guided by domestic economic strategies and integration policies, including those related to infrastructure expansion. When structuring concession agreements for water and sanitation projects, the agency incorporates technical input from SUNASS to ensure that regulatory considerations are addressed in the contractual framework.

3.3 INVESTMENT NEEDS

In the sanitation sector, the estimated investment gap is USD 2.8 billion annually, totaling about USD 8.9 billion for 2023–2037. This amount exceeds the recent years' average annual funding by approximately USD 169.0 million, even when including all three levels of government and water and sanitation utilities (EPS).

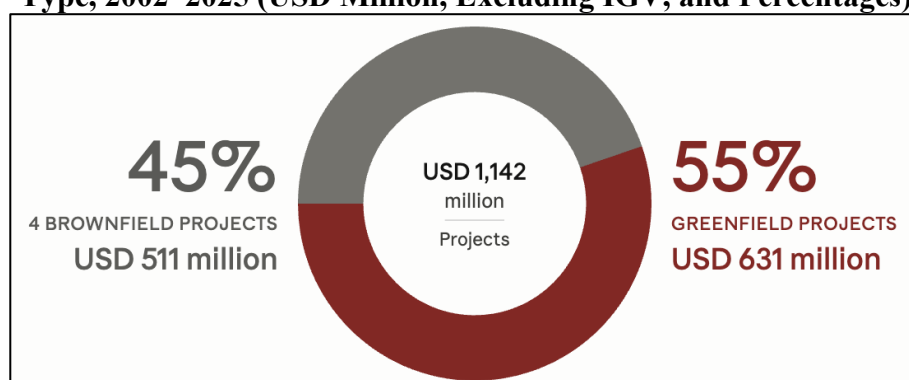
The forecasted investment includes funding for initiatives to be carried out through PPPs. Among these, 21 projects are scheduled for completion by 2030, with a total budget of nearly USD 2.7 billion (IGV included). Most of this spending will occur after 2025.

By 2029, plans aim for 15 wastewater treatment plant (WWTP) projects to be developed under PPP schemes, with 8 of them designed to include energy cogeneration capabilities.

3.4 PPP AND WFT

Total investment in awarded PPP projects in Peru's sanitation sector from 2002 to 2025 amounts to USD 1.1 billion across eight projects (**Figure 3-3**): Taboada WWTP, La Chira WWTP, PROVISUR, Chillón WWTP, Titicaca WWTP,²² Chíncha WWTP, and Puerto Maldonado WWTP and additional projects in Chíncha, Cajamarca, Cusco, Tarapoto, Trujillo, and Cañete. Brownfield projects, which involve upgrading or expanding existing infrastructure, make up 45 percent of the total investment (USD 511 million) and consist of four projects. Greenfield projects, which involve building entirely new infrastructure, account for 55 percent of the total investment (USD 631 million) and include four projects.

Figure 3-3 Investment in Awarded PPP Projects in the Sanitation Sector by Project Type, 2002–2025 (USD Million, Excluding IGV, and Percentages)

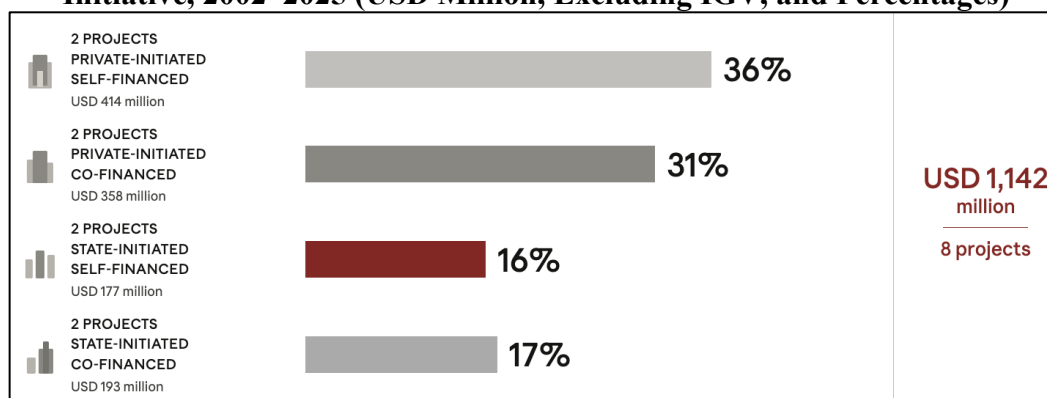


Source: PROINVERSION.

According to the type of initiative, the largest share, 36 percent (USD 414 million), comes from two privately initiated, self-financed projects (**Figure 3-4**). This is followed by two privately initiated, co-financed projects, which now account for 31 percent (USD 358 million). Two government-initiated, co-financed projects represent 17 percent of the investment (USD 193 million), while two government-initiated, self-financed projects make up the remaining 16 percent (USD 177 million). The data emphasizes the significant role of private initiatives, especially self-financed ones, in driving PPP investments in the sanitation sector.

²² The PTAR Titicaca project was originally awarded in 2019 as a public-private partnership (PPP), but due to contractual and operational delays, the concession was later terminated. By 2024, the project was no longer being executed under the PPP model. Its development is now under direct public management.

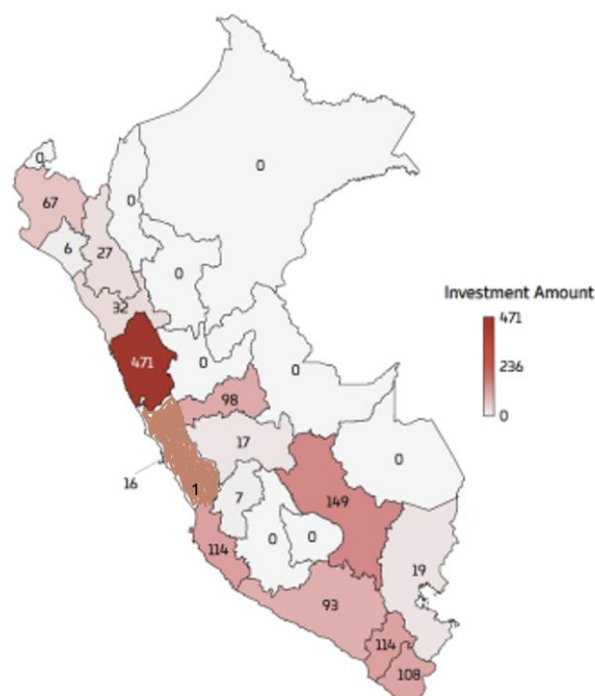
Figure 3-4 Investment in Awarded PPP Projects in the Sanitation Sector, by Type of Initiative, 2002–2025 (USD Million, Excluding IGV, and Percentages)



Source: PROINVERSION.

Regarding the distribution of investments in WfT projects within the sanitation sector across Peru's departments from 2009 to 2025, it varies considerably by region (**Figure 3-5**). The highest amount is in La Libertad (USD 132.68 million), followed by Cusco (USD 41.97 million), Cajamarca (USD 32.11 million), and Arequipa (USD 32.11 million). Several regions, especially in the eastern Amazon, have not registered any awarded WfT projects during this period.

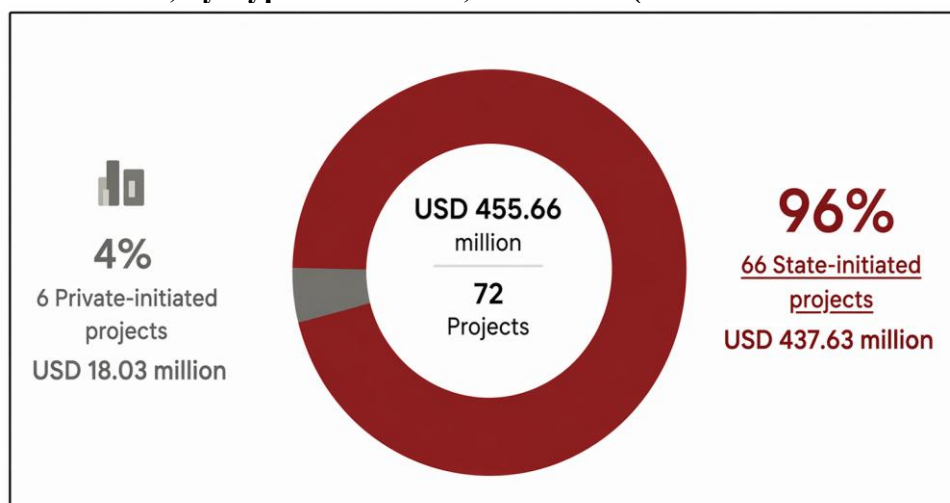
Figure 3-5 Investment Amount of Awarded Works for Taxes (WfT) Projects in the Sanitation Sector, by Department, 2009–2025 (PEN Million)



Source: PROINVERSION.

Depending on the initiative type, a total investment of USD 455.66 million is allocated across 72 projects (**Figure 3-6**). Of these, 66 projects were Government-initiated, accounting for 96 percent of the investment (USD 437.63 million); while only 6 projects were Private-initiated, representing 4 percent of the investment (USD 18.03 million). This underscores the public sector's dominant role in driving sanitation investments under the Works for Taxes mechanism.

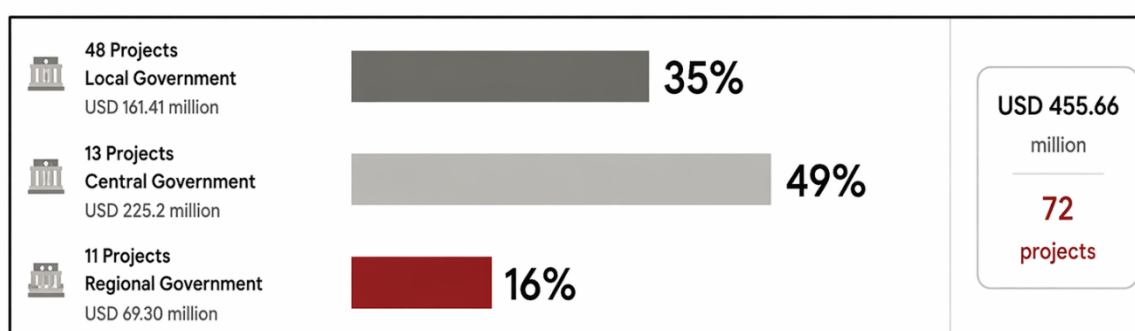
Figure 3-6 Investment Amount of Awarded Works for Taxes (WfT) Projects in the Sanitation Sector, by Type of Initiative, 2009–2025 (USD Million and Percentage)



Source: PROINVERSION.

By level of government, local governments hold 35 percent of total investment and the most number of projects, with 48 projects worth USD 161.41 million (**Figure 3-7**). The central government follows with 13 projects, representing 49 percent of the investment (USD 225.2 million). Regional governments are responsible for 11 projects, making up 16 percent of the total investment (USD 69.30 million). The data highlights the strong involvement of local and central governments in sanitation projects carried out through the Works for Taxes framework.

Figure 3-7 Investment Amount for Awarded Works for Taxes (WfT) Projects in the Sanitation Sector, by Level of Government, 2009–2025 (USD Million and Percentage)



Source: PROINVERSION.

In several regions, initiatives are underway primarily to manage wastewater through collection, treatment, and safe final disposal. These efforts aim to reduce environmental pollution while promoting healthier living conditions for local communities.

PROINVERSION has identified at least one sanitation project among those with a completed Prior Report and therefore ready for formal tendering: the improvement of water and sanitation services across ten rural settlements in the district of Laredo, La Libertad region, with an estimated investment of PEN 39 million. By December 2025, this project will be the most advanced sanitation initiative in the OXI pipeline.²³

²³ PROINVERSION, “OBRAS POR IMPUESTOS Adelantemos el desarrollo” [WORKS FOR TAXES Let's advance development], 2025.

The plan also includes the Headworks Project for Lima's potable water supply, budgeted at USD 472 million, which involves the design, financing, construction, operation, and maintenance of both new and existing infrastructure to expand drinking water availability and increase coverage in the capital's eastern and southern districts. Another major component is the Ilo Desalination Plant in Moquegua (USD 170 million), designed to convert seawater into drinking water, address current unmet demand, and provide continuous service throughout the day.

Earlier in 2025, PROINVERSION awarded the Chincha WWTP to the Spanish firm FCC Aqualia for USD 96.5 million, marking a significant step forward in the sector's reliance on PPPs. This project will design, finance, build, operate, and maintain facilities to treat and either reuse or dispose of wastewater from Chincha, ultimately benefiting 345,000 residents across seven districts: Chincha Alta, Chincha Baja, Grocio Prado, Pueblo Nuevo, Alto Larán, Sunampe, and Tambo de Mora.

3.5 PROJECTS' PERFORMANCE

Based on PROINVERSION's data on the six awarded PPP projects, the sector had, on average, five prequalified bidders and three submitted bids—above the average for PPPs across all sectors awarded by PROINVERSION, which was 4.5 and 2.8, respectively. Meanwhile, the average time between the award date and the contract signing was 118 days, slightly below the overall average of 129 days.

Within the framework of the National Sustainable Infrastructure Plan for Competitiveness (PNISC) 2022–2025, most water and sanitation initiatives focus on wastewater management—including collection, treatment, and final disposal—in multiple regions throughout the economy. These efforts aim to reduce environmental pollution and improve living standards for the population.

Currently, the sector's portfolio includes 12 identified projects. Most are still in early stages, with two in formulation and five in structuring, while three have progressed to the execution phase. PPPs are the primary delivery method, accounting for ten projects, while WfT and traditional Public Works each account for one project. Financing is mainly through co-financed schemes covering nine projects, with the remaining implemented as fully public works. Investment amounts range widely, from USD 42.25 million to USD 599.72 billion. The 'Improvement and Expansion of Wastewater Collection and Treatment Services for Final Disposal in Five Districts of the Province of Cusco' has the smallest budget, while the 'Wastewater Treatment System for the Lake Titicaca Basin' involves the largest financial commitment.

A significant portion of projects in the sector have made no tangible progress, with physical execution still at 0 percent, indicating major setbacks in their implementation. Among them, only the Huarmey initiative in Ancash stands out, reaching 95.47 percent physical completion and 94.06 percent financial execution, while the project in Tacna shows just 4.75 percent financial progress. Oversight and responsibility for these works lie with the Ministry of Housing, Construction, and Sanitation (MVCS). The minimal advancement across most projects reflects that many are still stuck at the investment promotion stage rather than moving into active development.

When examining the obstacles, the most urgent challenges are in the legal, social, and engineering areas, followed by institutional, environmental, and economic issues of lesser impact. Legally, drawn-out procurement processes, slow contract formalization, and delays in securing land rights are the main hurdles. Technical setbacks include prolonged preparation and approval of engineering studies, as well as delays in construction. Socially, many initiatives remain halted pending official interest declarations. Institutional bottlenecks are often related to permit acquisition and licensing procedures. Environmental concerns mainly focus on water contamination risks, while financially, the inability to achieve timely financial closure remains a recurring problem.

These combined difficulties have caused lengthy delays in starting operations, directly affecting sanitation service expansion and wastewater treatment coverage in several regions. Delays range from two months to over six years (61 to 2,368 days). Projects most emblematic of these challenges include the ‘Improvement and Expansion of Drinking Water, Sewerage, and Wastewater Treatment in the City and District of Huarney, Huarney Province, Áncash’, the ‘Improvement and Expansion of Sewerage and Wastewater Treatment in Seven Districts of Tacna Province, Tacna’, and the ‘Headworks and Conveyance System for Lima’s Drinking Water Supply’.

In terms of severity, legal and social issues top the list due to their frequent association with major delays, especially in bidding, contract signing, land regularization, and declarations of interest. Conversely, some legal, technical, and institutional risks are considered low-impact because of their lower likelihood of occurrence.

4. HEALTH SECTOR

4.1 OVERVIEW OF THE SECTOR

According to ComexPerú (2024), there is a crisis in the management of the domestic health system. This is manifested in the deficit of equipment and infrastructure:

- 97.7 percent of first-level establishments (posts and medical centers), totaling 8,783 facilities, have inadequate installed capacity.
- 97.6 percent of hospitals (247 facilities) have inadequate installed capacity.
- 95.1 percent of specialized medical institutes (41 facilities) have inadequate installed capacity.

On the other hand, as of January 2023, only 1.2 million people (14.4 percent) have been implemented with Electronic Medical Records. According to the National Household Survey (ENAHU), in 2023, the annual per capita out-of-pocket spending reached nearly USD 118.

