

2018-2020 infra pipeline in Peru

Jon Whiteaker

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The hopes of a nation rested on the support of foreigners. But the pleas of Paulo Guerrero and thousands of protestors on the streets of Peru have fallen on deaf ears. FIFA has upheld its ban, and the captain of the Peruvian football team will not be allowed to play at the first World Cup the country has qualified for since 1982 due to a failed drugs test.

While Guerrero was in Switzerland making his ultimately unsuccessful appeal to FIFA, representatives of the Peruvian government were preparing their own petitions to international institutions.

The land of the Incas has a strong track record for infrastructure but development has slowed over recent years. The reverberation from the *Lava Jato* scandal have shaken the construction industry, and ultimately led to the fall of President Pedro Pablo Kuczynski earlier this year (2018). None of which has been healthy for investor confidence.

Peru's Private Investment Promotion Agency (ProInversión) is now conducting [roadshows around the world](#) in hope of attracting new investment to the country's substantial pipeline of projects. Opportunities for investors and contractors are vast.

Familiar story

Peru boasts the award of over 100 PPP contracts over the last decade. The market is well-known for its investor-friendly environment and has experience of procuring a variety of project types.

Yet there is still huge demand for infrastructure investment, which is why ProInversión has a pipeline of 50 projects it is promoting around the world as part of its 2018-2020 portfolio. Transport projects make up 40% of the total, mining 23% and healthcare 10% – with water, energy, education, irrigation, and telecoms making up the rest.

So the government has a good story to tell, although it may seem a familiar one to many of those investors.

Back in January 2017, [ProInversión announced a pipeline of 32 projects](#) following a reform of the PPP framework. And many of the projects being promoted then are still in the shop window.

In 2016, then-President Kuczynski set out plans to [speed-up the procurement of projects](#), and attract developers other than usual suspects such as Odebrecht and OAS, which at the time were main suspects in the *Lava Jato* investigation.

Less than two years later, allegations of secret payments to Odebrecht officials led to the resignation of a President who had previously seemed well-placed to enact political reform and boost investor confidence.

That job now falls to his successor Martín Vizcarra. He is prioritising economic growth and has already tabled proposals to accelerate infrastructure development.

Over the next month, representatives from the government and ProInversión will have audiences with investors in cities around the world. Given the opportunities on offer, and despite recent setbacks, attendees will be keen to listen to what

they have to say.

(Below is a list of the 20 most advanced projects in Peru's pipeline)

2018 projects

Project	Location	Type	Description	Estimated value	Stage
Huancayo to Huancavelica Railway	Central highlands	Co-financed government initiative	30-year DFBOT	\$235 million	Call for bids open until November 2018
Jalaoca mining project	Apurimac, central highlands	Government initiative/transfer agreement	Developing two mines: a copper-gold porphyry skarn deposit and a copper-molybdenum porphyry deposit	Concession term and investment amount to be determined	16 companies have acquired bidding documents, with award due in June 2018
Colca mining project	Apurimac, central highlands	Government initiative/transfer agreement	Developing a copper-gold porphyry deposit spread over 14,100 hectares	Concession term and investment amount to be determined	14 companies have acquired bidding documents, with award due in September 2018
Masificación de Uso de Gas Natural	7 regions of central and southern Peru	Self-financed government initiative	32-year concession to transport compressed gas by trucks to cities and distribute through pipelines	\$350 million	Bids open, with award in July 2018
Repowering of Carabayllo–Chimbote–Trujillo transmission line	Northern and central coast	Self-financed government initiative	30-year DFBO for the repowering of part of the transmission line	\$90 million	Under structuring, estimated award in H2 2018
Connection, substations and transmission lines for La Niña – Piura	Northern coast	Self-financed government initiative	Concession details to be determined	\$132.1 million	Under preparation, estimated award in H2 2018
Connection, substations and transmission lines for Pariñas – Nueva Tumbes	Northern coast	Self-financed government initiative	Concession details to be determined	\$47.3 million	Under preparation, estimated award in H2 2018
Connection, substations and transmission lines for Tingo María – Aguaytía	Jungle region	Self-financed government initiative	Concession details to be determined	\$20.4 million	Under preparation, estimated award in H2 2018
Wide band telecoms transmission lines	6 regions in the north and south of the country	Asset transfer	25-year concession to expand broadband carrier networks and access networks for rural areas	\$359 million	Under preparation, with award due in Q4 2018
Lake Titicaca Basin water treatment system	Highlands	Co-financed private initiative initiated by Tedagua and Acciona	30-year concession to deliver 14 new water treatment plants (10 to be built by private sector)	\$309 million	EOI issued in March 2018 with a deadline of June 2018

2019/2020 projects

Project	Location	Type	Description	Estimated value	Stage
San Juan de Marcona Port Terminal	Southern coast	Private initiative by Shougang Mining Company	30-year DFBO for a new port for iron, copper and mining supplies	\$582 million	Under preparation - call for expressions of interest: H1 2019
Longitudinal de la Sierra – Sección 4 highway	Central highlands	Co-financed government initiative	25-year DFBOT	\$464 million	Under preparation - estimated award date Q1 2019
Autopista Internacional del Norte highway	Northern coast	Co-financed private initiative	25-year concession	\$763 million	Under preparation - calls for expressions of interest: H1 2019
Anillo Vial de Lima ring road	Lima	Co-financed private initiative	30-year concession awarded to Ferrovial and JJ Camet	\$2 billion	Under structuring, delayed by land expropriation issues
Integrated System of Gas Transport – South Zone	3 regions of southern Peru	Co-financed government initiative	Developing pipelines to transport natural gas from Cuzco to regions of Arequipa and Moquegua	Concession term and investment amount to be determined	Estimated award in H2 2020

Headwater streams to supply drinking water	Lima	Self-financed government initiative	30-year DFBOM concession for dams, diversion works, potable water plant, and pipelines	\$600 million	IFC advising, under preparation. Bidding docs due to be released in Q1 2019
Puerto Maldonado water treatment plant	Southern jungle	Co-financed government initiative	DFBOM for piping treatment and disposal of wastewater system (concession length to be determined)	\$20.08 million	Under preparation, estimated award in Q1 2019
Huancayo, El Tambo y Chilca water treatment plant	Central highlands	Co-financed private initiative	Concession details to be determined	\$90 million	Under preparation, estimated award in Q1 2019
Essalud - Piura and Ancash high complexity hospitals	Northern region	Co-financed government initiative	17-year O&M concession for complimentary services at two hospitals	\$254 million	Under preparation, estimated award in H1 2019
Children and Adolescents Health Institute	Lima	Co-financed government initiative	20-year (plus 3-year construction) DBOM for complementary services	\$170 million	Early stages. Documents likely to be ready for bidders by the end of 2019

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