UN Tourism

CAF DEVELOPMENT BANK OF LATIN AMERICA AND THE CARIBBEAN

TOURISM DOING BUSINESS
INVESTING IN PERÚ

Gobierno del Perú

PERÚ Ministerio de Comercio Exterior y Turismo

Perú

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Ponle Punche y ganamos todos PERÚ

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TOURISM DOING BUSINESS

INVESTING IN PERU

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Dina Ercilia Boluarte Zegarra

PRESIDENT OF THE REPUBLIC OF PERU

We are a country of great opportunities for investors, a country opening up to the world, determined to attract capital and a large number of tourists eager to experience our attractions. We are a country with a millennial history, stunning landscapes, and a world-beating cuisine. With these assets, we can compete on an equal footing with other tourist destinations around the globe.

After the pandemic, we set ourselves the challenge of making our tourism offerings more visible, to enhance them and make them more robust, surpassing pre-pandemic levels and thus developing our travel and tourism industry.

It is important to highlight at this point that Peru is one of the most stable countries in the Latin American region for investments, which mainly come from countries like the United Kingdom, the United States, China, Spain, and Chile.

Likewise, our notable track record in macroeconomic management means that we are the country with the second highest credit rating in the region, as well as one of the most solvent in Latin America in terms of public finances. Additionally, our inflation, monetary indicators, and exchange rates are remarkably stable.

Turning to tourism, by the end of 2023 this sector represented 2.5% of Peru's GDP. This figure marks the beginning of an ambitious path towards an even more prosperous future. With clear goals and renewed commitment, our objective is to increase this percentage to 3.7% by 2026, fostering sustainable and equitable growth across the entire nation.

It is also important to mention that at present the tourism sector supports more than 1.2 million jobs in the country. Our goal is to exceed 1.6 million by 2026. These jobs offer livelihood opportunities and promote social inclusion as well as human development in all the communities involved in the tourism value chain.

This sector is further strengthened by our major alliances through multilateral forums such as the Andean Community (CAN), Asia-Pacific Economic Cooperation Forum (APEC), which we are hosting this year; the Pacific Alliance, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Organisation for Economic Cooperation and Development (OECD)´s Tourism Committee and Working Group on Tourism Statistics.

Against this backdrop, the guide "Tourism Doing Business - Investing in Peru" constitutes a valuable and powerful tool to encourage more people and citizens of the world to take an interest in tourism in our country. It is also an invitation to explore the countless investment opportunities Peru offers, as well as to discover the richness and diversity of our land and culture. Peru is waiting for you to be part of this prosperous and promising future that we are forging.

Dina Ercilia Boluarte Zegarra
President of the Republic of Peru

Úrsula Desilú León Chempén

MINISTER OF FOREIGN TRADE & TOURISM

Tourism has become an important factor in economic development and social cohesion in Peru. All the actors involved in the tourism sector agree that their activities are part of one of the main economic drivers of our country, as it represents 2.9% of our GDP, generates thousands of jobs, encourages investment, and promotes entrepreneurship.

At MINCETUR, we have established an important cooperative relationship with all the actors involved in tourism activities, such as retail and wholesale operators, local communities, grassroots associations, hotel chains, among others, with the aim of providing unforgettable experiences to visitors from around the world, highlighting the cultural and natural richness that characterizes us.

Peru is a country of great opportunities for investors and is opening to the world with determination, both to attract capital and to receive a growing number of tourists eager to discover its countless attractions. Our tourism offerings are vast and diverse, from the impressive citadel of Machupicchu, a World Heritage Site, to the Archaeological Park of Choquequirao, among other natural and cultural wonders. This is complemented by our renowned gastronomy, which blends millennia-old traditions with unique flavors.

It is also important to highlight that tourism is one of the economic activities with the greatest social acceptance. It is a cultural phenomenon and a powerful tool for interaction and integration, fostering knowledge, understanding, and appreciation among the different societies of our planet every day.

Let us remember that Peru is one of the most stable countries in the region in terms of investments, with a notable track record in macroeconomic management, which allows us to be the second country with the best credit rating in Latin America. This favorable context, together with our constantly developing infrastructure and alliances in multilateral spaces, provides investors with a legally secure environment conducive to exploring business opportunities.

For all these reasons, the guide "Tourism Doing Business - Investing in Peru" not only highlights the key attributes of our country as a tourist destination but also provides detailed information on investment opportunities in the sector. In fact, between 2005 and 2024, more than USD 621.4 million has been allocated to tourism projects through the public investment budget, and around USD 93.5 million more is projected for this year.

Regarding connectivity, it is also important to highlight that Peru has constantly developing infrastructure that facilitates the arrival and movement of tourists throughout the country. We have 11 international airports offering connections to 46 international routes and 27 domestic routes, as well as an extensive road network of approximately 30,000 km, 12 port terminals, three railways, and the Amazon Waterway. This solid infrastructure offers numerous investment opportunities in various projects, from the construction of hotels and theme parks to investments in airports, docks, and public services that benefit both tourists and local communities.

Through the Special Regime for Early Recovery of the General Sales Tax (RERA IGV, for its Spanish acronym) and other incentives, Peru facilitates access for private investors interested in developing high-quality and sustainable tourism projects, consolidating the country as an attractive and competitive destination globally.

Our guide "Tourism Doing Business - Investing in Peru" is an open invitation to all investors, policymakers, and international partners to work together on the exciting project of promoting sustainable tourism in Peru. This joint effort is essential to consolidate our country as a reference destination, not only for its natural and cultural attractions but also for its responsible initiatives towards both the environment and local communities.

Thank you very much.

Úrsula Desilú León Chempén
Minister of Foreign Trade & Tourism

Zurab Pololikashvili

SECRETARY-GENERAL, UN TOURISM

It is an honour to present the guide “Tourism Doing Business - Investing in Peru”, a fundamental tool that highlights the numerous business opportunities offered by this wonderful country’s tourism sector. Peru combines its extraordinary cultural heritage and award-winning gastronomy with unique landscapes of singular biodiversity. This rich heritage and natural wealth position it as a destination with many attractions for sustainable and responsible tourism.

Tourism has a very positive impact on the economy, society, and culture, thanks to its ability to drive development, create stability, and integrate diverse cultures and sensibilities. As such, our commitment goes beyond the purely economic; we want to promote a sector deeply rooted in values such as sustainable growth, environmental preservation, social inclusion, and territorial cohesion. This guide reflects our firm commitment to these principles and promotes an evolution of tourism in Peru that is aligned with the Sustainable Development Goals (SDGs), thereby contributing to the global agenda of well-being for people and the planet, together with prosperity.

This guide is an invitation to investors, public policymakers, and international allies to work together on the exciting project of fostering sustainable tourism in Peru. We hope this publication serves as a useful tool to identify investment opportunities and foster the creation of synergies between the public and private sectors. These alliances are fundamental to consolidating the country as a benchmark destination for responsible initiatives, both in terms of the environment and the communities that inhabit it.

Through the collaboration of UN Tourism and CAF – Development Bank of Latin America and the Caribbean, and with the support of Peru’s Ministry of Foreign Trade & Tourism (MINCETUR), this guide is a testament to the joint commitment to support sustainable tourism that benefits all sectors of society.

Zurab Pololikashvili
Secretary-General, UN Tourism

Sergio Díaz-Granados Guida

EXECUTIVE PRESIDENT
CAF – DEVELOPMENT BANK OF LATIN AMERICA & THE CARIBBEAN

Tourism in Latin America and the Caribbean represents an important source of wealth generation and constitutes one of the major drivers of growth, development, and inclusion in the formal economy for women and young people. The sector is estimated to generate one in every 10 jobs in the region. Tourism revitalises local economies, especially in rural areas, by promoting indigenous products and services, facilitating knowledge and cultural exchange.

This is a sector that encourages innovation and contributes to meeting the United Nations' 2030 Agenda and the Sustainable Development Goals (SDGs). Latin America and the Caribbean, covering only 15% of the world's territory, possesses 40% of its biodiversity, highlighting the opportunity and responsibility of being a solution-oriented region in the face of climate change challenges.

At CAF, the development bank of Latin America and the Caribbean, we are committed to the sector, and so have created a Tourism Directorate to drive the industry's growth by coordinating public-private efforts, promoting value chains based on sustainability, innovation, and social inclusion.

"Tourism Doing Business – Investing in Peru," the fruit of a joint effort by UN Tourism and CAF, is a promotional tool for investments in tourism services and attractions, supporting the construction of hotels, historic buildings converted into hospitality accommodation, theme parks, investments in National Parks, and enabling infrastructure such as airports, docks, roads, and public services that benefit not only tourists but also local communities.

This guide showcases significant investment opportunities in the tourism sector of this wonderful destination, one of the 17 most megadiverse countries in the world, offering visitors some of the magnificent treasures of the pre-Columbian epoch together with numerous vestiges of the Inca Empire, culminating in the Sanctuary of Machupicchu, a World Heritage Site considered one of the seven wonders of the modern world. As well as all this, there is also the country's world-class gastronomy.

CAF reaffirms its commitment to supporting tourism investment in the country, from quality infrastructure projects to strengthening the entrepreneurial and professional capacities of the various sector actors in synergy with the authorities, to support the development of Peru's potential as a tourist destination.

Sergio Díaz-Granados Guida
Executive President
CAF – Development Bank of Latin America & The Caribbean

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List of abbreviations, original &/or English version

AF- Adaptation Fund
BCRP - Banco Central de Reserva del Peru (Central Reserve Bank of Peru)
CAF – Development Bank of Latin America and the Caribbean
CENFOTUR – Centro de Formación en Turismo (Tourism Training Centre)
COFIDE – Corporación Financiera de Desarrollo (Peruvian Financial Development Corporation)
DIRCETUR – Direcciones Regionales de Comercio Exterior y Turismo (Regional Foreign Trade & Tourism Departments)
FDI – Foreign Direct Investment
ECLAC - Economic Commission for Latin America and the Caribbean
FIDECOM - Fondo de Investigación y Desarrollo para la Competitividad (Research & Development for Competitiveness Fund)
FOMITEC - Fondo Marco para la Innovación, Ciencia y Tecnología (Framework Fund for Innovation, Science & Technology)
GCF – Green Climate Fund
GDP – Gross Domestic Product
GEF - Global Environment Facility
GVA – Gross Value Added
IDB – InterAmerican Development Bank
IGV – Impuesto General a las Ventas (Value Added Tax)
IMF – International Monetary Fund
INEI - Instituto Nacional de Estadística e Informática (National Statistics Institute)
IT – Income tax
ISC - Impuesto Selectivo al Consumo (Selective Consumption Tax)
ITAN - Impuesto Temporal a los Activos Netos (Short-term Net Assets Tax)
ITF - Impuesto a las Transacciones Financieras (Financial Transactions Tax)
MEF – Ministerio de Economía y Finanzas (Ministry for the Economy & Finance)
MINAM – Ministerio de Ambiente (Ministry for the Environment)
MINCETUR – Ministerio de Comercio Exterior y Turismo (Ministry of Foreign Trade & Tourism)
NDC – Nationally Determined Contributions

OECD – Organization for Economic Cooperation & Development
ONP – Oficina de Normalización Previsional (Welfare Standards Office)
OSITRAN – Public Transport Infrastructure Investment Authority (Public Transport Infrastructure Investment Authority)
PECAP – Asociación Peruana de Capital Semilla y Emprendedor (Peruvian Seed & Entrepreneurial Capital Association)
PIP – Public Investment Projects
PNCP – Plan Nacional de Competitividad y Productividad (National Competitivity & Productivity Programme)
PNISC - Plan Nacional de Infraestructura Sostenible para la Competitividad (National Sustainable Infrastructure Programme for Competitiveness)
PPP - Public-private partnerships
PRODUCE – Ministerio de la Producción (Ministry of Production)
RERAIGV – Régimen Especial de Recuperación Anticipada del Impuesto General de las Ventas (Special Regime for the Early Return of Value Added Tax)
RNSIIPG – Reserva Nacional Sistema de Islas, Islotes y Puntas Guaneras (National Reserve System of Islands, Islets & Capes)
RUC – Registro Único de Contribuyentes (Unique Taxpayers' Registry)
SABP – Sistema de Aplicación de Buenas Prácticas (System for the Application of Good Practices
SCC –Social Cost of Carbon
SDG – Sustainable Development Goals
SUNARP - Superintendencia Nacional de los Registros Públicos (Peruvian Public Records Authority)
SUNAT – Customs & Inland Revenue Authority (Peruvian Customs & Inland Revenue Authority)
TSD – Tasa Social de Descuento (Social Discounting Rate)
UNCTAD – United Nations Conference on Trade & Development
UNDP – United Nations Development Programme
UNESCO – United Nations Educational, Scientific & Cultural Organization
UNFCC – UN Framework Convention on Climate Change
UN Tourism – United Nations Tourism
WB – World Bank
WEF – World Economic Forum

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INTRODUCTION

Tourism Doing Business – Investing in Peru showcases the country's key attributes as a tourist destination and the investment opportunities in the sector. Peru is presented as a window onto the past, where the legacy of ancient civilizations coexists with vibrant expressions of contemporary culture. Recognised for its impressive number of World Heritage sites, Peru invites visitors to immerse themselves in a journey through its landscapes. Its rich heritage is complemented by a cuisine that reflects the blend of indigenous, European, Asian, and African traditions, positioning the country as a historical, archaeological, and culinary hub.

