

# PUBLIC PRIVATE PARTNERSHIP PROJECTS

## PERU 2021



The Private Investment Promotion Agency (hereinafter “Proinversion”) expects to award eleven (11) projects for a total of US\$ 2.5 million in 2021 and to declare of interest nine (9) projects for a total of US\$ 3.4 million.

### Why is Peru promoting Public-Private Partnerships?

Introduction of technology and innovation by the private sector.	Encourages compliance with deadlines, investment, operation and maintenance costs.	Increased budget predictability during useful life, enabling the use of deferred payments.	Builds local capacity through partnerships with international operators and investors.
Adequate infrastructure helps diversify the economy, gaining competitiveness and access to logistics chains.	Complements public sector capabilities to meet unsatisfied infrastructure demand.	Provides greater value for money (value-for-money) by transferring risks to the private sector.	

### Tools for the promotion Private investment promotion tools of Proinversion

#### Financial benefit: Early recovery of the IGV

- Increased liquidity in the pre-operational stage
- Higher project profitability
- Lower financial cost

## Tax benefit: Tax reimbursement

- IGV refund for purchases of goods, services and construction contracts applicable to companies that have operations not taxed with IGV such as:
  - Public Works
  - Public Services
  - EPS (Private Law Public Enterprises).
- Minimum investment commitment: USD\$ 5 million
- The same procedure is used as for the Special Regime of Anticipated Recovery of the IGV, but, unlike this one, it is applied to companies with operations not taxed with the IGV.

## Legal stability agreements

- *Guarantees for the investor:* stability of the right to non-discrimination, of the Income Tax regime, of the right to use the most favorable exchange rate available in the market, of the regime of free availability of foreign currency and of the right of free remittance of profits, dividends and royalties.
- *Guarantees to the company receiving the investment:* stability in the labor hiring, income tax and export promotion regimes used by the company.

This is a brief summary of the PPP projects that are in the portfolio of prioritized projects for the year 2021 by Proinversion:

## Electricity

### "500 kV Piura Nueva - Frontera Substation Transmission Line"

#### Summary

The concession will be granted under the mechanism of Integral Project Competition, through which the successful bidder will be responsible for the design, financing, construction, operation and maintenance of the Project. At the end of the concession period, the Project will be transferred to the Peruvian Government.

The 500 kV Peru-Ecuador International Electrical Interconnection Project includes the construction of a 500 kV Transmission Line that will link the Chorrillos Substation in Ecuador with La Niña Substation in Peru (hereinafter the "Line"). The Line includes the construction of two new intermediate substations: Pasaje Substation in Ecuador and Piura Nueva Substation in Peru, with a total length of 635.1 km, of which 284.4 km crosses Ecuadorian territory and 350.7 km crosses Peruvian territory.

The "500 kV Piura Nueva - Frontera Substation Transmission Line" project will be carried out in the region of Piura, northern Peru and a few hours south of the border with Ecuador.

Spanish: [Link](#) / English: [Link](#)

#### Type:

Peruvian Government self-sustained initiative

#### Investment amount:

US\$ 163.5 million

#### Term:

30 years

#### Responsible government entity:

Ministry of Energy and Mines

#### Estimated award date:

2<sup>nd</sup> quarter of 2021



## "138 kV Puerto Maldonado - Iberia Transmission Line and Valle del Chira Substation of 220/60 /22.9 kV"

### Summary

The projects are aimed at supplying electricity to the city of Iberia, the villages and industrial loads in the area, with energy from the National Interconnected Electricity System ("SEIN", for its Spanish acronym). As part of the project, the Puerto Maldonado substation must be extended in order to complete the connection cells of the existing transformer and install the output bay of the Puerto Maldonado-Iberia line. In addition, the substation project aims to allow for greater reliability in the supply of energy in the Piura region.

The "138 kV Puerto Maldonado - Iberia" and "Valle del Chira 220/60/23 kV Substation 100 MVA Transmission Line" projects will be carried out in the regions of Madre de Dios and Piura, the first being located to the east of Lima and near the border with Brazil, and the latter to the north of Lima and closer to the border with Ecuador.

The 138 kV link will be 160 km long and will supply electricity from the National Interconnected Electricity Network, located in the city of Puerto Maldonado, to the city of Iberia, both of which are located in Madre de Dios. In addition, the project includes the expansion of the Puerto Maldonado substation, also located in Madre de Dios, to connect the cells to the existing transformer and install the output bay of the Puerto Maldonado - Iberia transmission line.

The second project comprises the implementation of the new 220 kV "Valle del Chira" substation, which will be located in Piura and will connect the departments of Piura and Tumbes, both located in the northern part of Peru. In addition, the 60 kV link will connect the Sullana Substation with the La Huaca Substation.