Likewise, studies in the sector agree that long appointment wait times can worsen health conditions, limit access to medication, delay return to work, lead to lost workdays, increase transportation costs, and result in psychological symptoms such as sadness, disappointment, and emotional stress. Finally, delays in receiving care affect the institution's ability to evaluate the quality of the health services it provides.

4.2 INSTITUTIONAL RESPONSIBILITY

The Peruvian health system is organized into the public and private sectors. The public sector is further divided into the subsidized (or indirect contributory) regime and the direct contributory regime, which includes social security. The private sector consists of various health institutions and facilities.

The main public actors in the sector are:

- Ministry of Health (MINSA): It is the leading authority of the National Health System, with operational responsibilities in Metropolitan Lima.
- National Superintendence of Health: Protects the right to access health services and has the authority to impose sanctions across the economy.
- Regional Governments: Hold authority over health functions within their areas and jurisdictions. They provide services through their health facilities, including public health initiatives.

The health service is provided through the following entities:

- Comprehensive Health Insurance (SIS): Manages the subsidized program, offering coverage to vulnerable populations.
- ESSALUD: Responsible for social security and medical care for workers and their families.
- Integrated Health Services Networks: Organizations that aim to enhance coordination and integration of health services within a specific area.

- Private Sector: Comprises clinics, hospitals, and private offices that provide health services.
- Armed Forces: Offers services to military personnel.

A major challenge in the health sector is the absence of a dedicated regulatory authority for concession contracts. Currently, the Ministry of Health manages these contracts through the National Health Investment Program (PRONIS), which oversees hospital infrastructure projects. However, its officials often lack the expertise needed to handle concession agreements effectively. Several proposals have suggested transferring the regulation of health sector concession contracts to the National Superintendence of Health, but this change has not yet been implemented. This gap could pose risks for future PPP projects in health.

In 2024, among those with at least one health insurance, 73.1 percent were covered by SIS, 28.1 percent by ESSALUD, 8.3 percent by other insurers, 2.9 percent by EPS, and 1.9 percent by the Armed Forces. It is important to note that SIS public insurance, operated under the subsidized regime, does not function as a fund or manage resources through member premiums. Instead, it operates under a limited funds transfer model.

Additionally, despite this extensive insurance coverage, Peruvians still visit pharmacies for healthcare. ENAHO of 2023 estimates that 46 percent of people needing care seek it at pharmacies. Furthermore, out-of-pocket health expenses are rising, increasing financial risks for households (ComexPerú 2024). Similarly, the average health expenditure per person in 2023 is only USD 1,268, with USD 48 spent on medicines.

In summary, the Peruvian health system emphasizes coordination and decentralization, with MINSA guiding policy development and coordinating among sector actors to ensure that the entire population has access to quality health services.

4.3 INVESTMENT NEEDS

According to calculations by the Ministry of Health (MINSA), the infrastructure and equipment shortfall in the sector is around USD 16 billion. This shortfall is estimated based on the percentage of health facilities at the first, second, and third levels of care that have inadequate capacity, meaning they lack sufficient physical resources to meet the health needs of the local population.

On the other hand, according to Bonifaz et al. (2020), the value of the basic access gap to health infrastructure totals USD 17,796 million. In the health sector, comparisons are also made with this group of economies (IMA+IAB).²⁴ In terms of health, within the OECD group of economies, the level of hospitals tends to be more advanced or sophisticated, whereas for the unit cost, the average value of hospital beds of a more basic level has been used. Therefore, to maintain consistency, the gap should be calculated with economies more similar to Peru. It should be noted that in the latter case, the indicator used (number of beds per 100 inhabitants) is not the most suitable to reflect the infrastructure needs in that sector, since it is better to use physical variables. However, such data is unfortunately not available for the estimates made, which refer to prevention aspects—such as primary care medical posts—or cost variables that indicate how much it would cost to reduce anemia, pneumonia, or acute diarrheal diseases by one percentage point.

²⁴ IMA: Upper Middle-Income; IAB: Low High Income. IAB includes only economies with GDP per capita of less than USD 20,576 (adjusted for purchasing power parity).

4.4 PPP AND WFT

As for large infrastructure projects, private companies can be involved in public health through PPPs. The presence of the private sector can range from supporting complementary services to the core of medical services, to taking charge of the entire operation. There are four models under which the presence of the private sector can grow: Gray Coat, Green Coat, White Coat and Specialized.

- ‘Gray coat’ PPPs: include the performance of so-called "non-care" services, such as laundry, patient feeding, surveillance, maintenance of infrastructure and equipment.
- ‘Green coat’ PPPs: include clinical or logistical support services, such as laboratory, clinical pathology, diagnostic imaging, sterilization, pharmacy, and blood bank, among others.
- ‘White coat’ PPPs: include the provision of health services to patients, which includes the management of infrastructure, equipment, personnel, supplies and information technologies.
- ‘Specialized’ PPPs: focused on a specific health service.

In Peru, different projects have been implemented in the healthcare sector under the PPP model, covering everything from design and construction to the management of health services (**Table 4.1**).

Table 4.1 PPP Projects Awarded

Project Name	Government entity	Mode of service	Concessionaire company	Financing modality	Term in years	Capex-Opex (USD million)	Year of award
Storage and distribution of medicines and supplies	ESSALUD	Specific service	SALOG	Self-financed private initiative	10	16.1 – 12.7	2010
Instituto Nacional de Salud del Niño en San Borja	MINSA	Gray coat	Gestora peruana de hospitales	Co-financed government initiative	10	0 – 91	2014
Torre Trecca	ESSALUD	Gray coat	Grupo Salud del Perú S.A.C. y American Hospital	Self-financed private initiative	20	51 – 77.4	2010
Hospital Barton	ESSALUD	White coat	IBT Group	Co-financed private initiative	20	57.6 – 100.7	2010
Hospital Kaelin	ESSALUD	White coat	IBT Group	Co-financed private initiative	32	57.6 – 100.7	2010
Hospital de Piura	ESSALUD	Gray/green coat	IBT Group	Self-financed private initiative	20	0 – 236	2023
Hospital de Chimbote	ESSALUD	Gray/green coat	IBT Group	Self-financed private initiative	20	0 – 154	2023
Villa El Salvador Emergency Hospital	MINSA	Gray coat	Ortiz Construcciones y Proyectos	Self-financed private initiative	16	0 – 290	2025

Project Name	Government entity	Mode of service	Concessionaire company	Financing modality	Term in years	Capex-Opex (USD million)	Year of award
			S.A. Sucursal Perú				

Source: Authors' compilation.

- **Specialized Service:** Storage and distribution of medicines and supplies.

Signed the agreement for the establishment of surface rights, infrastructure development, and the implementation and provision of management services for the storage, distribution, and delivery of materials within the network of warehouses and pharmacies of ESSALUD in Lima, starting in February 2010. In this case, the specialized service is focused on a specific area called 'Storage and distribution of medicines and supplies'. ESSALUD has been operating in this manner in Lima since 2010 through the Brazilian company SALOG.

The contract was signed 10 years ago (including nine months for construction and equipment).²⁵ The beneficiaries are 42 healthcare centers that make up the ESSALUD Network of Warehouses and Pharmacies in Lima and Callao. However, materials have been distributed to 62 healthcare centers.

The services provided by the PPP are: 1) managing and administering the flow of strategic and non-strategic materials; 2) storing, distributing, and delivering materials; 3) providing equipment and implementing pharmacies and warehouses.

- **National Institute of Children's Health in San Borja**

An example is the PPP of the National Institute of Children's Health in San Borja, whose contract began in 2014, and which has thus far obtained ISO 9001 and 14001 quality certifications. Regarding efficiency, the operation and maintenance costs at INSN-SB are between PEN five and seven million lower annually than their publicly managed counterparts.

This project was designed to be executed through a management contract, a method permitted by the legal framework that differs from concession contracts. Its significance lies in the fact that it was one of the first PPP contracts to include dispute mechanisms, other than arbitration, introduced by DL No. 1012.

The contract was signed by the Ministry of Health (MINSA) of Peru and Gestora Peruana de Hospitales S.A. on 13 October 2014, with the participation of the National Institute of Children's Health San Borja.²⁶ The purpose of this was to oversee the operation and maintenance of the building and the necessary services, such as food, laundry, cleaning, biosecurity, comprehensive security, hospital waste management, clinical pathology, sterilization center, and the technical assistance service for acquisition.

- **Torre Trecca**

²⁵ However, addendum 2 signed on 26 February 2020, extended the validity of the contract for an additional 10 years, so the new expiration became 26 February 2030.

²⁶ The project ends on 23 March 2026. It is currently in the transaction stage within PROINVERSION, with the new operation and maintenance PPP process already convened and with Buena Pro scheduled for the second quarter of 2026.

The project involves remodeling and implementing infrastructure, equipment, management, and the provision of assistance and administrative services in the Trecca Tower. This tower is situated on land owned by ESSALUD, covering a total area of 5,587,82 m². It currently includes 3 basements and 23 floors, totaling 38,470 m², with partial construction and no current use, as work has been halted since 1990. This contract is presently suspended due to contractual obligations.

The service portfolio includes outpatient consultation, diagnostic procedures, emergency services, imaging services, surgical risk assessments, and individual procedures.

- Hospital complexes Guillermo Kaelin y Alberto Barton

The Guillermo Kaelin and Alberto Barton hospital complexes are the first healthcare centers to be managed under the PPP model in Peru and Latin America. These hospital complexes are part of the Rebagliati and Sabogal health networks, respectively, of the Social Health Security of Peru (ESSALUD), each capable of serving an average of 250,000 insured individuals with modern facilities that include more than 200 beds, clinical laboratories, obstetric centers, radiodiagnosis, and hemodialysis services, among others.

The Guillermo Kaelin and Alberto Barton hospital complexes are managed by Villa María del Triunfo Salud S. A. C. and Callao Salud S. A. C., respectively, which are part of the IBT Group. In March 2010, ESSALUD signed concession contracts with each of these companies for a term of 32 years (2 years of construction and 30 years of operation) for the rights to the land, design, construction of infrastructure, provision of equipment, operation, and maintenance of each hospital complex. Each of these complexes had an approximate reference investment of USD 58 million (including VAT).

These PPPs in health represent the ‘white coat’ model, where the private company is responsible for providing health services. At the end of the concession, operation, and maintenance, the hospital complexes will be transferred back to ESSALUD. Besides marking a milestone in Peru's health sector development, these PPPs have the potential to improve citizens' health by offering continuous, high-quality services that meet international standards.

- Hospitals of Piura and Chimbote

These are the design, construction, and operation and maintenance of hospital equipment- both clinical and non-clinical- for the ‘gray coat’ and ‘green coat’ services at both hospitals. The coverage includes 889,278 insured individuals under ESSALUD from the Healthcare Networks of Piura and Tumbes in the Piura and Tumbes regions, and 442,204 insured individuals under ESSALUD from the Healthcare Networks of Ancash and Huaraz in the Ancash Region.

In Piura, the intervention is based on the construction of the Piura Specialized Hospital. In Chimbote, the intervention involves creating the Chimbote Specialized Hospital, establishing the Polyclinic of Increasing Complexity, demolishing the I Southern Cone Hospital, and building the Contingency Hospital.

The ‘gray coat’ and ‘green coat’ services that the PPP will provide are:

1. Cleaning service
2. Security and safety services
3. Laundry and laundry management service

4. Food service
 5. Sterilization service
 6. Comprehensive management and solid waste management services
 7. Service of administration, acquisition, maintenance, and replacement of medical equipment and clinical and non-clinical furniture (Equipment maintenance)
 8. Infrastructure maintenance service, building operation, facilities, electromechanical equipment, and furniture associated with the infrastructure (Infrastructure maintenance)
 9. Information and communications service (ICTs) and the provision and replacement of technological infrastructure (ICT Maintenance)
 10. Logistics service for supplies, strategic goods, drugs and non-strategic supplies
 11. Haemodialysis service
 12. Clinical Pathology and Laboratory Service
 13. Imaging Service
- Emergency Hospital de Villa El Salvador

The Project is a contract under the operation and maintenance PPP mechanism that includes the following services to be concessioned: a) maintenance and operation of the building, facilities, and electromechanical equipment associated with the infrastructure; b) maintenance and replacement of clinical and non-clinical equipment; c) warehouse management (general, specialized, general archive, and medical records); d) operation and maintenance of general services (food, laundry, cleaning, pest control, surveillance, and comprehensive security, as well as information and communication technologies). The company Ortiz Construcciones y Proyectos S.A., Sucursal Perú, submitted a reasonable bid for the aforementioned project.

It considers a 12-month pre-operational period (rehabilitation of existing assets) and a 15-year operation and maintenance period, for a total of 16 years of the contract. The investment is USD 290 million and will benefit more than 780,000 residents in the southern area of Lima: San Juan de Miraflores, Villa María del Triunfo, Pachacamac, Lurin, and nearby resorts. The concession for the operation and maintenance of HEVES will be for 16 years, and in Bata Gris, it includes food, laundry, cleaning, security, and surveillance services; in addition to the maintenance and refurbishment of infrastructure, maintenance and replacement of electromechanical equipment, and maintenance and replacement of communication systems and cutting-edge technology.

- Future projects in PPPs

PROINVERSION's portfolio includes six projects in the health sector in Lima and Cajamarca, implemented through the PPP model, with investments and expenditures totaling over USD 860 million.

The agency has been preparing the re-tender for managing the Operation and Maintenance of the National Institute of Children's Health in San Borja for 15 years. The contract will include services from 'Green Coat' (sterilization and clinical pathology) and 'Gray Coat' (building, facilities, and electromechanical equipment maintenance; clinical and non-clinical equipment upkeep; and operation of general services). Additionally, the replacement of the hospital's comprehensive equipment will be included. The award, managed by MINSA, is planned for 2025.

Similarly, PROINVERSION is preparing the private initiative to build the New Central Military Hospital, which will serve approximately 300,000 military personnel and their families. The declaration of interest and award will be conducted on behalf of the Ministry of Defense (MINDEF) and are scheduled for 2025. The winning bidder will be responsible for designing, constructing, operating, and maintaining a modern hospital, as well as managing the services of 'Green Coat' and 'Gray Coat'.

Another project underway is the modernization of Hipólito Unanue Hospital, known as 'Bravo Chico', through a PPP to design, build, finance, and manage the hospital's general maintenance and operation services.²⁷

The other two projects are the Operation and Maintenance of the Specialized Hospital of Cajamarca, commissioned by ESSALUD, and the Integrated Management of Solid Waste in Health Establishments in Metropolitan Lima, commissioned by the Ministry of Health.

Finally, three hospital projects are being promoted that will benefit more than one million people, whose main demand is prompt access to quality health services. For this reason, an important agreement was signed with the Regional Government of Loreto, so that through a PPP, the operation and maintenance of the 'Santa Gema Hospital' in Yurimaguas, 'César Garayar García Hospital', and the 'Felipe Santiago Arriola Iglesias Regional Hospital' in Iquitos can be carried out.

The agreement that PROINVERSION has signed with the Regional Government of Loreto will facilitate the development of these three projects and ensure the sustainability of the USD 514 million investment.

1. Santa Gema Hospital: Its new infrastructure, currently operational, covers 22,500 m² and benefits more than 70,000 people in Yurimaguas (Alto Amazonas province).
2. César Garayar García Hospital in Iquitos: The delivery of its new infrastructure of 23,650 m² is scheduled for the second half of this year, including 9,915 new equipment and furniture, with a total updated investment of USD 138 million.
3. Felipe Santiago Arriola Iglesias Regional Hospital: Currently, the approved technical file is available for its new infrastructure, totaling 40,386 m² and 20,711 new pieces of equipment and furniture, with an updated investment of USD 331 million.

This will cover its operation and maintenance for 15 years, including the replacement of medical equipment and the purchase of new furniture. The agency will conduct technical, socio-environmental, legal, and economic and financial studies. Additionally, it will develop an international public tender to select the operator or operators responsible for providing the 'gray coat' services.

²⁷ InfraPPP, "Peru Approves PPP to Modernize Hipólito Unanue Hospital."

- Works for Taxes Projects

A total of 24 health sector projects have been awarded through WfT, with a cumulative investment of USD 600 million over the past 16 years since the mechanism's inception. In 2024, seven projects were awarded, amounting to USD 335 million in investment.

The projects involve public entities such as the Ministry of Health (MINSA), regional and local governments, and include constructing and upgrading hospitals and health centers, implementing maternal-child units, providing medical equipment, strengthening infrastructure to respond to health emergencies, and tackling chronic child malnutrition, among others. Most of the awarded and executed projects were carried out in Ancash (6), La Libertad (6), Cusco (3), Arequipa (2), and Cajamarca (2).