The first chapter describes the development of the Peruvian economy and the significant progress made in reducing poverty and inequality. In the tourism industry, the post-pandemic recovery is advancing steadily. Despite not yet reaching the level of international tourists seen in 2019, 2023 saw growth of 25.7% from 2022. What is more, the figures from January to May 2024 show an upward trend, with a 52.8% increase compared to the same period in 2023.

The second chapter analyses the investment landscape in Peru, highlighting a flow of foreign direct investment (FDI) that, although it moderated in 2023, still demonstrates the country's resilience and potential. This adjustment in investment levels, following a notable 102.5% increase in 2022, underscores the importance of new policies implemented to facilitate access for private investors, thus strengthening confidence in Peru's future prospects. Turning to tourism investments, between 2018 and 2023, the country ranked among the top four in Latin America and the Caribbean in terms of greenfield FDI announcements and investment amounts in tourism. According to the Ministry of Economy & Finance (MEF), around USD 621.4 million has been allocated to tourism sector activities and projects through the public investment budget since 2005, with an additional USD 93.5 million forecast for 2024. The chapter ends by examining the performance of venture capital investments and related public initiatives.

The third chapter outlines the elements that make Peru an attractive option for tourism investment, including its archaeological, historical, and cultural riches, its biodiversity and natural heritage, and delicious cuisine, opening up a wide variety of tourism offerings that are aligned with environmental preservation. A summary of corporate taxes and specific advantages for tourism investments in the country is also provided.

The fourth chapter offers a comprehensive analysis of the evolution and positioning of Peruvian cuisine, showcasing the opportunities presented by this sector, both as a tourist attraction and as a tool to strengthen Peru's image globally.

The fifth chapter focuses on green and sustainable investments, emphasising the country's strong commitment to sustainability, evidenced through Law No. 21992 – the Green Hydrogen Promotion Law, the National Competitiveness and Productivity Plan, the Green Finance and Circular Economy Roadmap, the National Tourism Sector Reactivation Strategy 2022–2025, and the climate investment and adaptation programmes that have been implemented in the country.

The sixth chapter analyses Peru's positioning in the regional and global tourism sector, listing the factors affecting the sector's competitiveness that make it a destination with significant growth and development potential.

Finally, the role of CAF – the development bank of Latin America and the Caribbean - in tourism is described, highlighting its function as a financing instrument to promote the sustainable development of this sector and supporting the region’s tourism positioning.

EXECUTIVE SUMMARY

Overview of Peru

The Republic of Peru (hereinafter, Peru) has **33.7** million inhabitants and is the **sixth largest economy** in Latin America and the Caribbean in terms of its Gross Domestic Product (GDP)[1].

Multiple tourism destinations, showcasing its history, culture and gastronomy

Peru enjoys an enormous **historical, cultural and archaeological legacy**, together with numerous opportunities for **nature tourism and adventure**, not to mention its delicious **cuisine, acknowledged as one of the best in the world.**

- *Average GDP growth between 2004 and 2023[2]:* ***4.4%***
- *Average inflation between 2004 and 2023[3]:* ***3.3%***
- *Currency:* ***Sol****, issued by the Central Reserve Bank of Peru.*

The country seeks to attract sustainable foreign investment to diversify its productive base. The sectors contributing most to Peru´s Gross Value Added (GVA) in 2023[4] were:

- *Manufacturing:* ***13.4%***
- *Oil, gas, minerals extraction and related services:* ***13.2%***
- *Trade, maintenance & repair of automotive vehicles & motorcycles:* ***11.9%***
- *Construction:* ***6.8%***
- *Public administration & defence:* ***6.3%***
- *Agriculture, livestock and forestry:* ***6.2%***
- *Transport, warehousing, postal and courier services:* ***5.7%***
- *Telecommunications and other information services:* ***5.6%***
- *Financial services, insurance and pensions:* ***5.2%***
- *Services to companies:* ***5.0%***
- *Accommodation and restaurants:* ***3.1%***
- *Electricity, gas & water:* ***2.2%***
- *Fisheries & aquaculture:* ***0.3%***
- *Other services:* ***15.2%***

Tourism's direct contribution to the nation's GDP was 2.5% in 2023 (vs 1.5% in 2020), which is still lower than the pre-pandemic 3.9%[5]. **MINCETUR forecasts that tourism will account for 2.9% of GDP in 2024.**

Note: Gross Value Added (GVA) is a macroeconomic indicator measuring the value added by all the productive factors in an economic area, excluding indirect taxation. For this reason, it is helpful when analysing the specific contribution of the economy's different sectors.

JW MARRIOTT
BANANA REPUBLIC
LA BONBONNIERE

5 REASONS TO **INVEST IN PERU**

While there are many reasons why it is a good idea to invest in Peru, five of these are particularly important and so deserve to be given special attention because of their high impact.

1

ARCHAEOLOGICAL, HISTORIC AND CULTURAL WEALTH

Peru is an **archaeological, historical and cultural powerhouse, cradle of the Inca empire,** one of the most advanced civilizations of the pre-Columbian period. With **13 World Heritage sites**, Peru is home to the iconic Machupicchu citadel in the lofty Andes, mysterious geoglyphs in the desert, and the ancient adobe city of Chan Chan, amongst other jewels, reflecting the **diversity of its millennial cultures.** This cultural fusion extends to its **cuisine, considered one of the most varied and exquisite in the world.** This legacy, together with its richly diverse geography, ranging from the Amazon to the Andes mountains, makes Peru **an exceptional place to visit.**

2

GEOGRAPHY, BIODIVERSITY & NATURAL HERITAGE

17% of the Peruvian landmass has been declared a natural conservation area (22.5 million hectares), enjoying a geographical diversity that encompasses the areas of **The Coast (La Costa), The Andes (La Sierra) and The Amazon rainforest (La Selva)**, together with numerous sites of natural interest, with different land types, climates, vegetation and cultures, between them providing an extensive tourism offering.

As well as the above, as one of the **17 most megadiverse countries in the world,** it enjoys a biological and ecosystemic range that attracts tourists from the four corners of the world, which drives the maximum standards of sustainably aligned investment practices.

3

INFRASTRUCTURE & CONNECTIVITY ADAPTED TO TOURISM

Peru stands out for the continual upgrading of its infrastructure, fostering the arrival of tourists and their movements across the country. The country has 11 international airports, with connections to 46 international and 27 domestic destinations. As well as the connectivity by air, there is an extensive road network with around 30,000 km of roads, 12 ports (5 of which receive international cruise liners), 3 railway networks and the Amazonian waterway system.

4

TOURISM AS A PRIORITY DEVELOPMENT FOCUS

Tourism is recognised at all levels of government as a priority focus for development, manifested in the General Tourism Act. In addition, the National Strategic Tourism Programme (PENTUR) and the National Rebooting Strategy for the Tourism Sector 2022–2025, are making progress in **creating unique, bio-secure tourism experiences based around the country's natural, cultural and ancestral wealth.**

5

PROFESSIONALIZATION ALLIGNED TO THE LABOUR MARKET'S TRENDS

One of the most important driving forces in the growth of the country's tourism sector lies in the **diverse and extensive range of training available in tourism, both at university and at a technical level.** There are 44 universities offering 26 different types of education linked to the sector, with over 27,000 registered students. A similar number are registered at tertiary, non-university education centres.

1 ECONOMIC OUTLOOK

1.1. Global macroeconomic outlook

According to the International Monetary Fund (IMF), the global economy will continue to grow at 3.2%, the same rate as in 2023, over the next two years (2024 and 2025). This stabilisation of growth can be attributed to several factors, including the normalisation of supply chain bottlenecks, faster-than-expected control over inflation levels, and robust demand. However, the international situation remains complex and uncertain[6].

Countries are facing increasing conflicts and geopolitical risks. Additionally, the urgent need to move towards sustainable development through digital transformation and energy transition presents a significant challenge, especially in a context of fiscal constraints in many economies[7].

Latin America and the Caribbean are not immune from this complex international situation. After expanding by 2.3% in 2023, the IMF projects growth of 2.0% in 2024 and 2.5% in 2025[8]. However, despite the risks and difficulties, this scenario represents a historic opportunity for the region. Sustainability and digitalisation are undoubtedly factors that will define the future of humanity; and the region, thanks to its natural wealth and strategic location, is called upon to play a fundamental role in the transition process and the new era of clean energy and sustainable economies.

Tourism must be prioritised during this transition process. In many countries, tourism is a key activity and in some offers a great opportunity, inasmuch as it is an integrative economic sector that generates significant positive externalities. These contribute to the economic, social, and cultural development of national, subnational, and local territories.