Spanish: [Link](#) / English: [Link](#)

### Type:

Peruvian Government self-sustained initiative

### Investment amount:

US\$ 47 million

### Term:

30 years

### Responsible government entity:

Ministry of Energy and Mines

### Estimated award date:

2<sup>nd</sup> quarter of 2021

## Hydrocarbons

## "Wide-Scale Use of Natural Gas - Distribution System through a Natural Gas Grid across the Regions of Apurimac, Ayacucho, Huancavelica, Junin, Cusco, Puno and Ucayali"

### Summary

The purpose of this project is to grant a concession for the design, financing, construction, operation, maintenance and transfer to the Peruvian government of Natural Gas Distribution Systems through a network of pipelines in the cities of Andahuaylas, Abancay, Huamanga, Huanta, Huancavelica, Huancayo, Jauja, Cusco, Quillabamba, Juliaca, Puno and Pucallpa, which are located in the regions of Apurimac, Ayacucho, Huancavelica, Junin, Cusco, Puno and Ucayali.

The investor will provide the Natural Gas Distribution Service for the various users, for which it must implement the essential infrastructure to provide this service in each of the cities included in the Project.

The minimum infrastructure that must be implemented, as part of the concession, in each city will be reception and main regulation station, high pressure steel mesh, district regulation stations and medium pressure polyethylene netting.

The investor will be able to have Natural Gas supply through technologies such as Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG) and/or directly through pipeline infrastructure connected to a certain transport or production system.

### Type:

Peruvian Government self-sustained initiative

### Investment amount:

US\$ 200 million

### Term:

32 years

### Responsible government entity:

Ministry of Energy and Mines

### Estimated award date:

1<sup>st</sup> quarter of 2021

Spanish: [Link](#) / English: [Link](#)

## Health

### "New Hospital of High Complexity in Chimbote"

#### Summary

The Project consists of the design, construction, equipment; operation and maintenance of the complementary services to allow to offer services of high complexity to the population insured in the Department of Ancash and includes the development of a hospital that will have a modern infrastructure with approximately 161 hospital beds and high technology equipment. Assistance services will continue to be provided by ESSALUD.

Likewise, the development of a Polyclinic of Growing Complexity in the district of Nuevo Chimbote that will provide integral health care in a preventive, recuperative, rehabilitative and specialized manner to the population of the Nuevo Chimbote district.

Spanish: [Link](#) / English: [Link](#)

#### Investment amount:

US\$ 110 million

#### Term:

20 years

#### Responsible government entity:

ESSALUD

#### Estimated award date:

4th semester of 2021

### "New Hospital of High Complexity in Piura"

#### Summary

The Project consists of the design, construction, equipment, operation and maintenance of the complementary services to allow to offer services of high complexity to the population insured in the Department of Piura.

The Hospital will have a modern infrastructure of approximately 342 hospital beds and high technology equipment. Assistance services will continue to be provided by ESSALUD, while the management of infrastructure and equipment maintenance will be the responsibility of a private operator, as well as laundry, food, cleaning, security, hospital waste management and sterilization services.

Spanish: [Link](#) / English: [Link](#)

#### Type:

Cofinanced State initiative

#### Investment amount:

US\$ 144 million

#### Term:

20 years

#### Responsible government entity:

ESSALUD

#### Estimated award date:

4th semester of 2021

## Land Transport

### "Longitudinal of the Sierra road project, Section 4: Huancayo-Izcuchaca-Mayoc-Ayacucho/Ayacucho-Andahuaylas-Puente Sahuinto/Dv. Pisco - Huaytará - Ayacucho"

#### Summary

The project involves the performance of improvement and rehabilitation works (117 km), regular initial maintenance (498 km) and subsequent maintenance and operation, in order to keep the road under established service levels.

The interventions in the project include the Rehabilitation and Improvement, which will be executed by the MTC, the Initial Periodic Maintenance whose referential amount is US\$ 280 million, and the operation and maintenance of the 920 km and other interventions (such as: ducts and cameras for the deployment of optical fiber, toll units and weighing stations) whose referential amount is US\$ 21 million. In the amounts above, the VAT is not considered.

The estimated investments for operation and the routine and regular maintenance are not included in the above information.

#### Type:

State initiative – Co-financed Comprehensive Project Bid

#### Investment amount:

US\$ 709 million

#### Term:

25 years

#### Responsible government entity:

Ministry of Transportation and Communication

#### Estimated award date:

1st semester of 2022

Spanish: [Link](#) / English: [Link](#)

## Railways

### "Huancayo - Huancavelica Railway"

#### Summary

The Huancayo - Huancavelica railway is one of the highest railways in the world, between 2,819 masl at its lowest point, at Mariscal Caceres Station and 3,680 masl at its highest point, at Huancavelica Station. It has a total of seven (7) stations, nineteen (19) stops, fifteen (15) bridges, thirty eight (38) tunnels, and thirty seven (37).