One of the most notable projects is the 'Improvement and expansion of care of Hospital Health Services in Víctor Ramos Guardia – Huaraz',²⁸ awarded by order of the Regional Government of Ancash, with an estimated investment of USD 314 million. This is the highest prioritized amount that will benefit more than 1.8 million people over a 10-year period.

Also, in the Ancash Region, the 'Improvement of the services of the Huari Health establishment' was awarded, with an investment of USD 59 million, and the 'Improvement of the Health Services of the Huarmey Hospital' for USD 54 million, by the Ministry of Health (MINSA). Another notable project is the 'Improvement and expansion of health services in the establishment of Llata, province of Huamalíes, Huánuco', with an investment of approximately USD 53 million, by MINSA. Additionally, there is the 'Expansion and improvement of the resolution capacity of the San Martín de Porres de Macusani Support Hospital, province of Carabaya, Puno', with an investment of USD 28 million, by the Regional Government of Puno.

PROINVERSION is promoting nine projects in the health sector scheduled to be awarded between 2026 and 2028, with a total estimated investment of USD 48 million. These include, among others, improvement of basic health care services in Lucma, La Libertad, for USD 7 million; the improvement and expansion of basic health care services in Bellavista, also in La Libertad, for USD 13 million; and the acquisition of an urban ambulance, suction machine, auto kerato-refractometer and other assets at the Regional Institute of Ophthalmology Health Facility for USD 5 million.

4.5 PROJECTS' PERFORMANCE

The performance of PPPs in the health sector has been satisfactory. Regarding the National Institute of Children's Health San Borja, the general director of the INSN-SB stated on the institution's portal that, thanks to this PPP, it was possible to achieve full operation in three years instead of the projected five years. This has allowed management to focus on administering and providing healthcare and non-healthcare services, ensuring timely care for patients.

Other benefits of this management contract include: i) time savings in the selection processes, ii) prompt repair of equipment, iii) prevention of corruption in service contracting, iv)

²⁸ Unique Digital Platform of the Peruvian State, "Áncash: PROINVERSIÓN adjudica modernización del Hospital de Huaraz por más de S/ 1000 millones [Áncash: PROINVERSIÓN awards modernization of Huaraz Hospital for more than S/ 1000 million]".

assurance of qualified personnel, v) intangible budget in the allocation, and vi) comprehensive patient care management.²⁹

Likewise, more than 90 percent of the pathology studies are provided under the concession contract, which has enabled faster laboratory testing and improved performance. Specifically, clinical pathology services have experienced sustained growth over time. By the end of 2022, 655,613 laboratory tests were conducted, representing a 2.8 percent increase compared to 2021.

Finally, as an institute responsible for highly complex specialties, the sterilization services measured in volume (liters) indicate that, by the end of 2022, a volume of 2,631,400 liters was processed, 13.9 percent higher than the 2,145,400 liters served in 2021 liters.³⁰

Another example is the white coat PPP contract signed by ESSALUD for the Alberto Barton hospital complex in Callao and Guillermo Kaelin in Villa María del Triunfo. According to a report by PROINVERSION, the success of this mechanism is demonstrated by the swift construction and operation of the Barton hospital complex, the satisfaction rate of users (which reached 83.4 percent in 2017), and certifications awarded by the Joint Commission International, an organization that accredits the quality of medical services worldwide.

According to Aguirre et al. (2025), the Guillermo Kaelin Polyclinic caused a 46.3 percent decrease in the number of insured people at health facilities within 15 minutes of the polyclinic in the Rebagliati network. Among these is the Villa María Polyclinic, which stopped serving insured individuals after the hospital complex's concession began. Additionally, the Guillermo Kaelin Polyclinic resulted in a 42.1 percent reduction in insured people at Rebagliati network health establishments within 20 minutes.

The same study estimates that the Guillermo Kaelin polyclinic led to a 54.5 percent reduction in consultations at health facilities within 15 minutes of the polyclinic in the Rebagliati network and contributed to a 48.1 percent decrease in consultations at network polyclinics less than 20 minutes away.

According to an ESSALUD report, both hospitals stand out for reducing waiting times for the first appointment, with less than one percent of patients waiting for beds. The waiting list for surgeries, coverage, and medicine delivery decreased by 99 percent. The two ESSALUD hospitals have a per capita expenditure per insured person that is equal to or lower than other hospitals. They have implemented 'zero paper' management and, with their human resources, comply with current labor regulations. Additionally, they were built in just two years—faster than hospitals constructed as public works (Aguirre et al. 2025).

²⁹ PROINVERSION, "Gestión del Instituto Nacional de Salud del Niño San Borja" [Management of the National Institute of Child Health of San Borja].

³⁰ Ibid.

5. DEFINING INFRASTRUCTURE QUALITY

Before exploring how to define and evaluate infrastructure quality, it is helpful to briefly review the current status of the three sectors being examined—transportation, sanitation, and health. **Table 5.1** offers a comparative overview across key aspects, including institutional responsibilities, investment needs, PPP and Works for Taxes experience, and project performance. This overview highlights sector-specific strengths and challenges, emphasizing the common issues that shape the upcoming analysis of infrastructure quality and capacity-building requirements.

Table 5.1 Comparative Overview of Peru's Transportation, Sanitation, and Health Sectors

Dimension	Transportation	Sanitation	Health
Overview	PPPs dominate in ports, airports, and railways (including metro). Roads expanded strongly, mainly based on PPPs.	Sewerage coverage 77% (urban 87%, rural 39%); wastewater treatment 83%, but big regional gaps.	Severe deficits: 98% of medical centers/hospitals lack capacity; low EMR use; USD 118 annual out-of-pocket costs.
Institutions	MTC defines terms of concessions; PROINVERSION leads the process; OSITRAN as regulator; CGR to do oversight.	MVCS leads; SUNASS regulates tariffs; OTASS supports failing utilities; local governments as owners.	MINSA leads; SIS: administers subsidy; ESSALUD: social security; regional government: health services. There is no regulator.
Investment Needs	Largest gap: USD 49b (20 yrs). PNIC USD 24b, PNISC cut to USD 21b with shift to public works.	Gap USD 8.9b (2023 to 2037). 21 PPPs planned by 2030 (USD 2.7b, mostly WWTPs).	Gap ~USD 16–18b; shortages in beds and health facilities.
PPP & WfT	35 PPPs (~USD 16b). WfT: 186 projects (~USD 850m), mostly local roads.	2002–2024: 6 PPPs (USD 925m, e.g., Taboada WWTP). WfT (2009–2024): 71 projects (~USD 377m).	PPP models: clinical/non-clinical, health services. Future PPPs: USD 860 million. WfT: ~USD 600m (last 16 years).
Performance	PPPs attract ~5 pre-qualified firms for each project; 2.6 bidders per project. Transport PPPs take longest (22.5 months avg. to award). High incidence of contract addendums (116, or 85% of all PPP addendums)	PPPs attract 5 prequalified and 3 submitted bids for each project. Contract signing time ~118 days. Delays common: Huarney (95% complete) vs Tacna (4.7%). Legal, social, engineering bottlenecks cause postponements (2 months–6+ years).	PPPs improved efficiency: e.g., San Borja hospital reached full operation in 3 years (vs 5 planned). Benefits: faster procurement, reduced corruption, and better service quality.

Source: Authors' compilation.

As shown in **Table 5.1**, each sector faces unique institutional and operational challenges; however, they all share common concerns related to governance, financing, and performance, which lay the groundwork for the discussion on infrastructure quality in the next section.

5.1 APEC INFRASTRUCTURE QUALITY FRAMEWORK

Infrastructure quality in this report follows the approach set out in the APEC Guidebook on Quality of Infrastructure Development and Investment (2018). Rather than focusing solely on minimizing initial capital costs, the Guidebook highlights that such practices can lead to “lack of long-term durability,” “unstable and intermittent delivery of service,” and insufficient attention to resilience, environmental protection, and public safety.

In response, APEC emphasizes the importance of ensuring infrastructure that achieves “optimal [life cycle cost] with considerations for service performance and durability,” while also addressing environmental and social impacts and ensuring safety and adequate maintenance systems.

Under this framework, infrastructure quality adopts a lifecycle approach. The Guidebook defines life cycle cost (LCC) as the “total cost of a project over its life which may include costs for design, construction, operation and maintenance,” underscoring that quality must be assessed across all stages of the project rather than at the point of construction alone.

APEC identifies five core elements that underpin infrastructure quality:

- Alignment with development strategy, openness, transparency, and fiscal soundness
- Stability, safety, and resiliency
- Economic and financial soundness, including cost-effectiveness over the lifecycle (LCC)
- Social and environmental sustainability
- Local high-quality development, including job creation, capacity building, and technology transfer

Taken together, the Guidebook underscores that infrastructure has “extensive impacts on society and the environment” and operates over a “long project life,” requiring durability, resilience, and sustained performance. Ensuring infrastructure quality therefore requires strong governance, sound project preparation, and effective implementation across the full project lifecycle.

5.2 REVIEWING PPP REGULATIONS

This peer review is implemented in accordance with the process set out in the [Reference Guide for Peer Review and Capacity Building on APEC Infrastructures Development and Investment \(APEC 2019\)](#), Annexes 1 and 2. The review applies the criteria in Annex 2, with particular attention to (i) general considerations, (ii) project planning, (iii) feasibility studies, (iv) procurement, and (v) ex post evaluation.

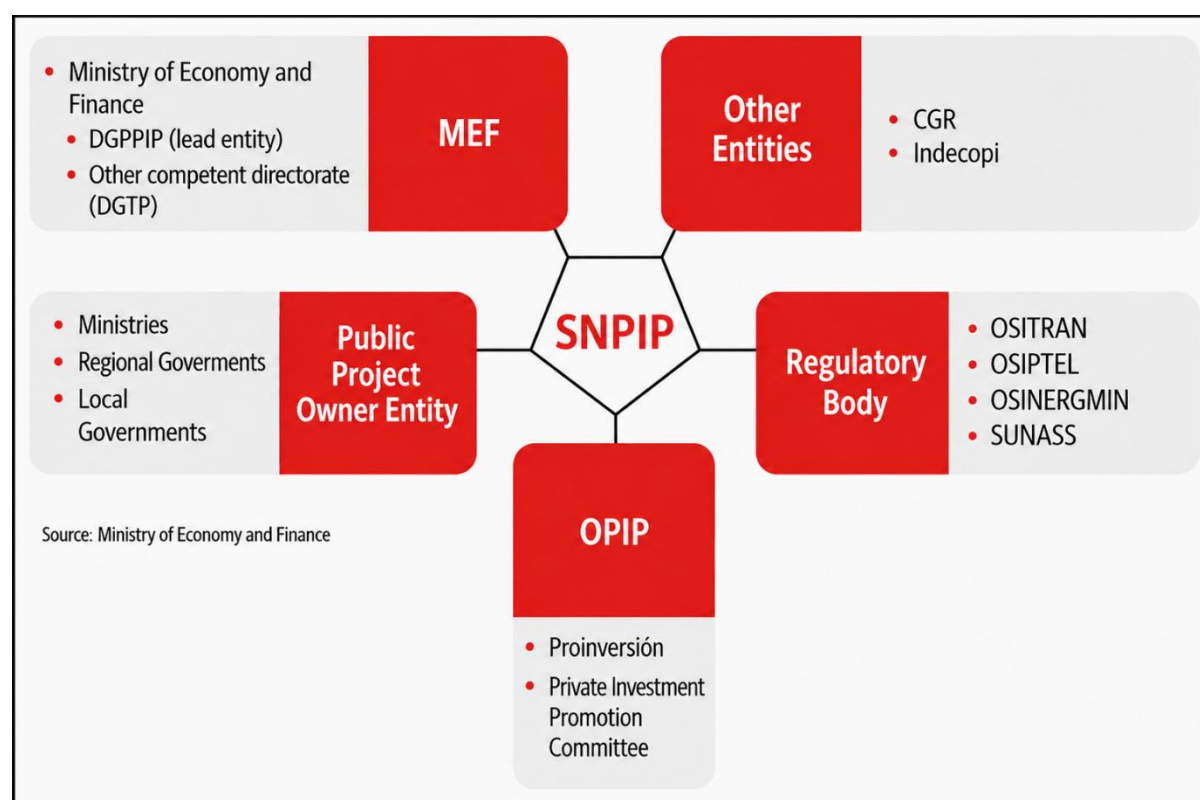
5.2.1 General

i. Legal system related to PPP

The National System of Promotion of Private Investment (SNPIP) functions as Peru's governance structure for PPPs. It includes the following public entities involved in encouraging private investment (**Figure 5-1**):

- **The Ministry of Economy and Finance (MEF):** It is the governing body and the highest technical-regulatory authority of the SNPIP, and its function is to ensure and articulate compliance with the National Policy for the Promotion of Private Investment in PPPs.
- **The public entities that own projects:** PROINVERSION, the Ministries, the Regional Governments, and the Local Governments. They are the owners of PPP projects and, as such, participate in all phases of project development. In the case of Regional and Local Governments, the Private Investment Promotion Committees (CPIP) serve as OPIP.
- **The Private Investment Promotion Agency (PROINVERSION):** In charge of executing the economy-wide policy for the promotion of private investment. It serves as the OPIP of the Central Government; that is, it is responsible for conducting processes to promote economy-wide relevance projects. It can also act as an OPIP for regional and local governments, if these entities entrust it with the processes of promoting their projects.
- **The public bodies of the Central Government:** They bring together a diverse group of public entities, including regulatory bodies and other entities such as the Comptroller General of the Republic (CGR) and INDECOPI.

Figure 5-1 Peru's System for Promoting Private Investment



Source: MEF.

PROINVERSION is a public agency under the Ministry of Economy and Finance. According to DL No. 1362, PROINVERSION is responsible for designing, managing, and completing the process of promoting private investment in projects developed through PPP methods.

ii. Treatment of taxes and other benefits for foreign investment in PPPs

In Peru, legal stability agreements are legal tools through which the Government provides both domestic and foreign investors with stability in specific tax, labor, and currency exchange aspects to promote medium and long-term investments (**Figure 5-2**).

The requirements to qualify for these agreements include investing a minimum amount (usually at least USD 5 million in sectors other than mining and hydrocarbons), registering the capital with PROINVERSION (which manages the evaluation, approval, and signing of agreements with investors), and submitting a formal investment commitment.

Generally, tax stability ensures the investor can rely on the current tax regime at the time of signing (for example, Income Tax). Additionally, no new taxes that differentiate or discriminate against the investor can be introduced.

Similarly, stability is guaranteed in the regime of unrestricted foreign currency availability, meaning the investor has the full right to remit profits, dividends, and capital without restrictions. Finally, the labor contracting regime ensures that the existing labor laws, including hiring practices and social benefits, remain in effect throughout the duration of the contract.

The main tools used in private investment are the legal and tax stability agreements described below.

- **Legal Stability Agreements**

It is a tool to promote private investment that is established through a contract law, under which the Peruvian Government grants legal stability guarantees to domestic and foreign investors and companies receiving investment, for the duration of the contract.

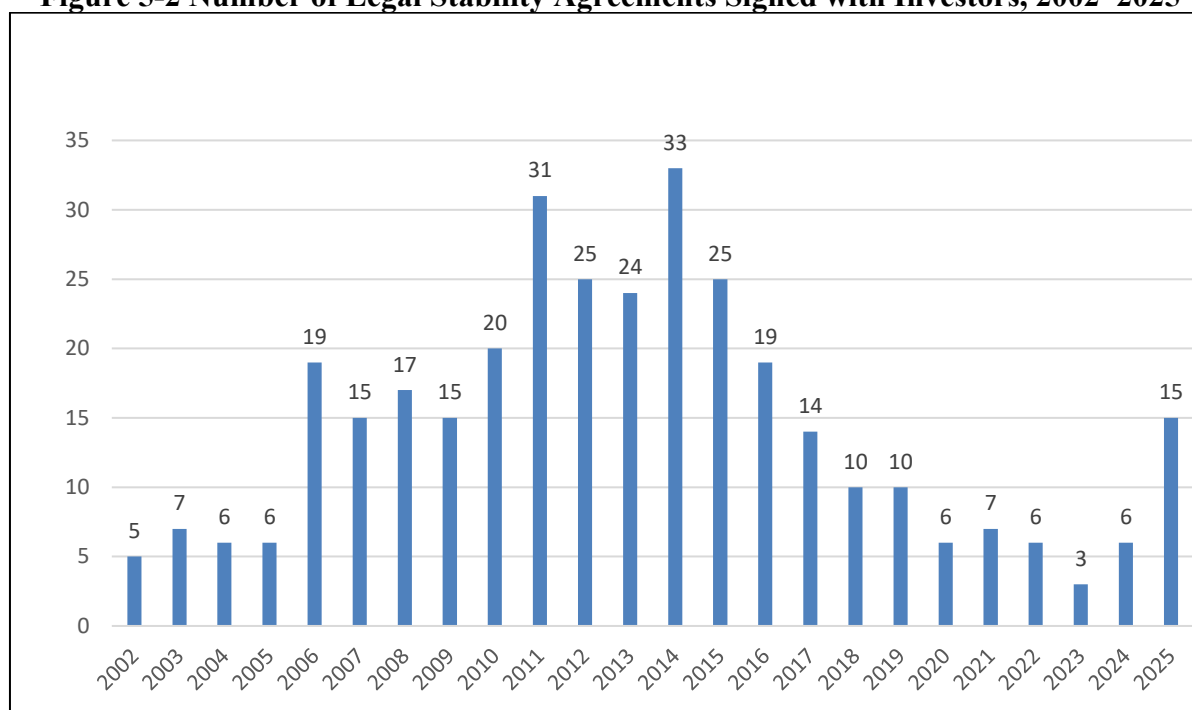
What guarantees does the Government recognize?