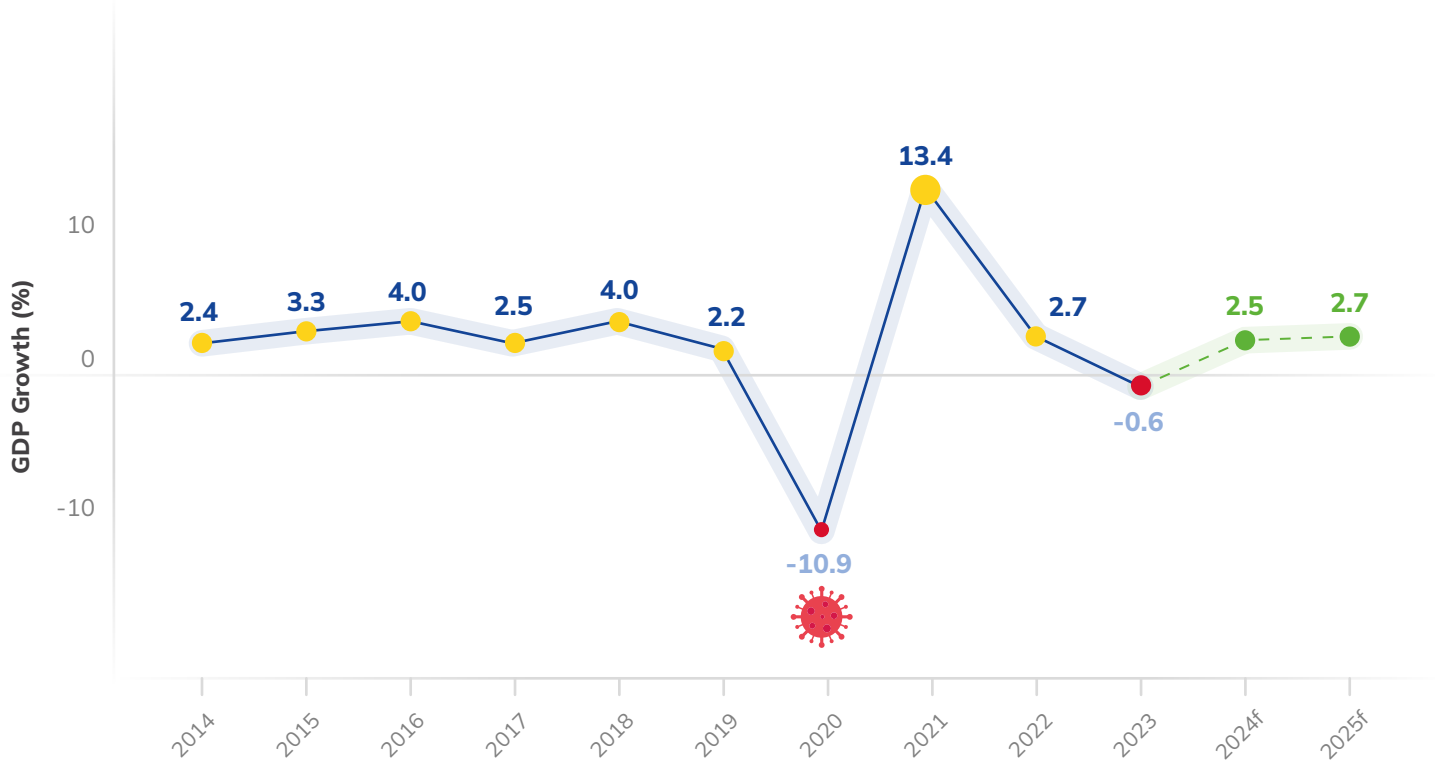
1.2. Macroeconomic context of Peru

Over the last 20 years, Peru has posted an average annual growth rate of 4.4%, accompanied by inflation that has been controlled at 3.3%[9]. Sound management of the economic situation and the implementation of effective social policies have allowed it to achieve significant gains in the well-being of its people, reducing poverty from 63.5% in 2003 to 29.0% in 2023, and extreme poverty from 25.9% to 5.7% over the same period[10]. Similarly, income distribution inequality has decreased, with the Gini index falling from 0.5 in 2003 to 0.4 in 2022[11].

The Peruvian economy closed 2023 with a contraction of 0.6% of GDP, affected by adverse weather conditions caused by the El Niño phenomenon (ENSO), which impaired agricultural production, mining activities, and hydrocarbons, and affected infrastructure that is essential to conduct normal national and international commercial activity[12]. Additionally, the economy was also impacted by domestic protests, the disruption of national supply chains, and the slowdown of its main trading partners (China, the United States of America, and the European Union).

For 2024 and 2025, growth is projected at 2.5% and 2.7% respectively[13], higher than the average over the last 10 years (GDP growth of 2.3%). In the medium term, Peru should focus on boosting public investment and safeguarding the environment to attract new flows of productive and sustainable foreign investment with long-term perspectives, allowing it to advance in the process of diversifying the economy, while also addressing the growing social demands of the population.

Figure 1.1: Gross Domestic Product (GDP) Growth, 2014 – 2025f (%)



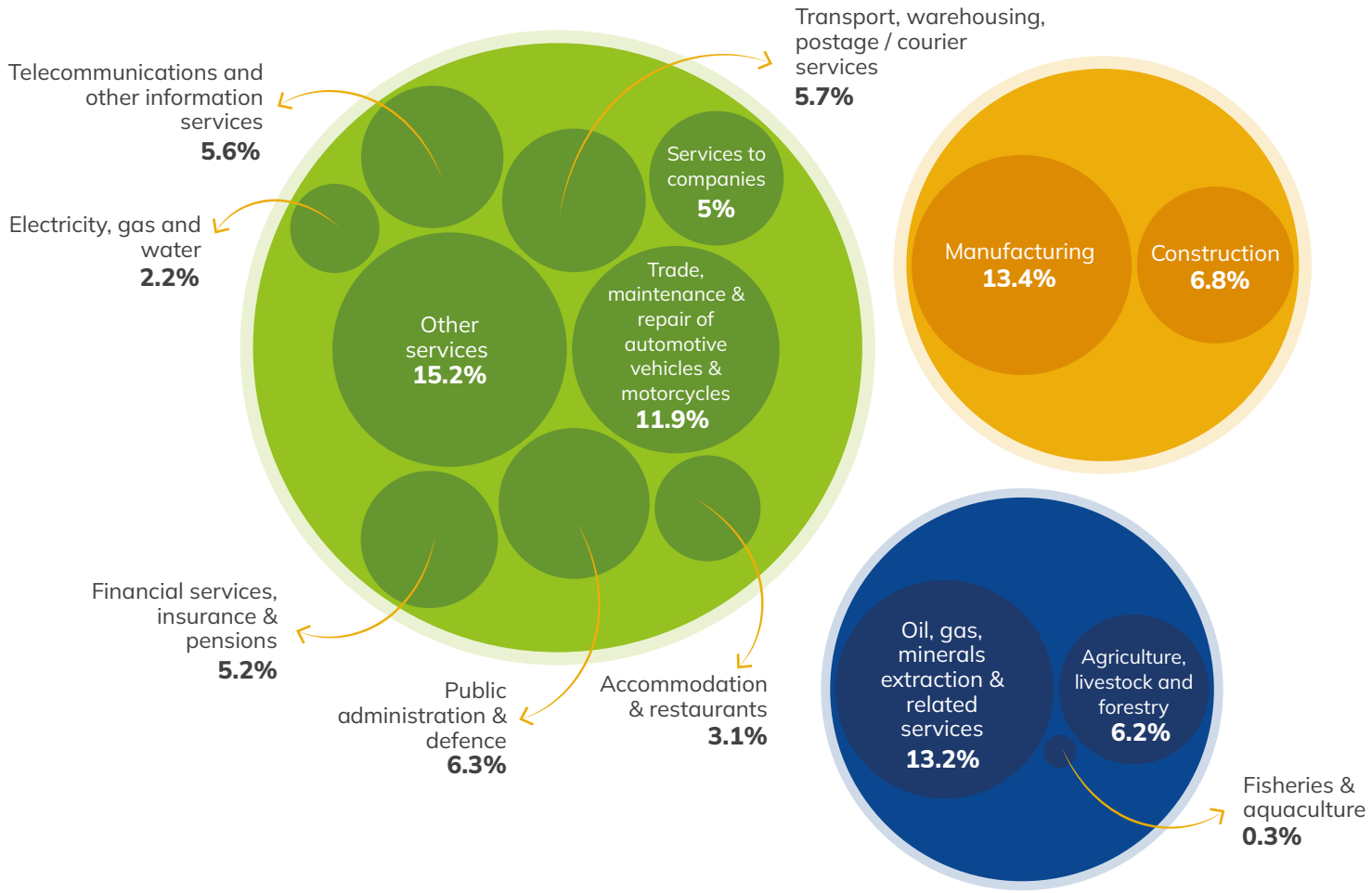
f: forecast
Source: International Monetary Fund (2024b), World Economic Outlook, April 2024, IMF, Washington, D.C., available online: https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024 [29-04-2024]

According to the IMF, in 2022, the country's GDP overtook pre-pandemic levels, and by 2023, the economy's size was USD 267,6 billion[14]. Moreover, expressed as per capita, and measured by purchasing power parity, it posted at USD 15,995[15].

In terms of its economic structure, in 2023 service activities continued to be the most significant, representing 60.1% of the Gross Value Added (GVA), with trade, maintenance, and repair of motor vehicles and motorcycles accounting for 11.9%, followed by transformation activities at 20.2%, manufacturing at 13.4%, and construction at 6.8%.

Extractive activities represented 19.7% of the GVA, with oil, gas, minerals, and related services contributing 13.2%, and agriculture, livestock, and forestry accounting for 6.2%. **There has been a noticeable recovery in accommodation and restaurant activities, constituting 3.1% of the GVA (vs 2.0% in 2020).** This sector experienced significant growth between 2020 and 2023, expanding by 80.1%; however, it remains below the 3.5% of the GVA it represented in 2019[16].

Figure 1.2: Contribution to Gross Value Added (GVA) by sectors, 2023



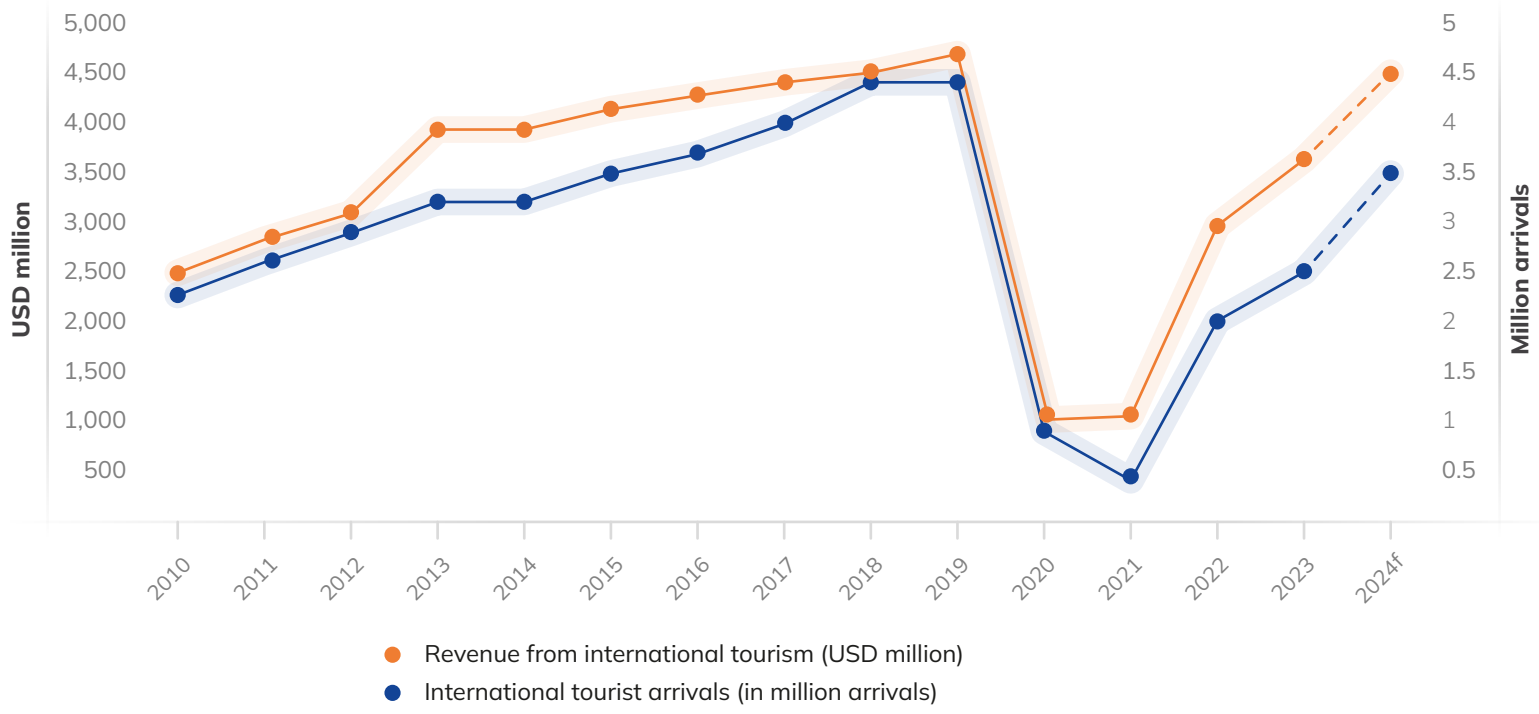
Source: National Statistics & IT Institute (2023), Quarterly Gross Domestic Product by Economic Activity (Level 14) 2007-2024-I, available online in Spanish: https://m.inei.gob.pe/estadisticas/indice-tematico/economia/ [29-05-2024].

In the tourism sector, in 2019 Peru reached a peak of 4.4 million international tourists (overnight stays, including foreigners and Peruvians living abroad). By 2023, the country had recovered 58% of its international tourist arrivals compared with its historic maximum, receiving 2.5 million people[17].