The Huancayo Huancavelica Railway is a mountain railway and its superstructure and substructure are subject not only to the deterioration and deformation by static and dynamic loads from the railway vehicles in circulation, but also due to the influence of rainfall and climatic phenomena typical of this region of the country, which are presented each year.

The project comprises a DBFO scheme (design, finance, build, operate and transfer), so the future concessionaire will be responsible for developing the Final Engineering Works Studies and the Rolling Material, as well as the Semi-detailed Environmental impact study. It also will be responsible for the execution of the rehabilitation works and provision of rolling stock, to subsequently provide rail service through an operator and to the maintenance of infrastructure and rolling stock.

Spanish: [Link](#) / English: [Link](#)

#### Type:

Co-financed Government Initiative

#### Investment amount:

US\$ 232 million

#### Term:

30 years

#### Responsible government entity:

Ministry of Transportation and Communication

#### Estimated award date:

1st quarter 2021

## Sanitation

### "Improvement of the sewage system and wastewater treatment for Puerto Maldonado City - District of Tambopata, Province of Tambopata and Department of Madre de Dios"

#### Summary

The project comprises the design, financing, construction, restoration, expansion, operation and maintenance of the collection, treatment and final disposal systems of municipal wastewater in the city of Puerto Maldonado (Tambopata and El Triunfo localities), including technical support to the Empresa Municipal de Agua Potable y Alcantarillado de Tambopata (EMAPAT) for the monitoring and control of maximum permissible values.

Spanish: [Link](#) / English: [Link](#)

#### Type:

Cofinanced State initiative

#### Investment amount:

US\$55 million

#### Term:

22.5 years

#### Responsible government entity:

Ministry of Housing, Construction and Sanitation

#### Estimated award date:

2nd quarter 2021



## "Headworks and Conduction for the Drinking Water Supply in Lima"

### Summary

Design, finance, build, operate and maintain of: i) Enlargement of Pomacocha and Huallacocha Bajo dams (approx. 90 MCM), ii) Water intake and canals in Yauli river, iii) Pomacocha - Rio Blanco transfer works (approx. 10 km of trans-Andean tunnels), iv) Drinking water plant in Huachipa (5 m<sup>3</sup>/s) v) South brach conduction line (approx. 25,6 Km), vi) Complementary works (reservoirs and interconnection works)

The "Headworks and Conduction for the Drinking Water Supply in Lima" Project will take place in the departments of Lima and Junín, the latter is located to the east of Lima. The project consists of (i) the design, financing, construction, operation and maintenance of new works, and (ii) the operation and maintenance of existing works.

Regarding the first point, the project includes the:

- i. Restoration and enlargement of the Pomacocha and/or Huallacocha Bajo dams (from 36.1 MMC to 90 MMC;
- ii. Construction of 2 channels of 10 km approx. from the Yauli River to capture water for the Pomacocha dam;
- iii. Construction of a 10 km trans-Andean tunnel from the Pomacocha reservoir to transfer water to the Rimac River;
- iv. Construction of a drinking water treatment plant located in Huachipa (5 m<sup>3</sup>/);
- v. Construction of 2 main reservoirs of treated water in Huachipa;
- vi. Construction of a south branch conduction line of 40.7 km approx. from the Huachipa plant to Pachacamac, which includes 3 tunnels;
- vii. Construction of 7 compensation reservoirs located in the districts of Lima: Ate, La Molina, Pachacamac - Manchay, Villa María del Triunfo and Pachamacac - Lurín; and,
- viii. Installation of primary driving lines of approx. 90 km to interconnect 7 compensation reservoirs

In regards with the second point, the project also includes the operation and maintenance of the following existing works: (i) Huachipa Water Intake with a maximum flow of 12 m<sup>3</sup>/s, (ii) Huachipa I Plant with a production capacity of 5 m<sup>3</sup>/s, (iii) the North Branch conduction line of 27.1 km from the Huachipa I Plant to the district of Lima called "Los Olivos" including two tunnels going through districts of Lima, and (iv) 4 compensation reservoirs located in the districts of Lima: San Juan de Lurigancho, Chosica, and Comas.

Spanish: [Link](#) / English: [Link](#)

### Type:

Self-financed Government Initiative

### Investment amount:

US\$ 480 million

### Term:

30 years

### Responsible government entity:

Ministry of Housing, Construction and Sanitation

### Estimated award date:

4th quarter 2021

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