To the investor:

- Stability of the right to non-discrimination.
- Stability of the Income Tax regime.
- Stability of the right to use the most favorable exchange rate available in the market.
- Stability of the regime of free availability of foreign currency and the right to free currency remittance of profits, dividends, and royalties (in the case of foreign capital).

To the company receiving investment:

- Stability in the Income Tax regime.
- Stability in employment contract regimes.
- Stability in the export promotion regimes used by the company.

Figure 5-2 Number of Legal Stability Agreements Signed with Investors, 2002–2025

Source: PROINVERSION (2025).

- Special Regime for Early Recovery of the IGV (RERA-IGV) and Tax Refund (RRT-IGV)

RERA-IGV is a financial benefit that provides liquidity to the owner of an investment project by refunding the Value Added Tax (referred to as General Sales Tax - IGV) for the purchases and/or imports of goods, services, and construction contracts carried out during the project's pre-operational stage (**Figure 5-3**).

Conversely, the RRT-IGV is a tax benefit granted to the owner of a public infrastructure and public service project through a refund of the IGV paid or transferred during the acquisition and/or import operations of goods, services, and construction contracts undertaken during the pre-operational phase of the project. This is applicable provided that these are used for operations not subject to this tax and are directly used in fulfilling the investment obligation for the project.

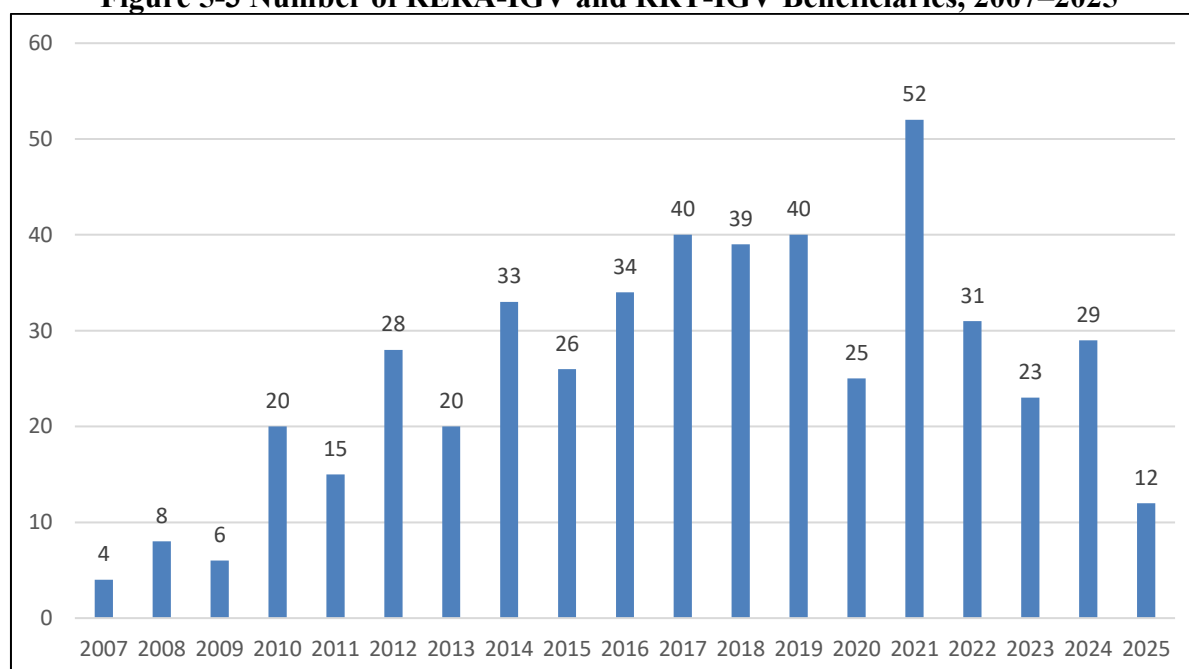
What are the benefits of both regimes?

For the investor:

- Greater liquidity in the pre-operational stage of the project.
- Lower financial cost of the project.
- Greater profitability of the project.

For the Government:

- Acceleration of the reinvestment of capital flows.
- Attraction of new investors.
- A higher employment rate improves the projection of tax revenues.

Figure 5-3 Number of RERA-IGV and RRT-IGV Beneficiaries, 2007–2025

Source: PROINVERSION (2025).

iii. Accounting system

The PPP accounting system in Peru is designed to ensure fiscal transparency, financial traceability, and accounting control of the commitments made by the government in long-term projects. This system includes both public accounting standards and specific tax guidelines for recording and monitoring assets, liabilities, and future tax flows related to PPPs.

A PPP records the government's future payment commitments (co-financing), contingent and explicit liabilities, assets built or transferred by the private sector, guarantees provided by the government, and income and expenses associated with the project.

Regarding tools, these elements are recorded according to the MEF's Multi-Year Programming and Budget Formulation Manual and the Directive for the Evaluation and Registration of Fiscal Contingencies by PPP (MEF - DGPP). It is the responsibility of grant-making entities (such as ministries, regional, or local governments) to maintain the accounts for each specific contract. The General Directorate of Accounting (DGC) of the MEF consolidates and harmonizes these records across the entire economy, while the Office of the Comptroller General of the Republic oversees the accuracy of the accounting and financial records.

iv. Development strategy

● Infrastructure Investment Planning

In December 2018, the government enacted the National Policy for Competitiveness and Productivity (PNCP)³¹, which establishes as one of its nine priority objectives to 'provide the economy with quality economic and social infrastructure'. It also establishes that the MEF, through the National Council for Competitiveness and Formalization, is responsible for coordinating the sectors' efforts and strategies to develop an economic plan.

³¹ Supreme Decree No. 345-2018-EF.

Along these lines, the legislative framework of PPPs and its regulations establish that the MEF is the responsible institution for coordinating sectoral initiatives and for periodically proposing the PNIC based on the Multiannual Investment Program (PMI) and the Multiannual Report on Investments in Public-Private Partnerships (IMIAPP) for each sector. It also states that in preparing the PNIC, documents related to sectoral foresight, sectoral strategic plans, specific plans, and the multi-year budget of each sector must also be considered.

On 28 July 2019, the National Infrastructure Plan for Competitiveness (PNIC) was published³² as the Peruvian Government's first major effort to prioritize and coordinate investments—both sectorally and territorially—with the goal of enhancing productivity and competitiveness that lead to sustained economic development. Similarly, on 24 October 2022, through Supreme Decree 242-2022-EF, the National Sustainable Infrastructure Plan for Competitiveness (PNISC) 2022-2025 was announced, emphasizing 72 projects with an updated investment total of USD 41.892 million across eight strategic sectors.

Finally, the National Plan of Infrastructure 2026–2031 (PNI) was approved and published on 14 March 2026, through Supreme Decree No. 039-2026-EF. This marks an important step in prioritizing strategic investments in the economy. With a portfolio of 72 projects valued at over USD 43 billion, it highlights the scale of the challenge Peru faces in closing infrastructure gaps and enhancing competitiveness.

- Environmental sustainability, biodiversity, and disaster prevention policies

In the Subdirectorate of Social and Environmental Affairs (SASA) of PROINVERSION, the social, environmental, and political aspects of private investment projects are analyzed and managed. Its work aims to promote sustainability in PPP projects, in accordance with the provisions of the General Environmental Law (Law No. 28611)³³, the Law of the National Environmental Impact Assessment System (Law No. 27446)³⁴, and the social management guidelines for the strengthening of the National Environmental Certification System for Sustainable Investments (SENACE)³⁵.

When projects are developed in areas of Natural Protected Areas (NPAs) or impact forest or wildlife ecosystems, they are coordinated with the applicable authorities such as the National Service of Natural Areas Protected by the State (SERNANP) and the National Forest and Wildlife Service (SERFOR), in accordance with the Law of Natural Protected Areas (Law No. 26834)³⁶, and the Forestry and Wildlife Law (Law No. 29763)³⁷. This coordination aims to ensure that the projects follow environmental management instruments, the master plans of the NPAs, and the technical guidelines on sustainable use and conservation.

On the other hand, in terms of the economic benefits of building resilience to natural hazards and climate change, Peru is the most vulnerable economy in the LA5 group. It is highly exposed to periodic El Niño events, which damage the economy's fishing, agriculture, and construction sectors and cause significant harm to physical assets. Given Peru's low adaptive capacity, climate change will likely increase damage from natural disasters and hinder future growth. Investments in climate resilience and adaptation can produce substantial increases in output

³² Supreme Decree No. 238-2019-EF.

³³ Ministry of the Environment (MINAM), "Ley General del Ambiente LEY N° 28611."

³⁴ MINAM, "Ley del Sistema Nacional de Evaluación del Impacto Ambiental LEY N° 27446."

³⁵ Unique Digital Platform of the Peruvian State, "National Environmental Certification Service for Sustainable Investments."

³⁶ MINAM, "Ley de Áreas Naturales Protegidas LEY N° 26834."

³⁷ MINAM, "Ley Forestal y de Fauna Silvestre LEY N° 29763."

and fiscal savings for Peru. Supporting these investments with reforms and capacity building to improve the efficiency of public investment can lead to even greater fiscal benefits.

Likewise, specific socio-environmental considerations are now incorporated into contracts, including clauses that require compliance with current environmental regulations and set minimum mandatory contents, to ensure that the commitments made during the structuring phase are fulfilled during the project's contractual implementation. A notable example is the concessionaire of the Port of Callao, DP World, which has launched an ambitious plan to achieve Net Zero by 2050, demonstrating a genuine commitment to decarbonization and environmental protection. Another example is GIRSE (Integrated Management of Hospital Solid Waste), which aims to implement sustainable solutions in managing hazardous waste generated in health facilities, thereby reducing impacts on soil, water, and public health. On the other hand, the Choquequirao Cable Car project illustrates how infrastructure development can coincide with the preservation of natural and cultural heritage. Regarding biodiversity conservation, the future Choquequirao PPP project will respect and align with the objectives of the Regional Conservation Area. Although PROINVERSION performs these tasks, the responsibility for environmental compliance lies with the concession grantor.

v. *Transparency*

- Transparency in PROINVERSION processes

Transparency in PROINVERSION's processes is demonstrated across various institutional, regulatory, and operational levels. Below are the key mechanisms and practices PROINVERSION uses to ensure transparency in promoting PPPs.

For example, the PROINVERSION portal³⁸ provides public information on:

- Project portfolio: technical sheets, structuring stages, modality, schedule, and sector.
- Bidding rules, versions of contracts, circulars, and awarded contracts.
- Pre-investment studies and definitive studies (when available).
- Award reports and minutes of the committees.

Likewise, for the issue of citizen participation and public consultation, in large-scale projects, PROINVERSION organizes public consultations, regional working groups or informative hearings, mainly for mining, road infrastructure, health, education, sanitation projects, among others. This is disseminated in regional media, the web portal and institutional social networks.

On the other hand, the Special Adjudication Committees consist of independent officials and experts. Key sessions (such as opening envelopes and awarding prizes) are public and recorded, and qualification reports are shared publicly. Often, live or virtual streaming with published minutes is permitted.

Additionally, PROINVERSION is subject to institutional oversight and audits by the Office of the Comptroller General of the Republic. Similarly, the General Directorate of Private Investment Promotion Policy (MEF) oversees PROINVERSION's work. In some cases, Congress reviews megaprojects or related issues.

³⁸ Investinperu, "Home".

Finally, there is the Open Data and Economic Transparency³⁹ Portal. Through the Open Data portal and the MEF (Friendly Consultation), information on public investment can be accessed by project type, entity, and region; by the status of contractual commitments and payments for PPP commitments or co-financing.

In the same vein, PROINVERSION publishes annual reports and accountability through its Institutional Report, which details award results, sectoral progress, and internal reforms to improve transparency and efficiency. In addition, it is usually accountable to Congress and the media.

Regarding transparency policies on dispute resolution, investors can turn to international arbitration under ICSID, which is included in all concession contracts, if they encounter arbitrary policies that violate the terms of the contract.

- Dealing with corruption

The prevention of corruption in PROINVERSION's processes is addressed through regulatory, institutional, and operational mechanisms that seek to ensure integrity, transparency, and accountability at each stage of the project cycle.

PROINVERSION is governed by domestic laws aimed at preventing corruption in the public service and contracting processes:

- Law No. 27806 (Law on Transparency and Access to Public Information).⁴⁰
- Law No. 30424 (Administrative liability of legal persons for corruption).⁴¹
- DL No. 1327⁴² on whistleblower protection.
- Code of Ethics of the Civil Service.⁴³

In addition, PROINVERSION has an Integrity Office, created in 2021, in charge of:

- Implement and monitor the Institutional Integrity Model.
- Manage corruption risks in each process.
- Promote a culture of ethics, values and safe reporting.
- Coordinate with the Secretariat of Public Integrity of the PCM.

Finally, all stages of the project cycle (call, bases, award, contract signing) follow established rules and are documented publicly. The special committees perform technical and economic evaluations, with recorded minutes and public adjudication sessions, often transmitted or recorded.

Internal courses cover public ethics, conflict of interest prevention, good practices in public procurement, and promote an organizational culture based on zero tolerance for corruption.

³⁹ MEF, “Open Data and Economic Transparency Portal”.

⁴⁰ Unique Digital Platform of the Peruvian State, “Ley N.º 27806 Ley de Transparencia y Acceso a la Información Pública” [Law No. 27806 Law on Transparency and Access to Public Information].

⁴¹ Leyes Congreso, “LEY N° 30424” [Law No. 30424].

⁴² Unique Digital Platform of the Peruvian State, “Decreto Legislativo N.º 1327.”

⁴³ Presidencia, “Ley del Código de Ética de la Función Pública” [Law of the Code of Ethics of the Public Function].

Public tender rules include explicit clauses that prohibit collusive agreements between bidders. Therefore, each bidder must declare under oath that it has not coordinated proposals with competitors. In this context, PROINVERSION can disqualify or cancel proposals if there is evidence of collusion, either before or after the award. PROINVERSION can also refer suspected collusion cases to INDECOPI's Antitrust Commission. If a bidder has previously been penalized for collusive practices, it may be disqualified from participating.

All officers, evaluators, advisors, and members of special committees are required to submit an affidavit of interest (Law No. 31227).⁴⁴ This allows for identifying potential family, economic, or contractual ties with bidders or third parties. Additionally, PROINVERSION rules and the Civil Service Regulations prohibit relatives of officials from participating in bidding companies or being appointed or hired by individuals linked to those with decision-making authority. The processes are subject to inspection by Servir,⁴⁵ the Comptroller's Office, and the citizens.

A major concern about the National Controller Office's actions is that many of its reports result in public penalties for officers. From 2010 to 2024, there were 4,669 complaints of suspected corruption, but nearly half were dismissed, and most of the remaining cases are still unresolved. Remarkably, only nine complaints led to sentencing. This process incurs significant costs and affects the work environment, creating uncertainty and fear among public employees and management.

Finally, the Law on State Contracting and rules on disqualification of public officials or entities with a history of corruption or sanctions are enforced. Additionally, the contracts include anti-corruption and automatic resolution clauses if prohibited practices are identified.

vi. *Fiscal soundness*

● Tax risks of PPPs

The Directorate General of the Public Treasury (DGTP) is responsible for assessing the fiscal impact of PPPs.