The by-country breakdown of visitors in 2023 was as follows: 23.5% came from Chile, 19.4% from United States of America, 9.5% from Ecuador, 5.8% from Colombia, 5.3% from Bolivia and 5.2% from Brazil[18].

Between January and May 2024, the recovery had reached 71% of international arrivals (still 29% down on the same period in 2019). This amounted to an increase of 52.8% from the same period in 2023, **which shows that the recovery of the tourism sector in Peru is sustained and growing**[19].

Figure 1.3: International incoming tourist arrivals in Peru, 2010 – 2024f



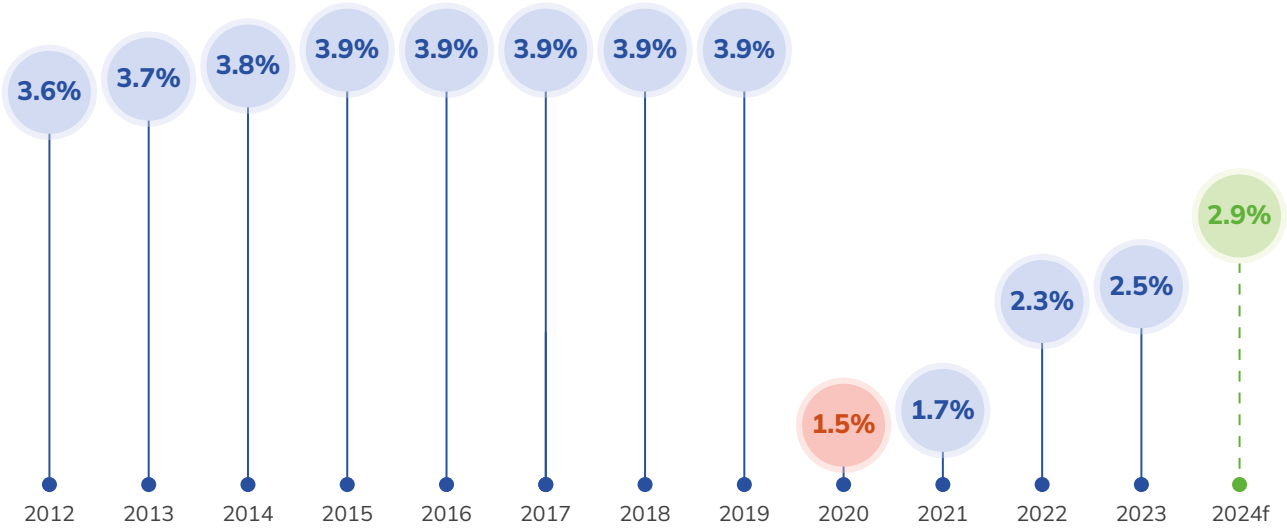
Source: Ministry of Foreign Trade & Tourism (2024), International Tourism Arrivals, based on National Migration Authority data, available online in Spanish: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/llegadaTuristasPais.html [29-05-2024].

In economic terms, international tourist arrivals in 2023 generated total revenues in Peru (including passenger transport) of USD 3,677 million, a recovery of 78% from 2019[20]. Domestic tourists in 2023 made over 37.2 million trips, generating revenues of more than USD 4,912 million, still below 2019 levels, when they made 48.6 million trips[21]. **MINCETUR forecasts 3.5 international tourist arrivals for 2024 and 43.5 million domestic trips.**

When we look at employment (direct and indirect), the sector provided occupation in 2023 for 1.2 million people, a jump of 14.6% from the previous year. The sector currently employs 6.8% of the economically active population[22]. **The Ministry of Tourism expects sector-related employment to grow to 1.3 million employees in 2024.**

To put the importance of tourism to the Peruvian economy into perspective, Figure 1.4 shows the growth over time of the sector as a proportion of GDP, rising from 3.6% in 2012 to 3.9% in 2019. The industry has not entirely recovered from the pandemic, accounting for 2.5% of GDP in 2023, **with forecasts for 2024 indicating it will edge up to 2.9%**[23].

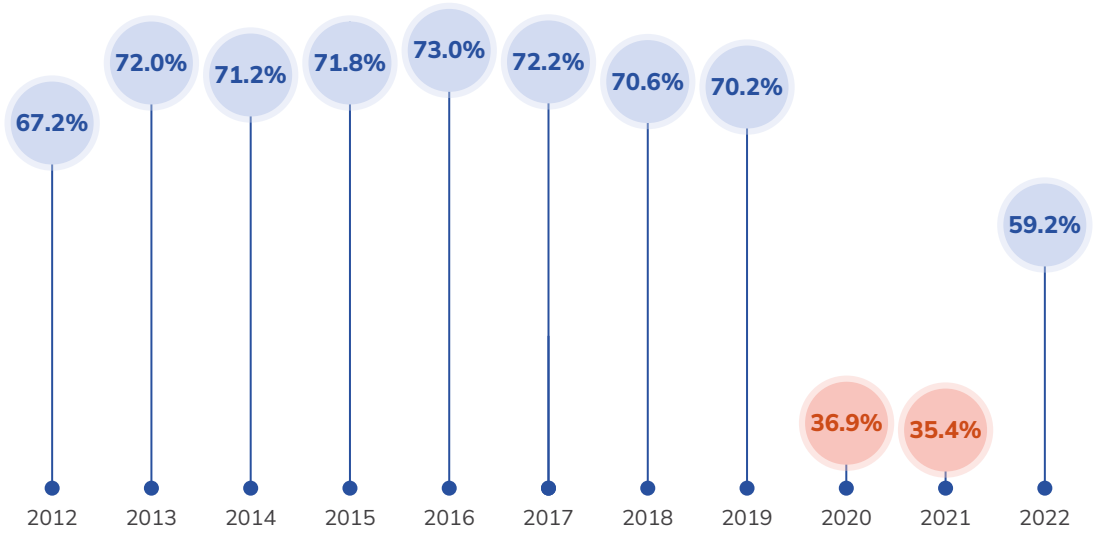
Figure 1.4: Contribution of tourism to Gross Domestic Product (GDP), 2012 – 2024f



Source: Ministry of Foreign Trade & Tourism (2024), Tourism Satellite Account (TSA), available online: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/cifrasTurismo.html [15-05-2024]

Likewise, in terms of service exports, the income received from international tourism has fluctuated significantly. In 2022, the sector's contribution to service exports grew by 67.3%. The industry is still recovering and preliminary figures for 2024 suggest that it will retain this trend of recovery, with the expectation that performance levels of 2019 will soon be reached.

Figure 1.5: Revenue from international tourism as a % of service exports, 2012–2022



Source: UN Tourism (2023), Tourism Statistics Database, Madrid, available online: https://www.unwto.org/tourism-statistics/tourism-statistics-database [04-01-2024].

The tourism sector is key to the economic development of a country that in the past has differentiated itself by its importance in production and employment. Careful development and professionalisation of this industry make a significant contribution to diversifying the Peruvian economy and generate major positive externalities for other sectors. Against this backdrop, and with this aim, the country is moving forward in its roll out of its National Strategic Tourism Programme (PENTUR) and the development of its National Rebooting Strategy for the Tourism Sector 2022–2025[24].

The summary in the figure below shows the key variables in the country's competitive economic environment, generally, and for tourism in particular:

Figure 1.6: Peru's competitive macroeconomic tourism environment

GDP growth, 2024

2.5% (forecast) *IMF, 2024*

Inward Greenfield FDI announcements in the tourism cluster (2018– 2023)

4th in Latin America and the Caribbean in announced investments

fDI, Financial Times, 2024

Public-sector investment in tourism infrastructure, 2005 – 2024

PEN **2,337** million (USD 621.4 million)*

MEF, 2024

Inward foreign direct investment (FDI) in all sectors, 2023

USD **3,331** million *UNCTAD, 2024*

GDP

2022	2023	2024p	2025f
2.7%	-0.6%	2.5%	2.7%

IMF, 2024

Inbound international tourists, 2023

2,524,658 *MINCETUR, 2024*

Inbound international tourists, 2024

3,481,554 (forecast)

MINCETUR, 2024

Contribution made by inbound tourism to service exports, 2022

59.2% *MINCETUR, 2023*

Direct contribution of tourism to GDP, 2024

2.9% (forecast) *MINCETUR, 2024*

Note: * 0.26 USD/PEN (Peruvian Sol) exchange rate on 15/02/2024.

2

INVESTMENT OUTLOOK

2.1. Foreign direct investment (FDI) flows & stock

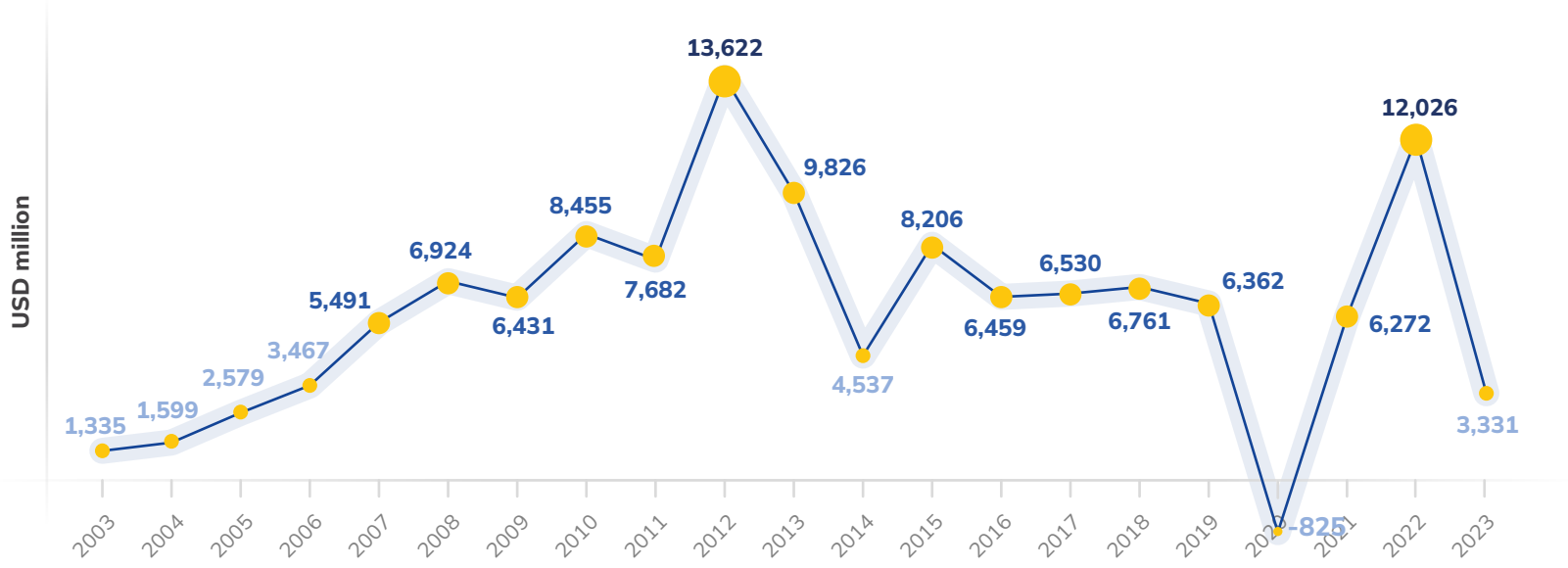
Worldwide, foreign direct investment (FDI) flows fell by 2% in 2023, to USD 1.33 trillion, mainly because of increased trade and geopolitical tensions amid a global economic slowdown[25].

In Latin America and the Caribbean, FDI flows remained virtually unchanged in 2023, edging down by just 1% from 2022, to USD 193,179 million. This figure is close to the historic maximums achieved in 2011 and 2022, which shows that the region is still attractive to investors.

In 2023, the strongest growth was in the Caribbean, with total incoming investment flows of USD 3,748 million (+5% vs 2022), followed by Central America with USD 46,662 million (+1% vs 2022), while South America showed a drop, down to USD 142,769 million (-2% vs 2022)[26].