At the end of 2023, the maximum exposure of the Non-Financial Public Sector (NFPS) to explicit fiscal contingencies was estimated at 10.92 percent of GDP. The sources of fiscal risks from these explicit contingencies are: i) judicial proceedings in domestic and international courts, administrative processes, and domestic arbitration (6.59 percent of GDP), ii) international disputes related to investment matters (2.91 percent of GDP), and iii) guarantees provided to the private sector through PPP contracts (1.42 percent of GDP), which, excluding guarantees awaiting request, total 1.04 percent of GDP.⁴⁶

On the other hand, the maximum exposure from explicit contingencies related to international investment disputes, represented by claimants' claim amounts, totaled 2.91 percent of GDP in 2023, up from 2.15 percent of GDP in 2022. This increase is due to claimants specifying their claims in three proceedings: ICSID Case No. ARB/21/10 of Telefónica, ICSID No. ARB/21/57 of Line 2 of the Lima Metro, and ICSID No. ARB/21/60 of VINCI. It should be noted that by

⁴⁴ Unique Digital Platform of the Peruvian State, "Ley N.º 31227."

⁴⁵ Unique Digital Platform of the Peruvian State, "Autoridad Nacional del Servicio Civil."

⁴⁶ MEF, "Marco Macroeconómico Multianual (MMM)."

the end of 2023, six processes had claim amounts not specified by the respective claimants, so the maximum exposure is expected to surpass 2.91 percent of GDP.⁴⁷

The Government should also be considered obliged to meet its responsibilities arising from existing and future investment commitments.⁴⁸ In order for these commitments to remain sustainable, the existing rules state that the total stock of quantifiable firm and contingent commitments, net of revenues and assumed by the NFPS in PPA contracts, calculated at present value, should not exceed 12 percent of GDP.

Similarly, the MEF monitors the total measurable commitments of firms and contingents, net of revenues, assumed by the NFPS in PPP contracts. It is established that the valuation of these commitments must be calculated net of income; therefore, from the committed payments, the revenues generated by the PPPs through tolls, fees, prices, remuneration, reimbursement of co-financing, among others, as specified in the PPA contract, must be deducted. In this regard, and as reported by the DGTP, as of 31 December 2023, the total nominal flow of firm and contingent commitments net of PPP revenues amounted to 1.63 percent of GDP, with a present value that reached 1.77 percent of GDP (Table 5.2).

**Table 5.2 Stock of Commitments, Net of Income in PPP Projects, at the End of 2023
(Percentage of GDP)**

By commitment/income	Face value	Present value
1. PPP Commitments	10.99	7.81
Firm commitments	9.99	7.03
Direct payment	6.98	4.77
Deferred payment	3.02	2.26
Contingent commitments	0.99	0.78
2. PPP Revenue	9.36	6.04
Revenue	7.36	4.74
Retribution	2.00	1.30
3. Net commitments	1.63	1.77

Source: Marco Macroeconómico Multianual 2025–2028.

⁴⁷ MEF, “Marco Macroeconómico Multianual (MMM).” [Multiannual Macroeconomic Framework (MMM)].

⁴⁸ The firm commitment is a commitment to pay an agreed amount that must be made by the grantor (the public entity) in favor of the individual, to remunerate the investment and/or the costs of operation and maintenance of the PPP. The contingent commitment is a payment commitment that is activated under certain conditions established in the contract, which, in general, respond to unforeseen reductions in the demand for the public service and, therefore, have a potential nature.

vii. Social and environmental issues

- Environmental sustainability, climate change and carbon emissions

In Peru, there are laws, standards, and technical guidelines that regulate and promote the incorporation of environmental sustainability, climate change, and low-carbon criteria into public and private infrastructure projects, including those developed through PPPs or direct implementation. Specifically, the Framework Law on Climate Change (Law No. 30754)⁴⁹ serves as the fundamental legislation for integrating climate change considerations into public policy. It obligates sectors and levels of government to include climate criteria in policies, plans, and projects and to promote resilient, low-carbon infrastructure. Its regulation (D.S. No. 013-2019-MINAM)⁵⁰ establishes sector-specific and territorial climate management tools and mandates vulnerability assessments and carbon footprint evaluations.

Additionally, there is the Guide for the Evaluation of Public Investment Projects with a Climate Focus (MEF – Invierte.pe), issued by the General Directorate of Public Investment (DGIP) of the MEF.⁵¹ This guide applies to projects that can incorporate mitigation measures (reducing GHG emissions) and adaptation (resilient infrastructure in response to extreme events). It defines how to identify and quantify climate impacts during the formulation and evaluation phase and enables projects to be classified as ‘relevant to climate action’.

Additionally, there is the Regulation of the National Environmental Impact Assessment System – SEIA (D.S. No. 019-2009-MINAM and its amendments),⁵² which applies to all infrastructure projects that must comply with the Environmental Assessment (EIA, DIA, ITS) based on their category. It requires identifying impacts on climate and biodiversity, along with proposing environmental mitigation and compensation measures.

Finally, PROINVERSION has integrated environmental sustainability criteria into its internal guidelines, especially for co-financed projects. These projects must include ex-ante environmental assessments, and private commitments are assigned to implement environmental management, energy efficiency, and clean technologies.

- Local employment, gender and affordability of services

Some PPP contracts, especially those for large infrastructure projects like roads, hospitals, and sanitation facilities, include clauses or incentives for hiring local labor. These usually specify a minimum percentage of local employment during construction or prioritize hiring workers from the project’s surrounding area. They also often involve training local populations for technical or operational roles.

PPPs in Peru do not consistently include gender equity criteria. However, there has been some progress: the MEF and PROINVERSION are integrating gender approaches into social projects such as hospitals, education, and water. Consequently, some bidding processes now include equity criteria, such as access to services like sex-separated bathrooms and differentiated healthcare.

⁴⁹ El Peruano, “NORMAS LEGALES”.

⁵⁰ MINAM, “Decreto Supremo N.º 013-2019-MINAM.”

⁵¹ MEF, “GUÍA GENERAL PARA LA IDENTIFICACIÓN.”

⁵² MINAM, “Aprueban el Reglamento de la Ley N° 27446, Ley del Sistema Nacional de Evaluación de Impacto Ambiental.”

PPP projects should primarily focus on reducing social inequalities and ensuring service affordability, especially in vital sectors such as health, education, water, and rural transport. During project planning, some sectors identify beneficiaries using data from the Household Targeting System (SISFOH), considering social impact and geographic coverage to support cross-subsidies, such as in sanitation. However, after the project award, mechanisms to ensure proper targeting are often missing. PPP agreements generally do not require ongoing social tariffs or cross-subsidy schemes unless explicitly stated in the contract. In sectors such as transport and healthcare, affordability is maintained through government subsidies, which help keep fares low and provide free healthcare.

viii. Infrastructure Funds

- Funds to finance pre-investment studies

In Peru, infrastructure funds are essential tools for financing, structuring, and implementing public projects, especially in sectors such as transportation, health, education, water, and sanitation, at both the economy and local levels. These funds enable public or private resources to be directed toward projects aimed at closing infrastructure gaps and encouraging sustainable economic growth.

The Regional and Local Public Investment Promotion Fund (FONIPREL),⁵³ managed by the Ministry of Economy and Finance (MEF), co-finances studies and infrastructure projects proposed by regional and local governments. Its purpose is to fund pre-investment studies, technical documents, and prioritized projects such as water supply, sanitation, health, roads, and education. This funding is provided through annual public calls and is non-reimbursable. FONIPREL has played a crucial role in advancing infrastructure development in regions with limited fiscal or technical capacity.

On the other hand, the Invest Fund for Territorial Development (FIDT)⁵⁴ aims to finance investments and pre-investment studies in regional and local governments to address gaps in access to services and infrastructure. Its priorities include water and sanitation, education, health, transport, and rural electrification. The FIDT strives to be more flexible and results-oriented than FONIPREL, focusing on territorial and gap reduction approaches.

- Funds to promote PPPs and provide guarantees

The Financial Corporation of Development (COFIDE)⁵⁵ is a second-tier financial institution. In recent years, it has expanded its involvement to enhance the structuring, financing, and risk management of PPP projects. Its role has been strategic in initiatives where private sector participation, guarantees, or resource channels are needed for infrastructure.

Additionally, COFIDE functions as a development bank for the Peruvian Government and can therefore be designated as trustee of PPP funds and trusts, a structuring agent or financial co-structuring agent in strategic projects, and a channeler of sovereign guarantees, investment funds, or co-financing.

⁵³ MEF, “FONIPREL.”

⁵⁴ MEF, “Fondo Invierte para el Desarrollo Territorial – FIDT.”

⁵⁵ COFIDE, “Institucional.”

COFIDE currently manages financial trusts for large PPP projects, where it must handle government resources or project funds in an independent, transparent, and technically supported way. For example, it manages the trust for payments related to work progress and the availability of Line 2 of the Lima Metro.

Finally, COFIDE can direct resources from organizations such as the World Bank, Inter-American Development Bank (IDB), and CAF – Development Bank of Latin America to co-finance PPP components or additional public infrastructure.

ix. Land acquisition

A key aspect of PPP development is providing land for the concessionaire to conduct its activities. In transport infrastructure projects, delays in expropriations have led to significant cost overruns for users. These expropriations increase PPP costs by necessitating property revaluation. Additionally, expropriation processes are causing conflicts between the population and the government, as the latter disagrees with the assessed value. Moreover, villagers sometimes use the land-buying process to obtain collateral benefits.

There are notable cases in the transport sector. To date, out of the total 119 addenda signed in PPP contracts, 27 addenda relate to 15 transport PPP contracts that resulted from the government's failure to deliver land, as shown in **Table 5.3**.

Table 5.3 Addenda Due to Land Delivery Issues

Type of infrastructure	Number of concession contracts	Number of addenda related to land delivery
Roads	13	19
Airports	1	5
Railways	1	3
Total	15	27

Source: OSITRAN.

It should be noted that the concession contract for Jorge Chávez International Airport (AIJCH) has the highest number of addenda (5), stemming from delays in land delivery. The addenda also outline the compensation mechanisms for these delays, which can be categorized into the following topics (**Table 5.4**).

Table 5.4 Compensation in Addenda Caused by Problems with the Delivery of Land

Compensation mechanisms	Number of addenda signed
Dealer Payments	9
Exchange of works	1
Execution of new works	1
Partial approval of works	3
Extension of the deadline for the execution of works	8
Area Exchange	1
Tariff increase	1
New toll unit	1
Discount on Retribution	1
Modification of construction methodology	1
Total	27

Source: MTC and OSITRAN.

There is a legal framework applicable to expropriations in PPP contracts. On 25 May 2023, DL No. 1559 was published in the official gazette ‘El Peruano’, amending DL No. 1192, which approves the Framework Law on the Acquisition and Expropriation of Real Estate, as well as other legal provisions, to establish measures that optimize, improve, and expedite the processes and deadlines for land acquisition and availability, free from interference, and the imposition of easements for developing public, private, and public-private investment projects.

It should be noted that PROINVERSION, under the new Law, must now execute the objective of acquisition or expropriation of land and release of interference that the project requires for its award, and design the strategy for its execution, for which it has the prior favorable opinion of the public entity that owns the project.

This Decree aims to strengthen, streamline, and clarify the procedures for the acquisition, expropriation, and release of land for infrastructure projects, especially those under schemes like PPPs and WfT. In particular, it establishes a more efficient process for acquisition and expropriation, allows certified entities to appraise and acquire directly, reducing reliance on the MTC's Land Directorate, enhances the management of easements, interferences, and non-owner occupants, and reinforces the role of PROINVERSION and other public entities to intervene from the project's structuring.

x. Anti-corruption rules

In PPP contracts in Peru, anti-corruption clauses are included as part of measures to ensure the integrity and transparency of the contractual process. These clauses aim to prevent, detect, and punish acts of corruption, collusion, bribery, fraud, or conflicts of interest between the parties, especially the concessionaire.

These clauses are based on the guidelines of the MEF, the Comptroller General of the Republic, and international organizations (CAF, IDB, WB). PROINVERSION and the granting entities promote them. Specifically, the anti-corruption and bribery clause states that ‘The concessionaire declares that it has not offered, promised or delivered bribes or gifts to public

officials to obtain the contract'. Additionally, it commits not to engage in acts of corruption during the contract's execution and includes consequences such as termination of the agreement, penalties, and/or disqualification from future contracts.

Likewise, a transparency and veracity clause is included, where the parties agree to provide truthful information in their statements, reports, and administrative processes, and the delivery of false or manipulated information is prohibited.

5.2.2 Project planning

i. Consistency between policy and master plan

Most infrastructure projects in the economy-wide pipeline are outlined in the Sustainable Infrastructure National Plan for Competitiveness (PNISC). However, the PROINVERSION portfolio includes some PPP projects that are not included in PNISC. Two reasons explain this difference: some projects originally listed in PNIC remain in the PROINVERSION pipeline but were removed from PNISC; and there are older projects (even before PNIC) that have not been officially canceled. More than half of PNIC projects (29 out of 52) did not participate in PNISC projects, primarily because they did not meet the minimum score set by the evaluation criteria. Nonetheless, some of these projects remain in the PROINVERSION portfolio, including one recently granted under a concession.

When discussing projects at the regional or local government level, execution is only possible if they are included in the Multiannual Investment Program (PMI). This plan, developed by each public institution, identifies investment needs, sets priorities, and outlines a three-year project portfolio. The PMI should align with the economy's strategic goals, sectoral plans, and regional and local development strategies. The primary goal is to ensure investments are efficient and results-driven.

ii. Fiscal soundness

The primary responsibility for preparing and approving the economy-wide infrastructure plan rests with the MEF. Therefore, the projects prioritized in the plan take fiscal considerations into account. Additionally, the second article of the PNI approval law (DS No. 039-2026-EF) states that the implementation of PNI projects must be financed with resources allocated to the corresponding sectors' budgets, without requiring additional funds from the Treasury.

Although some projects in the initial stages face financial constraints that affect the development of basic studies, this mainly occurs when human capital is limited within public institutions. As a result, it is necessary to hire consultants to prepare those studies. This explains why some projects may show no financial activity during a year or perhaps more than one year.

iii. Use of effective technologies

The use of technology in the planning phase has been incorporated into public investment projects. For example, the Building Information Modeling (BIM) was established as a political measure within the National Competitiveness and Productivity Plan, recognizing the need to modernize and digitalize systems for the formulation, evaluation, execution, and operation of

investment projects. BIM outlines its progressive adoption as an economy-wide policy for public investments.⁵⁶

Similarly, Supreme Decree No. 289-2019-EF establishes provisions for the gradual integration of BIM into public investment.⁵⁷ Subsequently, Supreme Decree No. 108-2021-EF amends DS 289-2019-EF to include BIM.⁵⁸ The new Law No. 32069, the General Law of Public Procurement, mandates the use of methodologies such as BIM for developing technical files for the public works mentioned.

iv. Project's economic evaluation

The project's economic performance is usually assessed quantitatively using a cost-benefit analysis. The main indicator used is Net Present Value (NPV). This is essential to determine the tariff (user charges) needed to make the project profitable, to calculate the required subsidies, or to find a combination of these two financing mechanisms.

In the case of PPPs, the SNPIP requires a value for money (VfM) evaluation to decide the best way to carry out the project, whether as a PPP or as a Public Work.

Although DL 1012 primarily defined it, the formal methodological incorporation of VfM is detailed in its Regulations, which require assessing fiscal impact and risk allocation. Later, Supreme Decree 410-2015-EF, which amends the Regulations, explicitly introduces the evaluation of VfM as a formal stage in designing PPPs. Moreover, in 2016, the MEF published Directorial Resolution No. 004-2016-EF/68.01, which approves the Guidelines for Applying Eligibility Criteria for PPP Projects.

The Guidelines for Applying Eligibility Criteria for PPP Projects are a methodological tool for applying the VfM principle to evaluate and determine, using a qualitative approach, the benefits of developing a project as a PPP compared to the traditional public procurement regime. The objective of this analysis, based on the information available, is to identify the procurement option that offers the greatest VfM to society.

The new Law No. 32441 and its regulations (D.S. No. 316-2025-EF), published at the end of 2025, also highlight the concept of VfM for decision-making. In fact, the PPP legislation incorporates the *Value for Money* approach in a transversal way, mainly through (i) the principle of results-based approach (Article 4 of the Law and Article 3 of the Regulations), (ii) the provisions that require the economic and financial evaluation of the PPP modality against public alternatives, (iii) the rules for efficient risk allocation and (iv) the mechanisms for control and contractual modification, which force the efficiency of the project to be sustained throughout its life cycle.

v. Environmental and social assessment considerations

Environmental and social issues are addressed in the project's evaluation process. Additionally, the Public Investment System includes shadow prices that must be used in the social assessment

⁵⁶ MEF, “¿Qué es el Plan BIM Perú?”

⁵⁷ MEF, “Decreto Supremo N.º 289-2019-EF.”

⁵⁸ MEF, “Decreto Supremo N.º 108-2021-EF.”

of projects, especially when they require subsidies for building, operating, or maintaining infrastructure.

5.2.3 Feasibility study

i. Cost-effectiveness including LCC and utilization of markets

Feasibility studies for PPP projects in Peru are primarily funded through the public budget, often managed by the Ministries. Additionally, technical cooperation from multilateral institutions such as the Inter-American Development Bank (IDB) or the World Bank has supported project preparation through pre-investment studies and structuring, especially for bundled projects in underserved regions. Affordability assessments are partially addressed through tariff studies. However, these are often conducted ex post rather than ex ante and rely on macro-level averages instead of detailed willingness-to-pay analyses within specific communities. For many regional projects, affordability remains a concern due to low incomes and informal settlement patterns. Mechanisms to subsidize access or adjust tariffs for vulnerable users are in place.

In Peru, environmental considerations in Public-Private Partnership (PPP) projects are addressed according to applicable regulations and the ‘Guidelines for the Development of the Formulation and Structuring Phases in Public-Private Partnership Projects’ (Directoral Resolution No. 005-2016-EF-68.01). During the Formulation Phase, the Evaluation Report must assess the project’s objectives, benefits, and technical feasibility, incorporating socioeconomic and environmental aspects supported by environmental studies. Environmental risks and related permits (environmental, archaeological) are also reviewed from the preliminary bankability analysis onward.

In the Structuring Phase, the feasibility study must include cost and time estimates covering, at a minimum: engineering, procurement, and construction (direct and indirect costs), environmental management, land acquisition, interference or network management, works supervision, and a PERT-CPM schedule. While PPP projects estimate construction, operation, and maintenance costs over their lifecycle and include social and economic assessments, the systematic and quantitative integration of environmental costs, climate impacts, and sustainability is not yet consistent across all projects.

Environmental and social cost estimation depends on the project type and is often developed in greater detail during environmental impact assessments. These studies outline environmental management strategies—including prevention, mitigation, correction, and compensation measures—along with their budgets, implementation schedules, and responsible parties. PROINVERSION, based on pre-investment studies prepared by the relevant public entities, structures the PPP contract, defines service levels, and identifies technical, economic, environmental, and social risks. However, these costs are not always explicitly incorporated into a full life-cycle cost analysis.

ii. Implementation of environmental and social assessment

According to the Formulation and Structuring Guidelines, project assessments must determine whether community relocation is necessary for implementation. In line with domestic environmental management regulations, environmental impact studies address various considerations: working conditions (optional unless linked to local employment impacts), identification and evaluation of environmental risks, including climate change, community

welfare (through socioeconomic baselines and Environmental Management Plan commitments), biodiversity protection (as part of the mandatory biological baseline), and potential local economic benefits (voluntarily included in some cases).

During prior consultation processes, labor conditions and economic benefits may become binding commitments, community well-being remains a central concern, and biodiversity or environmental risks are assessed when tied to the collective rights of indigenous peoples. Technical references for environmental indicators include Environmental Quality Standards (ECA) for components such as air, water, and soil, along with Maximum Permissible Limits (LMP).

Before the contractual execution phase, PROINVERSION conducts preliminary environmental assessments and technical notes during the structuring phase to inform the classification of the Environmental Management Instrument (IGA) and identify environmental and social risks. Once in execution, the Concessionaire prepares the Environmental Impact Assessment (EIA), with its scope defined by SENACE or the relevant sector authority.

Certain projects—such as the Chincha WWTP and the Chimbote Port Terminal—include contractual clauses to safeguard employment stability and continuity, supported by penalty mechanisms to ensure compliance, especially in brownfield contexts. In evaluating local economic benefits, the structuring stage revises and expands pre-investment findings, examining how the project could stimulate economic activity through job creation and demand for related services like lodging, food, and transportation. In some cases, contracts commit to engaging local suppliers or training local labor. The scope of these analyses and commitments varies based on the project's characteristics and the priorities of the sponsoring entity.

Performance indicators such as the percentage of treated wastewater, operational continuity, and compliance with effluent quality standards are monitored by OTASS and SUNASS. However, there is no systematic community-level monitoring of broader environmental or public health impacts. Efforts are underway to incorporate such indicators into the regulatory framework, particularly under the newer bundled PPP schemes.

Environmental standards are reviewed through mandatory EIAs, and concessions include environmental management plans. Nonetheless, mechanisms for ongoing review and updates are limited. Post-construction monitoring often lacks local engagement and does not include intergenerational impact assessments. Institutional strengthening is necessary to incorporate long-term sustainability metrics—such as climate adaptation, resource reuse, and ecological restoration—into the entire project lifecycle.

iii. Safety considerations

Efforts to strengthen infrastructure resilience, protect users, and ensure effective emergency response are guided by policies like the National Disaster Risk Management Policy. Although these frameworks exist, their practical implementation is inconsistent. In the health sector, seismic regulations aim to maintain the safety and operational continuity of medical facilities during and after earthquakes, focusing on structural integrity, seismic isolation, fire safety, and the dependability of critical systems like power and communications. Regulatory agencies—including INDECI, CENEPRED, and others—oversee compliance with safety protocols, drills, and standards across sectors such as transportation, water, and healthcare. However, there are

still considerable gaps in the consistent application of international benchmarks, early technical planning, and systematic integration of resilience requirements into all infrastructure projects.

From a regulatory perspective, project design is guided by domestic technical standards and by the ‘Guidelines for the Preparation of Technical Studies and Investment Registration for Public-Private Partnership Projects,’ as outlined in Directorial Resolution No. 002-2015-EF/68.01.

PROINVERSION is actively progressing the implementation of its Sustainability Policy, demonstrating a strategic commitment to incorporating resilience, climate adaptation, user protection, and compliance with global standards throughout the project lifecycle. This effort was aligned closely with the National Sustainable Infrastructure Plan for Competitiveness (PNISC), which emphasizes environmental stewardship and climate resilience. The PNISC promotes early identification and management of climate and disaster risks, evidence-based planning, the adoption of green and nature-based solutions, and the inclusion of strong emergency preparedness measures—all consistent with leading international standards. Additionally, the projects considered in the PNI are guided by a sustainability indicators methodology that evaluates four essential dimensions: economic-financial, social, institutional, and environmental. This approach aims to ensure the viability and sustainability of investments and to generate broad benefits for the population.

Meanwhile, for instance, PPP procurement for sanitation projects is governed by PROINVERSION’s regulatory framework, which incorporates several principles aligned with international best practices. Although it does not fully adopt Multilateral Development Bank (MDB) Guidelines, the Peruvian framework reflects elements such as competitive tendering, transparency, and conflict-of-interest controls, especially in projects supported by technical cooperation from institutions like the World Bank or the IDB. However, procurement processes still lack systematic benchmarking against MDB safety standards—such as design protocols for operational risk mitigation, occupational safety, and emergency response. Enhancing alignment with these international safety norms remains a key institutional challenge, particularly for infrastructure located in environmentally or socially sensitive areas.

Practical applications of this approach are already appearing. For example, the Huancayo–Huancavelica Railway includes disaster risk management strategies in watershed areas, considering potential landslides. Through the work of SASA and other PROINVERSION units, the organization is moving toward stronger and more comprehensive risk management, while recognizing that more progress is needed to fully embed resilience—especially in projects located in high-risk or environmentally sensitive areas.

iv. Risk management

The PPP process in Peru requires the mandatory development of a comprehensive feasibility study (Estudio de Evaluación Técnica, Económica y Financiera – EETEF), which identifies technical, financial, regulatory, operational, environmental, and social risks. These risks are assessed as part of the justification for selecting the PPP model and are included in official PROINVERSION portfolios. However, detailed risk matrices for individual projects remain limited in public information.

Feasibility studies must include an evaluation of key project uncertainties and expected obstacles. Although the specific method of risk prioritization (such as probability-impact

matrices) is not always disclosed, prioritization is suggested by how risks influence structuring decisions and value-for-money analysis. High-priority risks typically affect contract clauses, payment arrangements, and the selection of risk-bearing parties. Risk mitigation is incorporated into the PPP contractual framework. Contracts must include specific clauses on risk allocation, compensation events, penalties, and dispute resolution mechanisms. Additionally, MEF's PPP Unit provides guidance on risk mitigation tools such as guarantees, insurance mechanisms, and fiscal contingency management. However, there is room to enhance the transparency of mitigation plans and proactive contingency planning, especially in complex or multi-sector PPPs.

The legal framework (DL No. 1224 and its Regulation) explicitly states that risks should be assigned to the party best positioned to manage them effectively, which is a key principle of modern PPP practice. During project structuring, PROINVERSION and sectoral agencies develop risk allocation tables that are approved at different stages. In practice, this has led to common use of availability-payment models, where construction and operational risks are transferred to the private sector, while demand and regulatory risks often remain public.

5.2.4 Procurement

i. Procurement in general

Each PPP contract sets both quantity and quality indicators, such as service level requirements and output standards. Examples include highway roughness levels, container move rates in ports, and wastewater quality indices. Contracts also include penalties for failing to meet these indicators, which must be addressed promptly. This is vital in a PPP project because its main goal is to deliver infrastructure services that satisfy both quantitative and qualitative criteria.

There are two ways to identify infrastructure projects and start a PPP process: Public Initiative (IE)⁵⁹ and Private Initiative (IP)⁶⁰, depending on who originates the project. When a public institution is the initiator, the technical solutions are usually defined during the project's planning phase, limiting the presentation of alternative solutions from private tenders. Conversely, when the initiator is a private firm, and the IP is accepted, PROINVERSION issues a Request for Proposal, giving interested firms the opportunity to submit alternative solutions. There have been few IPs accepted, and most have not faced other interested firms or the initiator has been the winner. An exception was Taboada Wastewater Treatment Plant in Lima, where an interested firm received the concession instead of the initiator.

Government focus should not be solely on infrastructure in PPP projects. As APEC (2018) states, the recommendation in these cases is to minimize input specifications related to facilities and equipment. Instead, emphasis should be on signaling private partners to design and develop the infrastructure needed to deliver the defined services in the most efficient manner. However, public partners in Peruvian PPPs still insist on defining specific infrastructures, investment amounts, timelines, and other specifications that restrict private decision-making and innovation, thereby reducing potential efficiency gains. Therefore, it is time to shift toward contracts that are more results-oriented and less input-driven. This approach may also lower many disputes between concessionaires and regulators during the construction phase, along with associated costs, because it will no longer be necessary to supervise and approve each construction investment, but rather to oversee overall performance.

⁵⁹ Developed by one or more public entities.

⁶⁰ Unsolicited proposals, developed by private sector.

Draft contracts included in bidding documents specify the allocation of construction and operation risks, following MEF directives. During the Request for Proposals, minor adjustments to the initial risk allocation may be made based on market information gained through competitive and transparent dialogue, as well as evaluations by public agencies. However, the final version of the contract states that if future modifications are made, the risk allocation outlined in the signed contract should be preserved as much as possible.

Due to corruption scandals, primarily Lava Jato cases, an anti-corruption standard clause became mandatory in all PPP contracts, and there was a consensus on implementing it. PPP contracts have also generally aimed to enhance resilience, environmental, and social considerations. However, more effort, time, and resources are needed to listen to the people affected by infrastructure projects and to clearly communicate the costs and benefits of these interventions.

To become a bidder in a PPP process, there are two steps. The first occurs at the very start and requires interested firms to submit credentials demonstrating the necessary experience and financial resources. If PROINVERSION verifies that all requirements are met, the firm is considered pre-qualified. The second step takes place near the end and involves submitting proposals, usually through the presentation of two envelopes. The first contains the technical proposal, and the second contains the economic proposal.

A technical proposal reflects a commitment to the project and includes details and explanations on how to develop it. PROINVERSION takes a few days to verify compliance with quality criteria and then announces the pre-qualified bidders who meet the technical standards and whose economic proposals are ready for opening. Although the final decision is based solely on the economic proposal, it is clear that technical criteria significantly influence the proposal evaluation.

ii. Pre-qualification

When PROINVERSION initiates the bidding process, any firm can buy the initial bidding documents. The next step for each interested firm is to request prequalification, which involves providing information about their track record on similar projects, effective management of costs and schedules, financial capacity, social and environmental responsibility, ethical practices, and good governance. Finally, after a thorough review, PROINVERSION issues a prequalification status to each firm that meets the criteria.

Currently, there is no database containing these past records or the experience gained during the construction and O&M phases of the Peruvian PPP. However, there are plans to create one.

The Regulations of Law No. 32441 (D.S. No. 316-2025-EF) establish that the award of PPP projects is carried out through competitive processes, such as public bidding or competition for integral projects (arts. 59–61). These processes begin with a public call (art. 62) and are governed by bases that establish the technical, financial and legal requirements of the bidders (art. 64). Likewise, a mandatory prequalification stage is contemplated (art. 66), through which the capacity of the participants is evaluated, allowing only prequalified bidders to submit proposals (art. 68), which are evaluated for the award of the project (arts. 70 and 72).

iii. *Proposal evaluation*

The competition factor is usually a single economic variable that is easy to measure, promoting simplicity and transparency. Sometimes, it involves two steps: the second step is only used if there is a tie among bidders in the first criterion. This method is common in port PPPs, where the initial criterion is typically tariff competition with a minimum tariff floor. If multiple bidders offer the same minimum tariff, a second step—often based on additional investments—is used to determine the winner.

This does not mean that the evaluation is limited to economic factors. Usually, there is an initial technical assessment with a detailed scoring system, including a minimum score needed to move forward to the economic evaluation (known as the competition factor). However, this process does not guarantee that the technically best proposal will win the concession.

Advanced procedures such as competitive dialogue are relatively uncommon in Latin America.⁶¹ The UK and Canada employ the competitive dialogue procedure for tenders, in which each bidder can negotiate a technical solution that is later incorporated into the final contract. This method involves collaborative negotiations, which can be expensive and time-consuming, but it allows governments and private entities to assess technical solutions and value for money effectively, while promoting innovative proposals. Although this process may lengthen procurement timelines, it can also reduce the time between bid award and financial close, thereby increasing certainty and quality construction.⁶²

To illustrate alternative approaches, **Table 5.5** compares how Peru, Chile, and Colombia organize their proposal evaluation processes and utilize competition factors.

Table 5.5 Procurement and ‘Competition Factors’ (Award Criteria)

Aspect	Peru	Chile	Colombia
Legal basis	Two stages: pass/fail technical, then “ <i>economic evaluation based on best price</i> ” (PPIAF ⁶³ 2021, pp. 16, 25–26).	Public Works Concessions Law (1991); amended by Law 20,410 (2010). MOP is lead authority. “ <i>Less uncertainty in timing of land release derived from expropriation law</i> ” (PPIAF 2021, p. 23).	Law 1508 (2012). Defines PPPs as private sector provision of public goods, with risk transfer. Payments tied to service availability & performance standards (Lexology 2019) ⁶⁴ .
Competition factor	Price-based. Instruments: Availability Payment (PPD), Payment for Works (PPO), Remuneration for Investment (RPI) (PPIAF 2021, p. 29).	Predominantly LPVR/PVR. “ <i>Under a PVR contract ... firms compete on PV of tariff revenue. The lowest bid wins</i> ” (Engel et al. 2020) ⁶⁵ .	Multi-step approval: feasibility studies, Eligibility Index (EI), and VFM (qualitative + quantitative) (IADB 2021, pp. 11–12) ⁶⁶ .

⁶¹ Jiménez and Roca, “Innovation in the methods of public procurement in Latin America and the Caribbean: Case studies.”

⁶² Public-Private Infrastructure Advisory Facility (PPIAF), “PPP support to ProInversión: Diagnosis and Recommendations Report.”

⁶³ PPIAF, “PPP support to ProInversión: Diagnosis and Recommendations Report.”

⁶⁴ Saavedra Becerra Abogados, “Public-Private Partnerships in Colombia.”

⁶⁵ Engel et al., “Financing PPP projects with PVR contracts.”

⁶⁶ Villa Zárate et al., “Selection criteria for PPP projects.”