In the case of Peru, incoming FDI flows came to USD 3,331 million in 2023, a 72.3% reduction from 2022[27]. Although this figure is below the average annual investment received in the last 20 years (USD 6,287 million), it reflects an inevitable correction after the exceptional level of investment in 2022. Despite this fall, Peru has made significant progress in implementing key advantages to facilitate access to private investors. These measures, together with an improving business environment, presage a positive and attractive scenario for foreign investors interested in setting up or expanding their operations in the country[28].

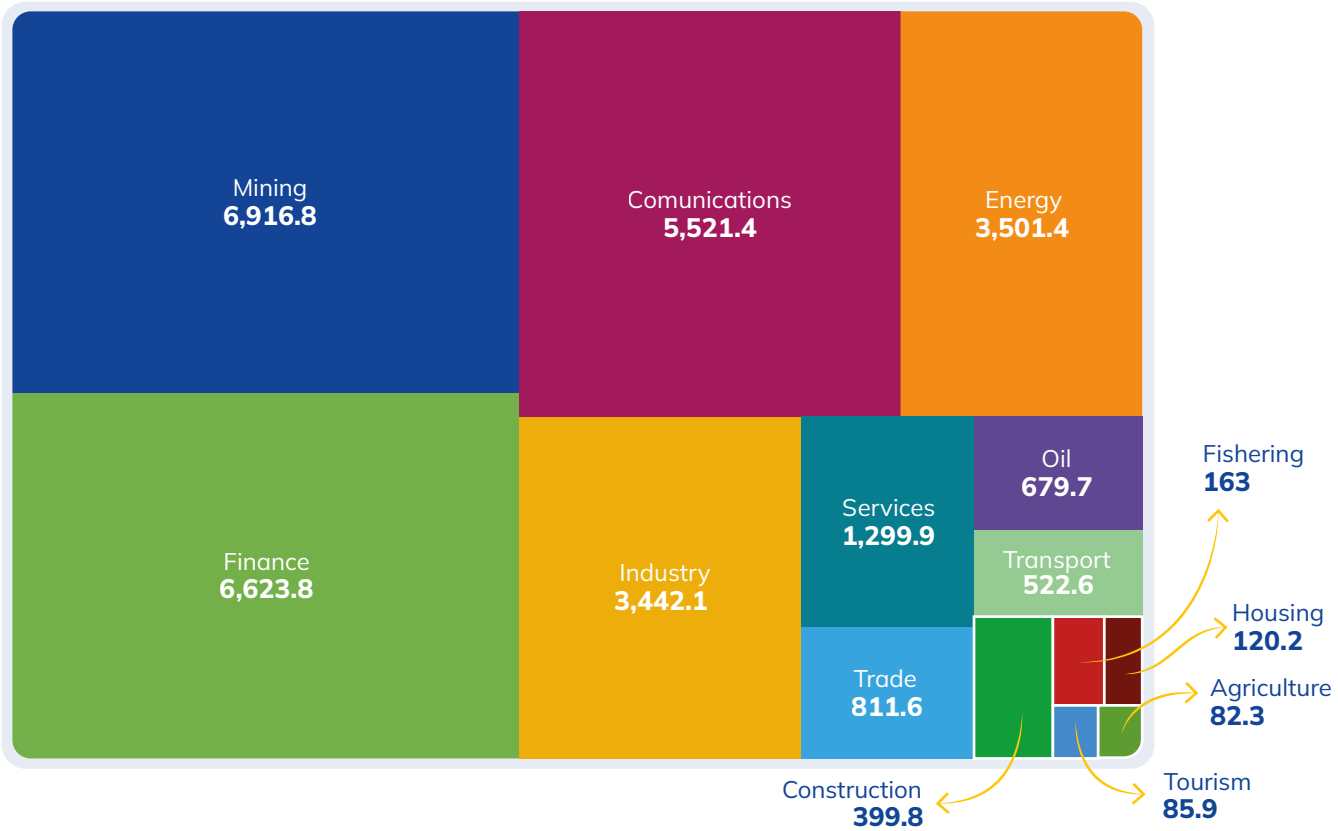
Figure 2.1: Foreign direct investment (FDI) in Peru, 2003 – 2022



Source: UN Conference on Trade & Development (UNCTAD) (2024b), Foreign direct investment: inward and outward flows and stock, annual, UN, New York, available online: https://unctadstat.unctad.org/datacentre/ [21-06-2024].

According to PROINVERSIÓN data, at the end of 2023 the economic sectors with the highest FDI balances were: mining, with 22.9% of the total, the financial sector with 22.0%, communications with 18.3%, energy with 11.6% and industry with 11.4%. Tourism posted an FDI balance of USD 85.9 million (0.3% of the total)[29].

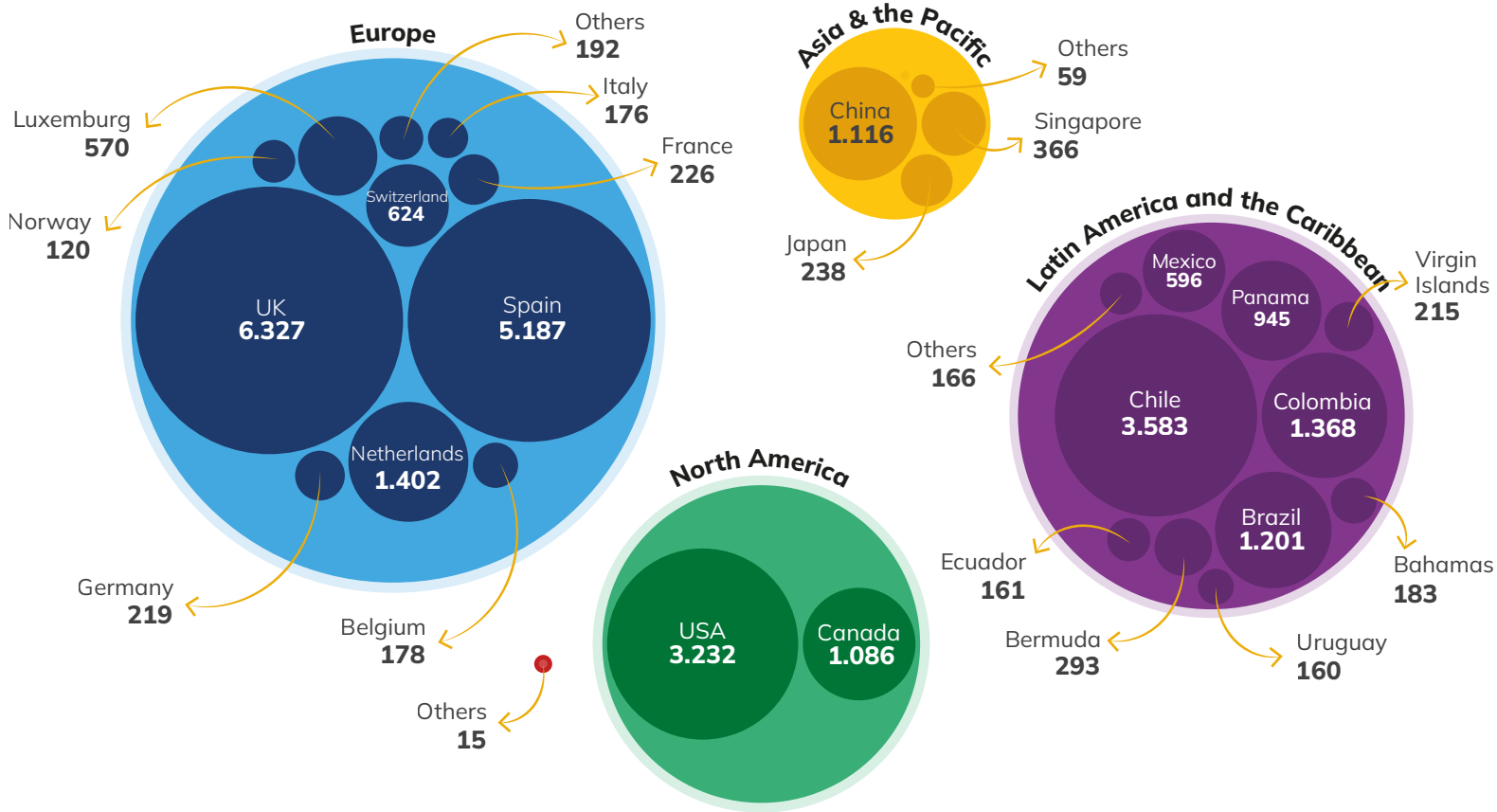
Figure 2.2: Balance of foreign direct investment (FDI) by economic sector, 2023
(USD million)



Note: this information only includes sums coming from abroad used as share capital in domestic companies, which is how PROINVERSIÓN records foreign direct investment.
Source: PROINVERSIÓN (2024). Balance of Foreign Direct Investment by Destination Sector: 1980 to December 2023. Headline Statistics, available online: https://www.investinperu.pe/es/invertir/estadisticas-generales [04-03-2024].

In terms of investment stock, if we look only at foreign investment in domestic companies' share capital, in 2023, the United Kingdom retained its position as the predominant investor in the country, at USD 6,327 million, followed by Spain with USD 5,187 million, Chile with USD 3,583 million, United States of America with USD 3,232 million, the Netherlands with USD 1,402 million, among others[30].

Figure 2.3: Balance of foreign direct investment (FDI) by country of origin, 2023
(USD million)



Source: PROINVERSIÓN (2024), Balance of foreign direct investment as capital contribution, by country of domicile and destination sector, available online: https://www.investinperu.pe/RepositorioAPS/0/0/JER/ESTADISTICAS_FDI/Saldo-de-FDI-en-el-Peru-por-Pais-de-Domicilio-y-Sectir-Destinoa-jun-2023.xls [04-03-2024].

Attracting new investments and diversifying its productive sectors are priorities for Peru, which has a great opportunity to position itself as an appealing destination for foreign investment. With its **enormous historic, archaeological, cultural, natural and gastronomic legacy**, Peru stands out as a country of immense richness. Furthermore, it has a young, hardworking labour force, which is a significant added value. These features provide **multiple opportunities for investing in sectors such as agriculture, manufacturing industries and tourism**.

2.2. Investment in tourism

The public sector, including the Government at all levels (national, regional and local), has spent PEN 2,334 million (around USD 621,4 million) between 2005 and May 2024, on activities and projects in the tourism sector, which represents 0.8% of its entire investments, putting the sector in 19th place of the 39 sectors on which the public investment budget is disbursed. For 2024 the investment budget for the tourism sector is estimated at PEN 351.7 million (around USD 93.5 million)[31].

When we look at the geographic departments, tourism public investment focused mainly on Cuzco, with 12.8% of the total, followed by Ancash with 11.7%, Loreto with 9.2%, Amazonas with 8.4%, Lima with 8.0% and Pasco with 5.3%, among others.

In the last few decades, Peru has been promoting investments in several strategic sectors, using mechanisms to encourage private investment, such as the Special Regime for the Early Return of Value Added Tax (RERAIGV), Legal Stability Agreements and the laws and regulations affecting public-private partnerships (PPP). **The second most advantaged sector from RERAIGV has been tourism, which has accounted for 41 of the 242 investment projects opting for this regime between 2007 and 2023, with total investments amounting to USD 706 million**[32].

Figure 2.4: Investment in, & recipients of, the Special Regime for the Early Return of Value Added Tax incentive (RERAIGV), by sector, 2007 – 2023
(USD million)

ELECTRICITY
11,095 USD
81 beneficiaries

TOURISM
706 USD
41 beneficiaries

CONSTRUCTION
773 USD
27 beneficiaries

AGRICULTURE
347 USD
27 beneficiaries

MINING
16,449 USD
14 beneficiaries

HYDROCARBONS
10,290 USD
13 beneficiaries

INDUSTRY
649 USD
11 beneficiaries

SANITATION
671 USD
9 beneficiaries

PORTS
2,644 USD
8 beneficiaries

ROADS
1,094 USD
6 beneficiaries

TRANSPORT
415 USD
3 beneficiaries

COMUNICATIONS
264 USD
1 beneficiaries

EDUCATION
88 USD
1 beneficiaries

TOTAL
45,485 USD
242 beneficiaries

Source: Investor Services Department - PROINVERSIÓN, available online at: https://www.investinperu.pe/es/invertir/estadisticas-generales/incentivos-a-la-inversion [29-05-2024].

2.3. Greenfield foreign direct investment (FDI) in the tourism cluster

Between 2018 and 2023, in Latin America and the Caribbean there were 360 announcements of foreign direct investment (FDI) in greenfield projects in the tourism sector worth USD 29,528 million, expected to generate over 115,815 new jobs[33].

The effects of the pandemic and the measures implemented to prevent the spread of the disease, restricting mobility and social interactions, affected the flow of investments into the tourism sector. As a result, in 2021, the announced amounts of tourism investment in Latin America and the Caribbean decreased by 72% compared to 2020, falling from USD 3,945 million to USD 1,122 million in announced investment in 2021. Between 2022 and 2023, with the lifting of mobility restrictions, announcements of FDI greenfield tourism projects have accelerated but are still below pre-pandemic levels.

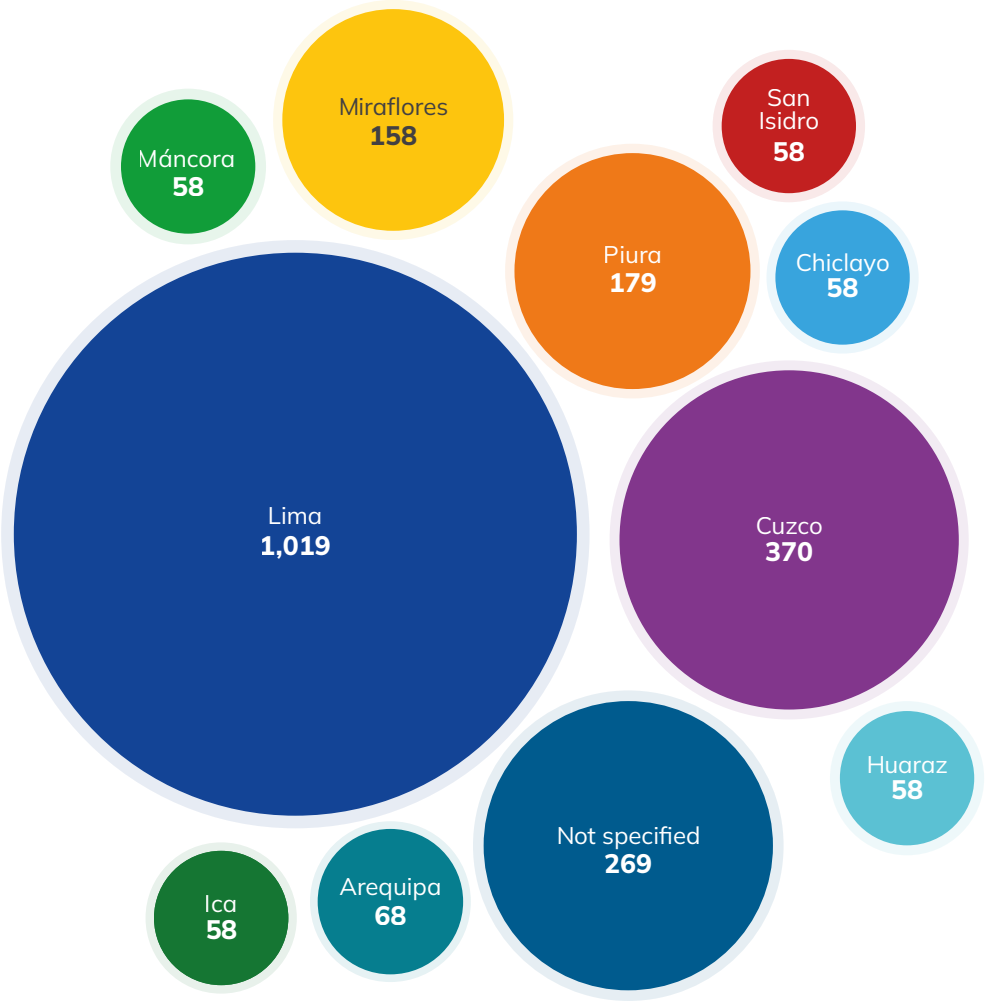
Against this backdrop, between 2018 and 2023, Peru managed to position itself as the fourth country in Latin America and the Caribbean with the highest number of announced FDI greenfield projects in the tourism cluster, amounting to a total of USD 1,188 million in 31 announced investment projects, representing 4.0% of the total investment and 8.6% of the announced projects in the region.

Now, if we analyse Peru's historical series considering all greenfield FDI project announcements in the tourism cluster between 2003 and 2023, we see that there are 47 announced projects in total, representing USD 2,353 million in investment. The Dominican Republic was the country with the highest announced investment in Peru, at USD 498 million, followed by the United States of America with USD 464 million, the United Kingdom with USD 406 million, and Spain with USD 205 million. On average, the investment per project was USD 50.1 million[34].

We should highlight three growth periods; in 2007, when 3 greenfield projects from Dominican Republic and 2 from the United States of America were announced: in 2018 with 3 projects from the United States of America, 2 from Spain, and 1 each from Colombia, Chile and Panama; and in 2019 with 6 from the United Kingdom, 2 each from Luxemburg and Thailand, and 1 each from the United States of America, Germany, Colombia and El Salvador.

As regards where these greenfield investments are going, they have mainly focused on the city of Lima, which accounts for 23 of the 47 announcements. Nevertheless, other regions such as Cuzco, Piura and Miraflores, to name just three, have also aroused interest from investors in the tourism industry, particularly hotels.

Figure 2.5: Greenfield investment announcements in the tourism cluster in Peru by location, 2003–2023
(USD million)



The international hotel brands with a footprint in Peru include Selina, Caribbean Land, Carlson Companies, Decameron Hotels and Resorts, Ingevec, Minor International, Marriott International, Accor, Hilton, Intercontinental, Ibis, Dazzler, Hyatt, and Novotel, which positions Peru as one of the countries in the region with the largest presence of international hotels. A large number of international brands entered Peru from 2007 onwards, when the Special Regime for the Early Return of Value Added Tax, an incentive for private investment passed under Legislative Decree N°973, came into law.

At the end of 2023, there were 26,199 hotels and similar establishments operating in Peru, representing an increase of 6% over 2022. This figure is not only higher than its equivalent for 2019, but also shows an upward trend. According to MINCETUR forecasts, the number of establishments is expected to reach 28,469[35] in 2024.

Source: fDi Intelligence Financial Times, fDi Markets database https://app.fdimarkets.com/index.cfm [17-05-2024].

2.4. Venture capital investments

The pattern of growth in venture capital (VC) investments in Peru is similar to the rest of the region over the last few years. In the VC sector, 2022 was the second-best year to date for the Peruvian entrepreneurial ecosystem, closing the year with USD 87 million in financing for startups in 41 financial transactions, representing an average investment ticket of USD 2.1 million[36].

This capital represents the total amount committed in pre-seed, seed and early-stage capital from VC funds, angel investors, corporate investors, Family Offices, accelerators and development financial institutions, originating from the 51 members of Peruvian Seed & Entrepreneurial Capital Association (PECAP).

As regards the source of the resources, VC funds accounted for 77% of total investment in 2022, followed by angel investors with 13.8%. The sectors receiving most support in 2022 were: Fintech with 40% of total VC investment, Foodtech with 16%, Proptech, with 14% and Climatech with 11%. While a detailed breakdown of tourism-related enterprises does not exist, it is likely that part of Proptech and others (including the entertainment industry) is linked to the tourism sector[37].

The Peruvian government has been developing a series of initiatives and support instruments aimed at entrepreneurs, including both small and medium-sized enterprises (SMEs) and emerging tech startups. Some of the main institutions involved in the development of the entrepreneurial ecosystem are:

- The Ministry of Production (PRODUCE), which is responsible for promoting the coordinated development of productive ecosystems by fostering innovation, quality, and environmental sustainability in the sectors with programmes such as the National Programme for Technological Development and Innovation - PRO innóvate - which manages and provides funding for innovation projects, entrepreneurial development, productive development, and support entities. Investment funds in this sense began in 2007 with FINCyT1, and a series of other instruments have been created that have mobilised more than USD 500 million towards entrepreneurship[38]. There are currently 4 active funds:

    - FINCyT III, administered by the Ministry for Production's programme Innóvate Perú[39].
    - Research & Development for Competitiveness Fund (FIDECOM) managed by the Ministry for Production.
    - Framework Fund for Innovation, Science & Technology (FOMITEC).
    - SMEs fund managed by the Financial Development Corporation (COFIDE).

The following programmes and initiatives to promote entrepreneurship and investment specifically target the tourism sector:

Tourism Entrepreneurship (Turismo Emprende)[40]

Created in 2017 by virtue of Legislative Decree N°1329 & subsequent modifications to promote the creation, development & consolidation of private enterprises engaged in tourism activities that entail conservation, sustainable use, economic development & development of areas for tourism, by financing and/or co-financing said enterprises, to promote a more diverse tourism offering, as well as to boost private tourism enterprises.

Target public

Micro & small enterprises in the tourism sector providing;

- Accommodation.
- Catering.
- Travel agency & tourism services.

Specific requirements will be defined in each invitation to bid, but they generally relate to the date on which activities will start, according to the records of the Customs & Inland Revenue Authority (SUNAT), that profits should not exceed a certain threshold and being registered in the MINCETUR's Qualified Suppliers of Tourism Services Directory.

Support for entrepreneurs

MINCETUR can grant non-refundable subsidies through a public tender process to finance and/or cofinance tourism enterprises run by natural and/or legal persons in the private sector, including micro and small companies involved in tourism activities (accommodation, catering, travel & tourism agency services).

Results

Between 2017 and 2023:

- 10 public tenders completed.
- 8,300 entrepreneurs supported.
- Approx. USD 136 million disbursed.

Turismo Emprende

We are Artisanry (Somos Artesanía)

Strategy created in 2021 to kickstart or promote handicrafts, by running public tenders to cofinance working capital for artisanal economic units in Peru, to strengthen craft workshops and organise these spaces as part of the country´s tourism offering.

Target public

- Artisans (natural persons with a business).
- Associations and cooperatives of artisans &/or companies involved in handicrafts (legal persons).
- Artisanal economic units working in production, promotion &/or selling handicrafts can take part in this process. They should be on the National Artisan's Register– RNA (and remain updated on it), the Unique Taxpayers' Registry (RUC), and submit the application, among other requirements set out in the Public Tender Terms & Conditions, published on MINCETUR's website.

Support for entrepreneurs

MINCETUR provides technical support and monitors how the public call for bids is conducted, during processes such as:

- Communicating, publicising, providing advice and decentralised assistance to artisans who are interested in bidding for the public tender.
- Strengthening the capacities of artisans who have been designated Winning Beneficiaries to receive guidance in how to manage their subsidy and their businesses, as a preliminary step to disbursing said subsidy.
- Disbursement, follow-up and monitoring of Winning Beneficiaries in the execution and accountability of the subsidised projects.subvencionados.

Results

Between 2021 and 2023:

- 4 public tenders.
- 3,602 artisans benefitted.
- 42% of beneficiaries were adults under 40 years old and 72% are women.
- The beneficiaries worked predominantly (53.6%) in textiles.
- Approx. PEN 18.9 million disbursed.
- 49% of all recipients improved their productive processes, 41% developed their offering & 10% improved their sales channels.
- To date, 97% have accounted for the subsidy they received.

National Community Tourism Strategy[41]

MINCETUR's strategy is a line of intervention in the Tourism sector that promotes competitive, sustainable and differentiated tourism development, from within the communities, represented by Community-based Organizations (OBC), through authentic tourist experiences that are aligned with market trends and demands, helping to diversify the country's tourism offering and the socioeconomic development of the communities involved. The communities are mentored through the different processes that entail strengthening how they manage their organizations, consolidating and positioning their products. Developing sustainable tourism from within the communities, with a desire to work in tourism, located in areas of interest to tourists, with competitive, sustainable & innovative products targeting a particular market, that invigorate socioeconomic activity and improve the standards of living of local populations.