Aspect	Peru	Chile	Colombia
Technical evaluation	Pass/fail only. <i>“No technical evaluation is made to open space for controversy of subjective qualifications”</i> (PPIAF 2021, p. 16).	Similar to Peru. Weighted scoring abandoned due to subjectivity concerns.	Multi-criteria workshop: group setup, criteria selection, scoring (1–9). Quantitative PPC (Public-Private Comparator) submitted with qualitative VFM (IADB 2021, p. 22).
Competition / market	Concerns over limited bidders; procurement <i>“long and complex compared with peers”</i> ; opportunity to improve technical review (PPIAF 2021, pp. 25–26).	Tariff-based ITC commonly used. PPIAF: <i>“Competition factor is generally tariff-based ... Total Concession Income (ITC)”</i> (2021, p. 16).	<i>“Standardized contract, rigorous appraisal, and DNP oversight have helped attract multiple offers and strengthen competition”</i> (IADB 2021, p. 9).
Pros	LD 1362 clarified and unified PPP rules. OECD (2024): progress in economy-wide transparency systems ⁶⁷ .	PVR attractive to lenders; reduces renegotiation. Evidence of stronger incentives under PVR (Engel et al. 2020).	Multi-criteria awards allow quality, service, resilience weighting when well designed (IADB 2021; CAF 2020).
Cons / risks	Risks of <i>“opportunistic or artificially low offers”</i> ; weak technical weighting (PPIAF 2021, pp. 7, 27).	Tariff-based reliance can limit flexibility (PPIAF 2021, p. 16; OECD/ITF, 2019) ⁶⁸ .	Poorly designed weights risk subjectivity. IADB: <i>“Subjectivity... open[s] the door to underestimating contingent liabilities... oversight needed”</i> (2021 p. 77).

Source: Authors' compilation.

Box 5.1 Analysis of the Availability Payment (PPD) Modality and Its Application in the Health and Sanitation Sectors

Many types of PPP contracts vary depending on the primary service or project, the functions of the private operator, and the form of payment to the private sector. In infrastructure projects, expenses and investments are usually financed by user revenues or through co-financing from the government. Once the payment source is established, there are various ways to structure compensation for the private concessionaire.

Peru uses mechanisms like availability payments (PPD), which are tied to service quality. This reduces demand risk and offers the concessionaire more stable income. However, fixed payments for construction (RPI) and operation and maintenance (RPMO) are also common in Peru, especially when risk assessment or project financing becomes complex.

In a PPD, payments depend on performance, where the availability of a facility can be defined in two ways: pure availability, where an asset or part of it must be operational and fully accessible to the public; and, constructive availability, which includes pure availability and also requires that the asset meets performance and safety standards outlined in the contract for high-quality service delivery.

Within the PPD mechanism, the public sector bears the demand or revenue risk, while the private sector is responsible for providing and operating the assets according to the metrics and service levels specified in the concession contract. Generally, the private sector handles

⁶⁷ Organisation for Economic Co-operation and Development (OECD), “Towards a national integrity and transparency system in Peru.”

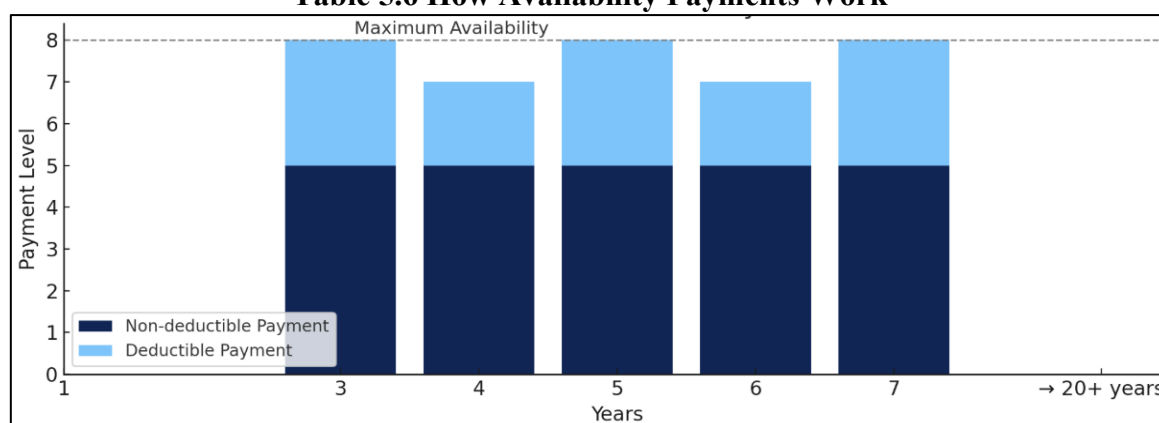
⁶⁸ Vassallo, “Public-private partnerships in transport.”

the design, construction, and financing of the assets. After the construction phase ends, the concessionaire manages and maintains the assets throughout the concession period, which typically lasts about 20 years or more, depending on the project.

In this arrangement, the public sector pays the concessionaire through periodic payments during the concession period in exchange for access to public assets and services that meet set quality standards. This mechanism includes financial incentives for the private concessionaire to maintain the assets and service levels as agreed, since payments may be reduced if the assets, or parts of them, are unavailable during specified periods or if they are not operated and maintained properly according to the criteria.

These mechanisms establish the maximum amounts for periodic or maximum availability payments, as specified in the concession contract. However, these amounts may differ from what is actually received due to deductions, which are calculated using predefined adjustment formulas based on the fulfillment of the project conditions.

Table 5.6 How Availability Payments Work



Source: Authors' compilation.

Typically, payments to compensate for the investment are made at the end of the construction phase or upon completion of the entire asset, in accordance with the terms and conditions outlined in the concession contract. If the infrastructure is not completed or does not meet the specifications, no payment will be issued. This approach safeguards the public sector from losses caused by delays in completing the construction phase.

Conversely, payments allocated for the operation stage focus on providing mandatory services that meet the contractually agreed requirements and quality standards. Separating these concepts allows for prepaying the project's investment over a specific period and securing financing at a lower cost, while still encouraging the delivery of high-quality operational services and achieving the expected performance. However, deductions may also be applied to the investment component if there are failures in the infrastructure's operation and maintenance.

Regarding project risks, PPDs are an alternative for projects facing high revenue or demand risks, high financing costs, low investor profitability metrics, and limited private-sector commercial interest. This approach not only minimizes the risk of income or demand fluctuations but also provides positive incentives for the private concessionaire to complete construction quickly and to focus on meeting the agreed service standards, thereby

maximizing payment availability as compensation. Additionally, securing future cash flows lowers financing costs and improves the project's bankability.

PPD in the health and sanitation sectors

In the Peruvian context, the pay-for-availability model is a PPP modality where the public entity pays the concessionaire when the infrastructure is available and meets service levels, rather than depending directly on user revenues (demand volume). In fact, the Ministry of Economy and Finance defines it as ‘... fixed annual, semi-annual or quarterly payments, subject to the quality and availability of the service and the infrastructure of the project’. In this regard, the contract must specify that these payments can be deducted for non-compliance with service indicators or for unavailability of the infrastructure, according to the respective contract.

In Peru, different projects have used the PPD scheme, such as:

- The Maldonado WWTP Project focused on improving the sewerage system and wastewater treatment in the city of Puerto Maldonado, where the private concessionaire will build, rehabilitate, expand, and operate the wastewater collection and treatment systems. The PPD mechanism used also consists of two elements: PPD1, which compensates for the investment, and PPD2, which compensates for operation and maintenance. Payment for operational availability will be subject to deductions based on the levels of organic load removed from the treated water, which will be assessed through annual technical tests.
- ESSALUD's New Hospital Centers Project in Piura and Chicla involves constructing, operating, and maintaining two specialized hospitals in these locations, along with providing complementary hospital (non-medical) services. In this arrangement, availability payments are divided into three parts: the first compensates for the investment, the second rewards service level performance, and the third covers equipment replacement. Deductions are applied for non-compliance with service levels.

Comparison between PPD and RPI payment systems

Bravo (2025) conducts a comparative analysis of the PPD and the RPI. The conclusions are as follows:

1. Higher financing costs. PPD incurs significantly higher financing costs than RPI because availability risk precludes access to the securities market, where lower-cost financing options are available.
2. Lower financial leverage. The increased risks linked to the SGP decrease the likelihood of achieving high financial leverage, prompting private operators to contribute more capital. As a result, these projects become less appealing to investors.
3. Low bidder participation. Due to the factors mentioned above, bidder turnout has been low, often resulting in projects being awarded to just one bidder, which eliminates the advantages of competition.

However, the RPI system has also received two main criticisms:

1. Early payment initiation. Payments for the investment can start before the utility begins operations.
2. Pre-commissioning payments. In practice, it has been observed that, due to certifications during infrastructure development, payments for the investment can be made before the service becomes operational.

Bravo (2025) suggests some enhancements to the PPD payment system.

- It should be established that only fees related to the delay should be affected; the others must retain the originally scheduled date and amount.
- The grantor must deposit any unpaid fees into the private operator's cash administration trust. Thus, the operator can, through a completion bond, ensure payment of overdue installments of debt.
- The penalties for the PPD's operating and maintenance costs must be independent of the PPD's investments. In any case, these penalties should not exceed 15 percent, meaning that 85 percent of the assets must be insured.
- The early termination clause needs to be revised because the current Book Value of the Asset does not contribute to bankability. It does not specify the amount or timing of compensation that would be paid to the private operator for work performed during the construction phase, nor does it address the remaining balance to be paid during the operational phase. Payments for early termination, related to the private operator's offer, should be refunded based on the progress of the work or the outstanding fee balances during the operational stage.

In summary, the PPD offers sufficient incentives for the private sector's good performance in co-financed PPPs with some adjustments for use in the health and sanitation sectors and always considering the project risk profile and bankability.

iv. Management of contract and monitoring

The institutional framework includes public utilities and infrastructure regulatory agencies responsible for managing PPP contracts. OSITRAN is the Supervisory Agency for Investment in Transport Infrastructure for Public Use, while SUNASS oversees sanitation services.⁶⁹ The health sector, the third area examined in this study, lacks a dedicated regulatory agency for PPP contracts and is therefore overseen directly by the Ministry of Health.

Aside from what is specified in each contract, regulatory agencies have their own rules and procedures established by law and other legal documents, which are readily available on their websites. These regulations aim to reduce regulatory risks, but their effectiveness also depends on how agencies behave in practice. Fortunately, regulatory agencies are technical institutions and operate independently from political influence.

An important task for regulatory agencies is setting tariffs because infrastructure often constitutes a natural monopoly. Specifically, tariff rules and procedures are among the most crucial regulatory documents for these agencies. Clearly, this type of regulation affects the financial performance of private operators, necessitating ongoing monitoring of the financial condition of PPP projects. In fact, OSITRAN prepares a performance report for each transport PPP every year, including a section on financial status, and all the reports are available on its website.

⁶⁹ There are two other regulatory agencies, OSIPTEL for telecommunications, and OSINERGMIN for electricity.

Although PPP contracts include penalties for non-fulfillment, there is not an adequate balance between these penalties and positive incentives to exceed the minimum requirements in contracts.

v. Maturity of a project

PPP contracts typically specify the possibility of lifetime extensions, along with the latest date the private operator can request one, but they often do not include the criteria used to make this decision. Problems arise when project monitoring is inadequate, the maturity date is very close or has already passed, and the responsible public sector entity needs to make a late decision about succession. This situation has recently occurred with a road concession, and MTC does not want to assume responsibility for the road's operation, creating an urgent need to sign an addendum to extend the concession period while PROINVERSION prepares a new bidding process. A similar situation could soon occur with a hospital PPP.

5.2.5 Ex-post evaluation

In Peru, an ex-post evaluation methodology for public investment projects under the public works mechanism also applies to PPPs. This methodology includes criteria such as relevance, efficiency, effectiveness, impact, and sustainability. For traditional public investments, the ex-post evaluation is overseen by the MEF (through its General Directorate of Multiannual Investment Programming, DGPMI, and the Multiannual Sectoral Investment Programming Offices), which requires the use of objective, measurable data such as physical targets, deadlines, costs, and indicator achievement. These must be recorded in Form No. 10 of the Investment Bank. This information informs short-, medium-, and long-term evaluations and enables comparison of actual performance against planned targets. However, its use in PPP projects is neither systematic nor mandatory, and there remains a lack of standardized mechanisms for periodic monitoring, publishing performance indicators, and fostering institutional learning.

PROINVERSION is the only PPP agency in the region with a dedicated unit for data analysis, research, and impact evaluations, called the Data Analysis, Research, and Strategic Intelligence Unit (UADIIE).

To date, this unit has published statistical yearbooks, case studies of PPP projects in transport, water and sanitation, energy, and health, as well as analytical documents on the impact assessment of specific PPP projects and sectoral impacts. Notably, it has released six research papers that aim to quantify the actual or expected effects of (i) a social fund linked to a port project, (ii) a series of road projects, (iii) regional broadband telecommunications initiatives, (iv) two wastewater treatment plants in different regions, (v) two white coat projects in healthcare, and (vi) an urban transport rail project.

There is no single method for conducting the ex-post evaluation of projects. The performance of PPPs can be assessed using management and operational indicators; however, statistical and econometric methods can also be employed to evaluate their implementation. The selection of indicators and methods mostly depends on the project's specific features and the availability of data.

Finally, current legislation does not include guidelines or provisions for using the results of a project's ex-post evaluation in future initiatives.

5.3 ELEMENTS THAT ENSURE QUALITY OF INFRASTRUCTURE

Generally, based on the review of PPP regulations, it can be said that PPPs meet the quality criteria defined in APEC (2018). However, there is still room for improvement, as we discuss below.

5.3.1 Alignment with development strategy and the principles of openness, transparency, and fiscal soundness

The National Council for Competitiveness and Formalization, an MEF entity, is responsible for developing an economic plan. One primary goal of the National Policy for Competitiveness and Productivity (PNCP) in 2018 was to establish quality economic and social infrastructure, with its first policy being the creation of an economy-wide infrastructure plan. The initial plan, called PNIC, was developed in 2019; the second, known as PNISC, has been in operation since 2022, and the third, called PNI, was approved in March 2026.

Additionally, the National Multiannual Programming and Investment Management System requires that projects can only be executed if they are included in the Multiannual Investment Program (PMI), a plan created by each public institution to identify investment needs, set priorities, and define a portfolio of projects for a three-year period. Moreover, the PMI must align with the economy's strategic objectives, sectoral plans, and regional and local development plans. Thus, infrastructure projects are consistent with medium- and long-term development strategies at the central, regional, and local levels.

PPP projects are a vital tool for infrastructure development because private investors, both local and foreign, are protected by constitutional guarantees such as the primacy of private initiative, the principle of subsidiarity, and equal treatment of domestic and foreign investments. Transparency is clearly emphasized, especially regarding the structure, activities, publications, and oversight of PROINVERSION. Fiscal capacity is also considered in PPP projects, not only through cofinanced concessions but also by estimating fiscal contingencies, including legal proceedings, international disputes, and guarantees provided at the signing of contracts.

5.3.2 Stability, safety, and resiliency

PPPs involve long-term contracts to support significant investments and provide stability for private investors, the population, and the government. These agreements also require proper risk identification and allocation, including safety and resilience aspects that account for the impacts of unpredictable events.

However, a known factor that may affect stability is the high staff turnover in public institutions overall, along with a lack of understanding about the differences between PPP and public works, mainly in Parliament and the National Controller's Office.

Although efforts have been made to improve infrastructure resilience, protect users, and ensure effective emergency responses, their implementation remains inconsistent. Major gaps still exist in the consistent application of international benchmarks, early technical planning, and the systematic incorporation of resilience requirements across all infrastructure projects.

5.3.3 Economic and financial soundness: Cost-effectiveness including LCC and utilization of markets

The economics and finance of PPPs are usually well structured, relying on a favorable investment climate and strong participation from both local and international financial markets, with significant involvement from multilateral development agencies. Initially, some private infrastructure projects faced challenges related to their financial closure requiring contract amendments, but this is no longer common today.

The principle of value for money is formally recognized in the Guidelines for PPP Eligibility Criteria as an important qualitative tool. However, for assessing cost-effectiveness more accurately, a quantitative approach is generally more useful.

Regarding costs, PPP projects include estimates of initial investments and other expenses such as operations, maintenance, and contingencies to account for total life-cycle costs. Nonetheless, the systematic and quantitative inclusion of environmental and social costs is not yet consistent across all projects, and these costs are not always explicitly accounted for.

5.3.4 Social and Environmental Sustainability

PROINVERSION promotes sustainability in PPP projects by analyzing and managing social and environmental factors in accordance with relevant laws. When projects are developed in Natural Protected Areas or affect forests or wildlife ecosystems, coordination with the appropriate authorities is necessary. Specific socio-environmental considerations are now incorporated into the contracts. Although PROINVERSION performs these tasks, the concession grantor is responsible for ensuring environmental compliance.

Environmental and social cost estimation varies by project type and is often further detailed after the contract is signed. These studies define environmental management strategies along with their budgets and schedules. Therefore, it is helpful to include standard environmental and social costs based on best practices, add them to bidding documents, and provide a reference life-cycle cost for each project.