Target public

Community-based Organizations (OBC) that have been set up, recognised and supported by communities wanting to work in tourism in the country's main tourism destinations. The OBC should be on the "National Community-based Organizations in Tourism" register.

Support for entrepreneurs

MINCETUR provides technical assistance to the OBC in:

- Making their organization's management more robust.
- Consolidating their products.
- Market positioning.
- Strengthening governance.

Results

To date, 41 Community-based Organizations, 207 productive units (tourism businesses) and 1,416 entrepreneurs have signed on to the National Community-based Organizations in Tourism register and have been given technical help to improve their organizational management, design & management of products, market positioning strategies and help in governance when dealing with public and private institutions, including academic ones.

Law 31797 promoting & developing community tourism has been passed, and the supporting legislation is being drafted.

Over 150,000 people visited communities last year, with revenue of nearly PEN 6 million.

National Tourism Quality Programme[42]

The aim is to leverage the System for the Application of Good Practices (SABP) to introduce the tourism services provider into a process of continual improvement by applying good management practices, tailored to each kind of tourism service.

Target public

General requirements:

- Formally constituted MSMEs with a municipal operating licence that are registered in their Regional Foreign Trade & Tourism Directorate (DIRCETUR).

Specific requirements:

- Accommodation must be registered through a sworn declaration or with a classification and category.
- Restaurants must be registered with a sworn declaration or category &/or classification as a tourism establishment.
- Travel & tourism agencies that have a Sworn Declaration. To operate adventure tourism, they should have the corresponding authorisation.

Support for entrepreneurs

MINCETUR enables the following:

- Certification of the application of good practices, with 3 levels of compliance (Gold, Silver & Bronze).
- Presence in the Directory of Companies Committed to Improving Quality in Tourism.
- Better qualified staff who raise service competitiveness and quality.
- A boost for the company's growth with free participation in MINCETUR's advertising campaigns.
- Participation in specialized training aligned with Cenfotur and PromPeru.
- Special discounts when taking part in domestic and international trade fairs promoted by PromPeru.
- Participation in advertising platforms targeting tourists such as "Ytuqueplanes.com", once they have registered.
- Free advice about how to win quality certifications, such as the Peru Quality Tourism Certificate, among others.

Support for investment, whether by taking traditional or disruptive approaches, focusing on innovation, is key if tourism destinations are to move forward, driving improvement in tourism products to meet the demands of the domestic and international market, while also encouraging the creation of a modern offering that is aligned with emerging global trends.

3

VALUE PROPOSITION

3.1. Why invest in Peru?[43]

The PENTUR programme has prioritised **17 tourism destinations across 26 regions of the country**: Arequipa – Colca; Ayacucho y Huancavelica; Cajamarca; Cordillera Blanca – Huascarán; Cuzco - Machupicchu – Apurimac; Kuélap y Utcubamba; Lima y Callao; Manú – Tambopata; Paracas – Nasca; Playas del Norte; Puno - Lago Titicaca; Río Amazonas; Ruta Moche; Rutas Cortas de Lima; Selva Central; Tacna – Moquegua; Tarapoto – Altomayo.

3.1.1 Peru enjoys extraordinary archaeological, historical and cultural wealth, and is home to some of the most surprising exponents of Latin America and the Caribbean's past

1. National Archaeological Park of Machupicchu (Cuzco):

The National Archaeological Park of Machupicchu, recognised as a UNESCO World Heritage Site in 1983, is one of the areas with the greatest biodiversity in Peru. It is home to more than 60 archaeological monuments connected by a network of Inca roads, and is notable for its flora and fauna, including over 423 species of orchids and large forests of native trees such as q'euña, alder, intimpa, cedar, and pisonay. The park features a variety of microclimates that create multiple ecosystems where species such as the Andean bear, the Andean Cock-of-the-Rock (the national bird of Peru), the river otter, the sword-billed hummingbird, the dwarf deer, the Andean fox, the condor, and the torrent duck live, some of which are endangered.

Among the tourist activities available are:

Visits to pre-Hispanic archaeological sites/World Heritage sites, cultural landscape observation, bird watching, flora observation, fauna observation, photography, and filming.

2. Historic Centre of Arequipa (Arequipa)

The Historic Centre of Arequipa, founded on 15 August 1540, is situated on a plain at the foot of the Chachani, Misti, and Pichupichu volcanoes, next to the valley and the Chili River, forming a landscape of great beauty. This area was declared a World Heritage Site by UNESCO in 2000 and comprises 433 heritage buildings from the 18th century, characterised by their semicircular arches and vaulted roofs, built from sillar (carved volcanic rock). Highlights include the Plaza de Armas with the municipal palace and the Cathedral, a 19th-century neoclassical building constructed over a baroque church.

In this area, there are 22 religious monuments (churches, chapels, convents, and monasteries) and bridges from the 16th and 17th centuries, with more than 27 architectural styles reflecting the history, customs, and beliefs of the time. The mansions, along with the monumental ensemble, streets, and squares, ensure the harmony and integrity of the urban landscape, giving the city exceptionally attractive.

Among the tourist activities available are:

Visits to monumental urban spaces, visits to unique or special urban architectural spaces, visits to museums, city tours on panoramic buses, visits to local producers, tasting and preparation of typical dishes, foodstuffs, and beverages, visits to markets, photography, and filming.

3. Historic Centre of Lima (Lima)

The Historic Centre of Lima, founded on 18 January 1535, was the capital of the Viceroyalty of Peru and the most important city in the Spanish dominions in South America. Declared a Cultural Heritage of Humanity by UNESCO in 1991, it covers 450 blocks and 1,022.8 hectares. It houses 649 monumental buildings and another 1,278 sites of historical value, including the Plaza Mayor, the Cathedral of Lima, the San Francisco Monumental Complex, among others. It is a testament to Spanish colonial architecture and urban development, adapted to the available materials, climate, and to withstand earthquakes.

Among the tourist activities available are:

Visits to monumental urban spaces, visits to unique or special urban architectural spaces, visits to museums, city tours on panoramic buses, visits to local producers, tasting and preparation of typical dishes, products, or beverages, visits to markets, photography, and filming.

4. Sacred City of Caral (Lima)

The Sacred City of Caral, located 184 km north of Lima, is a 5,000-year-old archaeological site and the oldest centre of civilisation in the Americas. Built on a desert alluvial terrace overlooking the Supe River valley, it dates back to the Late Archaic period of the Central Andes. It is notable for its urban planning, monumental architecture with stone and earth platforms, and sunken circular plazas. The city includes six large pyramid structures and an elite residential complex, revealing a strong religious ideology. Caral is a unique laboratory for investigating the formation of the state and urban life in ancient times.

Among the tourist activities available are:

Visits to pre-Hispanic archaeological sites, tasting and preparation of typical dishes, foodstuffs, and beverages, photography, and filming.

5. Archaeological Complex of Chan Chan (La Libertad)

Located in Trujillo, the Archaeological Zone of Chan Chan was declared a World Heritage Site by UNESCO in 1986. As the capital of the Chimú kingdom, Chan Chan developed between AD 900 and 1470, reaching its peak in the 15th century before being conquered by the Incas. The name Chan Chan means "Radiant Sun" in the Chimú language. The city, one of the most important in pre-Columbian America, was organised into ten independent "citadels" and was a religious, administrative, and military centre of the Chimú kingdom, with a population of nearly one million people.

Chan Chan stands out for its refined architectural technique, featuring high-relief carvings and geometric as well as zoomorphic designs in shades of ochre, yellow, and red. The citadel included water reservoirs, agricultural fields, food storage silos, and defense systems. Covering 14 km² of what was originally more than 20 km², Chan Chan is the largest adobe city in the Americas.

Among the tourist activities available are:

Visits to archaeological sites, world heritage sites, pre-Hispanic locations, as well as opportunities for photography and filming.

6. Monumental Archaeological Zone of Kuelap (Amazonas)

The Archaeological Zone of Kuelap, in Chachapoyas, Amazonas, is situated 3,000 metres above sea level, on the left bank of the Utcubamba River. It is a fortified citadel of the Chachapoya culture, occupied between the 5th and 16th centuries. Kuelap, 584 metres long and 110 metres wide, spans 6 hectares and features carved stones with anthropomorphic, zoomorphic, and geometric designs. Located in a montane cloud forest, it has been accessible since 2017 via cable cars, the only cable car system currently operating in the country, which fosters related tourism services such as accommodation and eating places, but is also an attraction in itself.

Among the tourist activities available are:

Visits to archaeological sites, photography, and filming.

7. Nasca and Palpa Lines and Geoglyphs (Ica)

The Nasca and Palpa Lines and Geoglyphs, covering an area of 450 km², are zoomorphic, anthropomorphic, phytomorphic, geometric figures, and lines used by ancient Peruvian astronomers as a solar and lunar calendar. Their lines are between 15 and 30 cm deep, and there are over thirty geoglyphs of animals, geometric, and human figures. Declared a Cultural Heritage of Humanity by UNESCO in 1994.

Tourist activities include:

Visits to World Heritage sites, aircraft overflights, cultural landscape observation, museum visits, star and celestial observation, studies and research, photography, and filming.

8. Choquequirao Archaeological Park (Cuzco)

The Choquequirao Archaeological Park is considered a National Cultural Heritage site due to its significant attraction as a natural resource, thanks to its biodiversity of flora and fauna, its landscape environment such as cloud forests, dry forests, canyons, and snow-capped mountains, among others.

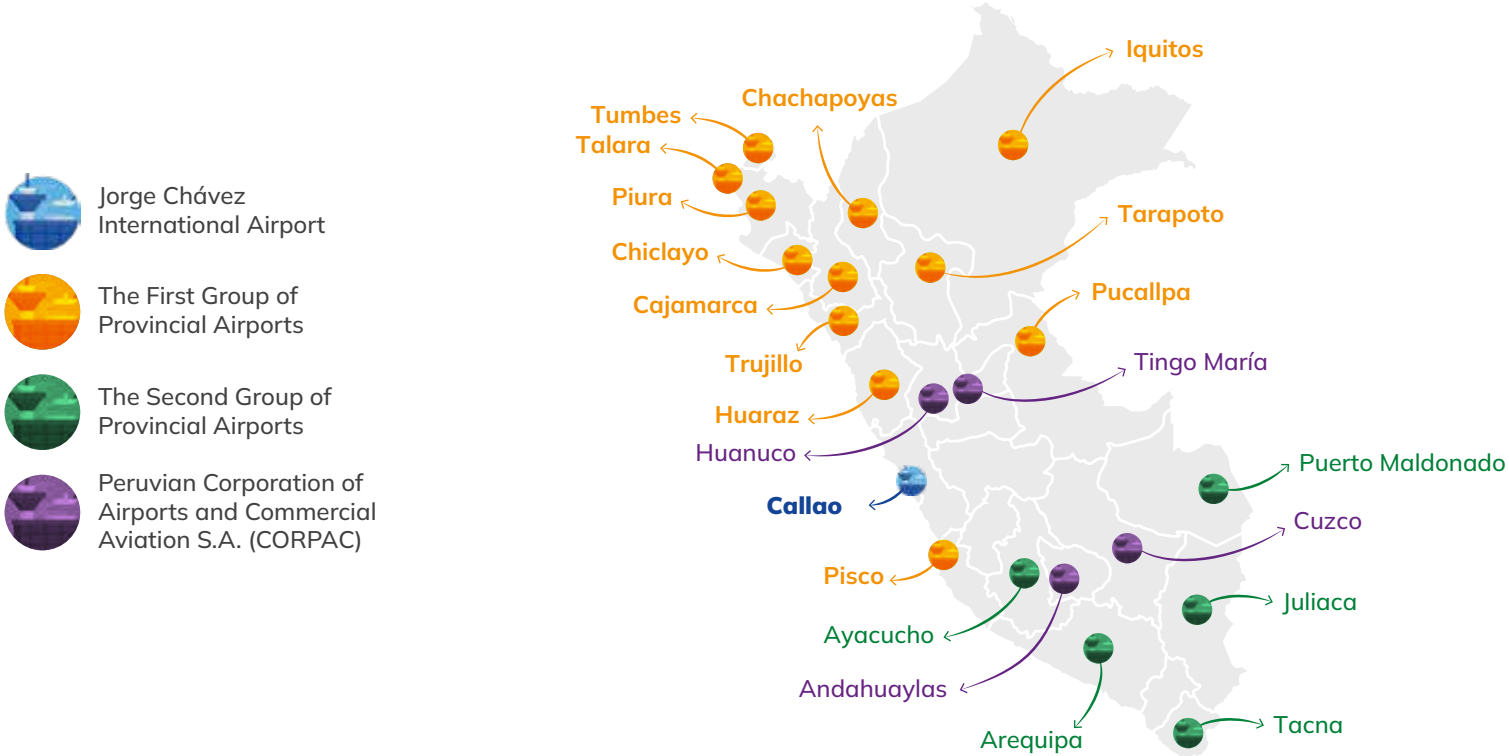
It is also important for its cultural significance, as the citadel was both a cultural and religious centre. It is located on the western slopes of the Vilcabamba mountain range and the canyon formed by the Apurímac River, amidst ecosystems that range from eternal snows at 6,000 metres above sea level to torrid tropical valleys at 1,800 metres above sea level.