5.3.5 Local high-quality development: Job creation, capacity building, and transfer of technologies

PPP projects should prioritize closing economic and social gaps, especially in critical sectors such as health, water, and rural transportation. Sometimes, identifying poor beneficiaries happens during the project's design and prioritization phases. However, final contracts often omit social tariffs or cross-subsidy schemes, and regulators might overlook these during tariff reviews.

Some PPP agreements, especially for major infrastructure projects like roads, hospitals, and sanitation, often include clauses or incentives to hire local labor, particularly during construction. These agreements also focus on training local communities for technical or operational roles.

Although developing prior consultation processes is common, it's clear that more extensive dialogue with local communities is needed to effectively communicate the costs and benefits of infrastructure projects.

6. CAPACITY BUILDING NEEDS AND PRIORITIES

Based on the previous analysis, this chapter recommends capacity-building programs and training courses to tackle the shortcomings identified in the public sector.

6.1 IDENTIFIED GAPS

As demonstrated, the primary challenges in the public sector are as follows:

- Public officials of the granting institutions lack a sufficient understanding of the purpose of PPPs.
- Public institutions lack sufficient management capacity.
- Public institutions typically experience high staff turnover.

These facts help explain why PPP processes often take too long and contribute to the perception of a highly regulated framework. The Ministry of Economy and Finance, along with the Regulators, frequently provide extensive comments on bidding documents, many of which may go beyond their core responsibilities. The National Control Office also does this, reviewing whether PROINVERSION takes these comments—including those from itself (CGR), MEF, and the regulators. Although these oversight mechanisms aim to improve project quality and accountability, the cumulative review process can be demanding and time-consuming.

6.2 CORE CAPACITY-BUILDING PRIORITIES

Therefore, the first step in a capacity development program should generally be to explain what a PPP is and isn't, how it differs from privatization, and to clearly outline the roles of each entity in the concession process. These activities should be aimed at Parliament, the Comptroller General of the Republic (CGR), and granting institutions, especially in social sectors such as health and education, which have less experience with PPPs. Regulators and the MEF must be involved in the second activity, not because they don't understand their roles, but to highlight the costs of their behavior and its impact.

The second step of capacity building can involve learning from the "APEC Guide on Quality Infrastructure Development and Investment," including examples of successful cases, to help beneficiaries improve their understanding of key elements, especially life-cycle cost, and thus develop quality infrastructure in their economies.

6.3 SECTOR-SPECIFIC CAPACITY-BUILDING NEEDS

Regarding the sectors examined in this report, the following specific training needs are identified.

6.3.1 Challenges and needs in the sanitation sector

A key challenge is the limited local technical expertise in developing complex sanitation PPPs, especially in the target regions of the grouped WWTPs. Capacity-building efforts are essential for helping local governments and operators understand tariff regulatory frameworks, PPP risk-sharing, lifecycle asset management, and monitoring.

Another significant challenge is maintaining operational sustainability after construction. Many PPPs focus on reaching construction milestones, but inadequate monitoring and a lack of performance enforcement during the operation phases lead to declining service quality. It is crucial to strengthen institutional capacities for ongoing evaluation, particularly within OTASS and SUNASS.

Additionally, the environmental and social safeguards of these projects need to be enhanced. As infrastructure is built across different ecological zones, localized impact assessments and community engagement plans should be incorporated into project design from the start, supported by tailored training programs for regional teams.

Finally, Peru must improve its repository of empirical data on infrastructure outcomes. This includes using standardized indicators for wastewater treatment efficiency, effluent quality, and user satisfaction. Such data should be used not only for regulation but also to guide public investment decisions, learning cycles, and international benchmarks.

6.3.2 Challenges and needs in the health sector

In the health sector, there is a clear need to strengthen capacities in the regulatory framework, supervision, and regulation of concession contracts due to the absence of economic regulators, similar to other sectors. Therefore, developing skills in contract negotiation, monitoring KPIs, and managing an integrated incident management system, among other areas, is essential.

Regarding overall learning in the sector, courses that include practical international case studies on various PPP schemes, whether gray coat, green coat, or white coat, are necessary. Additionally, cost-benefit analysis in the health sector is unique and not well understood among sector officials, so training is crucial.

6.3.3 Challenges and needs in the transport sector

In the transport sector, applying extensive experience in PPPs and data management is crucial, making courses on financial modeling and contractual risk assessment essential. Furthermore, lessons learned from other industry contracts can be used to enhance future agreements. Lastly, since the sector has encountered many issues with expropriations and interferences, providing training in land management and interference mitigation relevant to the industry would be advantageous.

6.4 NEW PPP LAW TRAINING NEEDS

Finally, regarding PPP management, particularly in the context of delivering quality infrastructure and implementing the new PPP law, the key topics for capacity building in the short, medium, and long term should be (**Table 6.1**):

Table 6.1 Training Needs Related to the New PPP Law

Topic	Term	Aimed at
1. Guidelines for the transfer of risks in concession contracts.	Short	MEF; Ministry of Health; Ministry of Transport and Communications; Ministry of Housing, Construction and Sanitation; PROINVERSION; CGR.
2. Financing mechanisms (reading the financial markets).	Short	MEF, PROINVERSION.
3. Analysis of dealer remuneration, such as RPI and PPD.	Short	PROINVERSION, CGR.
4. Implementation of the infrastructure project management office (PMO) in the granting government entity.	Short	PROINVERSION.
5. Best practices for effective coordination between public institutions that facilitate the bundling of smaller PPP projects.	Short	PROINVERSION; Ministry of Health; Ministry of Transport and Communications; Ministry of Housing, Construction and Sanitation; Regional/Local Governments.
6. Contract management and standardization	Short	PROINVERSION.
7. Addenda management	Short	PROINVERSION.
8. Mechanisms for resolving disputes (Expert Opinion and arbitration). Other mechanisms, such as the Dispute Board (created for the construction period), with adaptation to PPPs.	Medium	PROINVERSION.
9. Standard environmental and social costs to incorporate into tender documents and provide a baseline lifecycle cost for each project.	Medium	Ministry of Health; Ministry of Transport and Communications; Ministry of Housing, Construction and Sanitation; Regional/Local governments.
10. Infrastructure resilience and environmental sustainability.	Medium	MEF, Ministry of Health; Ministry of Transport and Communications; Ministry of Housing, Construction and Sanitation.
11. Practical examples with real cases for decision-making in concession contracts.	Medium	PROINVERSION.
12. Ex-post evaluation courses (e.g. impact evaluation tools) for PPP projects.	Medium	MEF, PROINVERSION.

13. Courses related to new industries: green hydrogen, artificial intelligence in telecommunications, Data Science, Big Data.	Long	MEF, Ministry of Health; Ministry of Transport and Communications; Ministry of Housing, Construction and Sanitation.
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Source: Authors' compilation.

These capacity-building courses and programs will help the economy bridge both existing and identified infrastructure gaps, especially in quality infrastructure.

7. CONCLUSIONS AND RECOMMENDATIONS

Some of the key findings from the Peer Review on infrastructure development and investment, based on Public-Private Partnerships (PPPs) in Peru, are as follows:

- I. PPP projects in Peru emerged as part of a broader effort to promote private investment, following a significant change in legislation governing foreign investment that two years, PPPs regained the momentum they lost over the last decade.

PPP's legal framework has gone through several changes over three decades of infrastructure concessions. In 2025, a new law and its regulations were enacted, granting PROINVERSION greater authority to accelerate the process.
- II. Regarding alignment with the development strategy, there is a commitment to infrastructure development through the medium-term plan at the central government level (starting with PNIC, then PNISC, and finally PNI). However, the implementation of the first two plans has been relatively slow.
- III. The assessment of Value for Money (VfM) is a formal step in designing a PPP, supported by eligibility criteria, which is a required component for declaring a PPP as in the public interest.
- IV. Transparency in the preparation and promotion phases of PPP is a major strength of the Peruvian experience. For instance, PROINVERSION's information on the project portfolio, bidding rules, contract versions, award reports, and committee minutes are publicly accessible.
- V. Regarding life-cycle costs (LCC), PPP projects include estimates of initial investments, along with expenses for operations and maintenance, and a contingency amount. However, the systematic and quantitative integration of environmental and social costs is not yet consistent across all projects, and these costs are not always explicitly included.
- VI. PPP projects aim to reduce social gaps and improve affordability of services. For instance, in the sanitation sector, beneficiaries are identified during the planning phase using criteria such as social impact and geographic coverage to allocate cross-subsidies. In the transport and health sectors, affordability is upheld through government subsidies, like low transportation fares and free healthcare. However, unless the contract specifically states otherwise, PPPs may not be required to maintain social tariffs or cross-subsidy schemes.
- VII. One of the main issues has been the delivery of land to the concessionaire for its activities. Delays in expropriations have caused significant cost overruns for users, especially in transportation infrastructure projects. Although a recent regulation establishes a more efficient process for acquisition and expropriation, it allows certified entities to appraise and acquire directly, reducing reliance on the MTC's Land Directorate, strengthening the management of easements, interferences, and non-owner occupants, and bolstering the role of PROINVERSION. Therefore, there are optimistic expectations for major improvements in this area.

Although Peru has made significant improvements in public service infrastructure, mainly in sectors where private investment has handled both construction and operation, and has gained extensive experience in PPP projects—both in the number of projects and years of collaboration—there are still notable shortcomings to address, such as:

- Some public officers from grantor institutions do not fully understand PPPs and sometimes treat them similarly to public works. This is particularly evident in Parliament (which makes laws) and in the National Controller's Office.
- Public officers are highly cautious in their interactions with the National Controller's Office, which contributes to longer decision-making and approval timelines.
- There is a lack of management capacity in public institutions.
- Public institutions have historically experienced high staff turnover.
- Environmental and social costs are not always explicitly incorporated, resulting in incomplete LCC assessment.

The review team proposes the following recommendations, based on the main findings and shortcomings (**Table 7.1**):

Table 7.1 Recommendations Based on Main Findings

Topic	Recommendation	
Quality Infrastructure Development and Investment	Capacity building on APEC Guides, learning from successful case examples.	Short run
	Highlighting the broad application of LCC, primarily covering environmental and social costs.	Medium term
	Introducing disaster risk reduction into infrastructure planning and thorough integration of disaster and emergency management during PPP construction and operation phases.	Long run
PPP versus Public Works	Capacity building on what a PPP is and what it is not, along with a clear description of each entity's roles.	Short run
	Prioritize PPP when VfM justifies it to ensure optimal performance O&M.	Short run
	Shifting the focus of PPP contracts from input specifications related to facilities and equipment to specifying quantity and quality outputs (through Key Performance Indicators).	Short run
Human resources	Implementing comprehensive capacity-building programs aligned with the new PPP law.	Short run
	Hiring and retaining qualified and experienced staff through monetary and non-monetary compensation strategies based on meritocracy.	Medium term
Role of National Controller Office	Avoiding comments to bidding documents and contract versions regarding technical aspects and project costs, and only focusing on comments about government financial capacity to fulfill its commitments.	Short run

	Including references to potential criminal liability in control reports only when supported by clear and sufficient evidence, avoiding the premature exposure of public officers to reputational and legal risks prior to due process.	Medium term
Ex-post evaluation	Developing KPI and Database to provide open access information for impact evaluation studies.	Short run
	Designing and implementing courses and guidelines.	Medium term
	Including regulation about the use of the results of official ex-post evaluations in future projects.	Medium term
New PPP Law	Monitoring the improvement in governance resulting from the implementation of the New Law related to shorter structuring times	Short run
	Ensuring that the procedures for the signing of contractual modifications and/or extensions or renewals of concessions are carried out in strict accordance with the procedures indicated in the Regulations of the New Law.	Medium term

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ANNEX

Table A.0.1 Detailed Evolution of Main PPP Regulations in Peru

Year	Publication Date	Regulation	Type	Comment
2008	13-05-2008	Legislative Decree No. 1012	PPP Law	First PPP framework law in Peru
2014	31-05-2014	Supreme Decree No. 127-2014-EF	Regulation	Regulation of Legislative Decree 1012
2015	25-09-2015	Legislative Decree No. 1224	New PPP Law	Replaces Legislative Decree 1012
2015	27-12-2015	Supreme Decree No. 410-2015-EF	Regulation	Regulation of Legislative Decree 1224
2016	19-05-2016	Directorial Resolution No. 004-2016-EF/68.01	Guidelines	Eligibility criteria for PPP projects
2016	30-05-2016	Ministerial Resolution No. 167-2016-EF/15	Guidelines	Risk allocation in PPP contracts
2016	17-06-2016	Directorial Resolution No. 005-2016-EF/68.01	Guidelines	PPP formulation and structuring phases
2016	30-11-2016	Legislative Decree No. 1251	Legal Amendment	Amends Legislative Decree 1224
2017	05-01-2017	Legislative Decree No. 1333	Complementary Decree	Access to land for prioritized projects
2017	28-03-2017	Supreme Decree No. 068-2017-EF	Regulation Amendment	Amends Supreme Decree 410-2015-EF
2017	06-04-2017	Directorial Resolution No. 001-2017-EF/68.01	Guidelines	Preparation of the Multiyear Investment Report in PPPs (still in effect)
2017	07-06-2017	Law No. 30578	Amending Law	Amends Article 1 of Legislative Decree 1251
2017	22-06-2017	Law No. 30594	Amending Law	Amends Legislative Decree 1251
2018	23-07-2018	Legislative Decree No. 1362	New PPP Law (in effect)	Replaces Legislative Decree 1224
2018	30-10-2018	Supreme Decree No. 240-2018-EF	Regulation (in effect)	Regulation of Legislative Decree 1362
2022	26-03-2022	Legislative Decree No. 1543	Legal Reform	Improves private investment promotion management and processes
2022	14-09-2022	Supreme Decree No. 211-2022-EF	Complementary Regulation	Regulates Legislative Decree 1543 and amends the Regulation of Legislative Decree 1362
2023	23-04-2023	Legislative Decree No. 1550	Legal Reform	Legislative Decree that modifies Legislative Decree No. 1362
2024	02-10-2024	Legislative Decree No. 1691	Legal Reform	Legislative Decree that modifies Legislative Decree No. 1362
2025	16-09-2025	Law No. 32441	New PPP Law	Replaces Legislative Decree No. 1362 and its modifications

Source: Authors' compilation.

Table A.0.2 List of Interviewed Stakeholders

Name	Institution	Date
Maria Elena Fernandez	Health Projects Director (MINSa) - PROINVERSION	July 24 th , 2025
Juan Suito	Advisor of Executive Director - PROINVERSION	July 24 th , 2025
Vladimir Lozano	Deputy Director of Social and Environmental Affairs - PROINVERSION	July 25 th , 2025
Nancy Zedano	Health Projects Director (ESSALUD) – PROINVERSION	July 25 th , 2025
Norman Zegarra	Transport Projects Director (Roads & Railroads) - PROINVERSION	August 1 st , 2025
Juan Pacheco	General Manager – AFIN (Infrastructure Promoting Association)	August 2 nd , 2025
Ernesto Guevara	Transport Projects Director (Roads & Railroads) - PROINVERSION	August 5 th , 2025
Edgar Patiño	Advisor of Executive Director - PROINVERSION	August 5 th , 2025
Emerson Castro	Advisor of Executive Director - PROINVERSION	August 8 th , 2025
Fernando Momiy	Director - Forest Trends Peru	August 8 th , 2025
Raul Diaz	General Manager – Lima Expresa	August 8 th , 2025
Camilo Carrillo	Associate Partner - Ernst & Young	August 11 th , 2025
Ronald Fernandez Davila	Partner – PPU Lawyers	August 11 th , 2025
Lucy Henderson	Deputy Director of Knowledge Management - PROINVERSION	August 12 th , 2025
Alexander Ojeda	Legal Coordinator of Private Investment Policy - DGPIIP MEF	August 12 th , 2025
Darwin Pardave	General Director of Housing and Construction Programs and Projects - MVCS	August 14 th , 2025

Source: Authors' compilation.

**Table A.0.3 Participants in the Workshop to Identify Capacity Building Needs
November 6th, 2025**

Name	Institution
Alvaro Valencia	Ministry of Economy and Finance
Alexander Ojeda	Ministry of Economy and Finance
Darwin Pardave	Ministry of Housing, Construction and Sanitation
Ernesto Zaldivar	PROINVERSION
Maria Elena Fernandez	PROINVERSION
Luis Gonzales	PROINVERSION
Zulema Tomas	National Institute of Children's Health
Ivan Cieza	Office of the Comptroller General of the Republic
John Vega	OSITRAN
Miguel Layseca	SUNASS

Source: Authors' compilation.