Among the tourist activities available are:

Visits to pre-Hispanic monuments/archaeological sites, cultural landscape observation, star and celestial observation, bird watching, fauna observation, flora observation, camping, trekking, studies and research, photography, and filming.

3.1.2 Infrastructure and connectivity to foster tourism

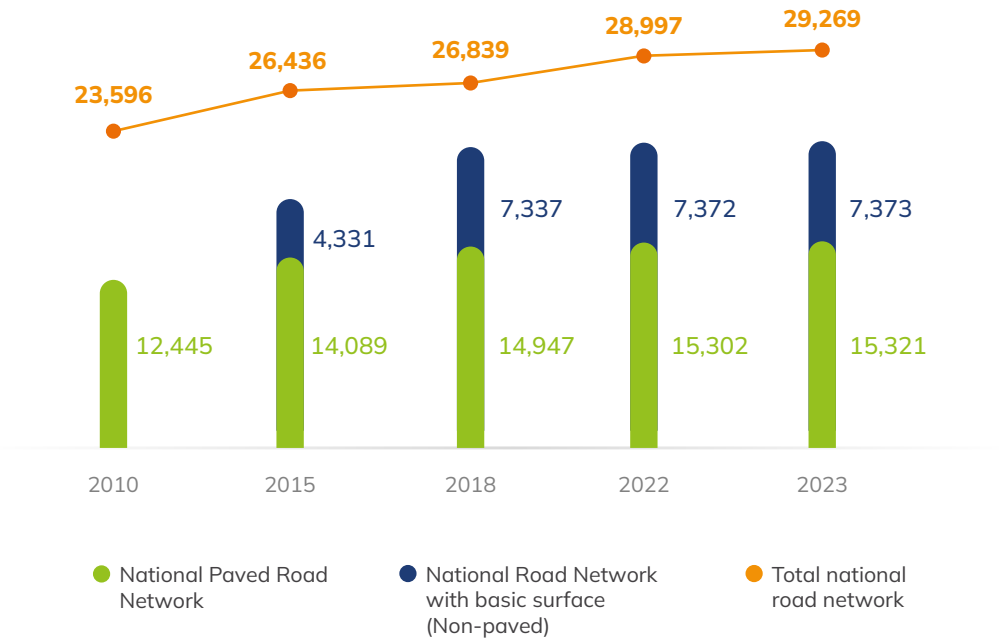
Peru's infrastructure is continuously developing, to help connectivity for tourists throughout the country. The country **has a total of 23 airports, of which 11 are international, providing connections for 18 destinations with 73 direct routes**[44].



Source: Public Transport Infrastructure Investment Authority (OSITRAN), information provided by the Ministry of Foreign Trade & Tourism.

In addition, Peru has an extensive national trunk road network. At the close of 2023, the national road network was 29,269 km long, of which over 52% (15,321 km) are paved with asphalt, while 7,373 km have a more basic surface. In particular, the Sierra Longitudinal Road is entirely paved, while 96% of the Selva Longitudinal is asphalted[45].

Figure 3.1: National road infrastructure by surface type, 2010 – 2023



Source: Ministry for Transport & Communications (2024), National Road Network Report, available online: https://portal.mtc.gob.pe/logros_red_vial.html [04-03-2024]

Furthermore, the country has **12** ports, the Amazonian waterway system, **3** railway networks, metros in Lima and Callao, that provide transfers **for passengers and cargo both nationally and internationally**[46].

3.1.3 Governmental programmes and policies

a. General Tourism Law

The first article of the General Tourism Law (Law N° 29408) stipulates that tourism should be declared of national interest and its development a priority State policy for the country's advancement[47].

The ministries, regional governments, local governments, and public entities working on the infrastructure and services needs for the sustainable development of tourism activity must consider the requirements of the tourism sector formulated by the governing body of this activity when drawing up their programmes, budgets, projects and action plans.

The second article states that application of this law is mandatory at the three levels of government: national, regional, and local, in coordination with the various stakeholders in the sector. Handicraft activity, as a component of tourism, is governed by the principles contained in the aforementioned Law and by the corresponding legal provisions for that activity.

b. National Strategy for Rebooting the Tourism Sector

The National Strategy for Rebooting the Tourism Sector 2022-2025 promotes the reactivation of the tourism sector in Peru by creating unique and safe tourism experiences that are inclusive and sustainable. In the case of specific objective 3: "Strengthen and boost the supply of tourism products and experiences based on reactivation scenarios", it has established the strategic action of encouraging private intervention in tourism.

Continues ⟶

c. Government investment in tourism infrastructure and key incentives for the sector

To drive the recovery of Peru's tourism sector and position the country as a leading tourist destination, the government has implemented a series of programmes, strategies, and incentives, including the creation of key management instruments: the Fund and the Extraordinary Tax for the Promotion and Development of National Tourism[48], the Economic Reactivation Plan with Punche Peru which disburses around PEN 500 million (USD 133.6 million) to reinvigorate tourism[49] and the RERAIGV mechanism to drive investments across all the national economy's industries, including tourism[50].

Likewise, there are other incentives: the Law that reduces VAT for hotels to 8% (to which the 2% Municipal Tax [IPM] will still be added, so the VAT to be declared would be 10%), restaurants and tourist accommodations (Law No. 31556); the Law for the Promotion of Investment in the Amazon (Law No. 27037); "Exemption from the 18% VAT (IGV) for accommodation and food services purchased in the country by non-residents" and "Credit for the private execution of public investment projects with regional and local impact". Private companies that sign agreements, in accordance with the provisions of Law 29230, may finance and/or execute public investment projects in infrastructure that must be in harmony with national, regional, and/or local development policies and programmes, and have a viability declaration.

These actions are a sign of the government's commitment and strategic vision to strengthen tourism by promoting both national and foreign investments, recognising its potential as a driver of economic and social development.

The Peruvian government has invested more than USD 621.4 million since 2005 to boost the development of the tourism industry and help position Peru as an attractive destination. Additionally, through RERAIGV, it has incentivised over USD 750 million with private sector participation. This investment shows the importance the government places on tourism as a key driver of the country's economic development.

3.1.4 Professionalising the sector through a wide range of training options adapted to the growing demands of the labour market

Peru has a diverse and extensive range of tourism training at all levels, across university, technical, and professional education.

In higher education, there are 26 tourism courses offered at 44 universities, of which 50% are public. As of the end of 2023, around 27,100 students were enrolled in tourism-related courses[51].

There is also a broad non-university tertiary education syllabus available from the Higher Education Institutes[52] and the Tourism Training Centre (CENFOTUR); at the close of 2023, around 19,540 students were registered at these tourism training centres. Of the non-university courses, the most popular are Official Tourism Guide, Official Gastronomy Guide and Official Culinary Art Guide[53].

Table 3.1: Areas of tourism training (technical & professional) available in Peru

- International Hotel Management & Administration
- Sustainable Tourism & Hospitality Administration
- Tourism & Hotel Business Administration
- Hospitality Services & Restaurant Administration
- Tourism Services Administration
- Tourism Administration
- Tourism & Hospitality Administration
- Tourism, Hospitality & Gastronomy Administration
- Hotel Administration
- Hotel & Services Administration
- Tourism Administration

- Hospitality & Tourism Management
- Official Mountain Guide
- Official Tourism Guide
- Hospitality & Administration
- Ecotourism Engineering
- International Business & Tourism

- Culinary Art
- Cooking
- Ecotourism
- Gastronomy
- Gastronomy & Culinary art
- Gastronomy & Restaurant Management
- Peruvian international gastronomy

- Tourism
- Sustainable Tourism
- Sustainable Tourism & Hospitality
- Tourism & Administration
- Tourism & Hospitality
- Tourism & Business
- Tourism & Cultural Heritage
- Tourism, Hospitality & Gastronomy

Source: Ministry for Work & Employment Creation & Tourism Training Centre (CENFOTUR)

3.2. Overview of the tax regime in Peru

3.2.1 Summary of the country's main taxes

Peru has been working towards forming part of the Organization for Economic Cooperation & Development (OECD). The OECD-Peru Country Programme has been running since 2015, under which the country follows the OECD's recommendations on regulations and legal frameworks, in order to move forward with the reforms needed in the country.

The OECD-Peru Country Programme focuses on five working areas: **(i) the elimination of barriers to growth; (ii) the improvement of public governance; (iii) the fight against corruption; (iv) the development of human capital; and (v) environmental protection**. The Peruvian tax framework seeks to be in alignment with these working areas.

The central government's revenue in Peru primarily comes from four taxes: **the Value Added Tax (IGV), Income Tax (IR), the Selective Consumption Tax (ISC), and import tariffs**. Below is a brief description of the taxes in the Peruvian fiscal system:

Table 3.2: Principal taxes in the Peruvian fiscal system

Value Added Tax (IGV)

Indirect taxation on the sale and import of goods and services rendered in Peru. This tax is applicable on the price of the good or service consumed at the rate of **18% of the final sale price**.

Selective Consumption Tax (ISC)

Taxation on the sale or import of certain goods that generate negative externalities on individuals, society or the environment, for example, cigarettes, spirits, among others.

Income Tax (IR)

Levied on income from capital, work or the joint application of both, with five categories of income: i) rental of furniture or property; ii) capital gains; iii) entrepreneurial activity; iv) self-employed work; and v) work as an employee.

Import tariffs

Duties applicable on merchandise coming into the country.

Other taxes

Tax on Financial Transactions (ITF), Short-term Net Assets Tax (ITAN), among others.

Source: Customs & Inland Revenue Authority (SUNAT)

In addition, local governments exclusively administer a set of duties such as the Property Tax and municipal rights and levies such as licences and duties. Likewise, there are non-tax charges that are collected as part of the national government's current-account revenues, mainly social contributions to EsSalud and the National Pension System (ONP).

The Special Regime for Early Recovery of VAT refunds the VAT paid on the acquisition of capital goods, services, and construction contracts during the execution of an investment project in its pre-operational stage.

Additionally, there is the VAT Refund Regime for Exports, which refunds the tax paid by the producer for all exported goods.

3.2.2 Summary of the main taxes on activities related to Tourism

Table 3.3: Principal taxes applicable to tourism-related activities

Value Added Tax (IGV)

Indirect tax on the sell and import of goods and services supplied in the country. For micro and small enterprises working in restaurant, hotel and accommodation activities, the special short-term VAT rate is **10% of the final sale price**, (instead of the standard 18%), in force until 31/12/2024.

Tax on Casinos & Slot machines

Taxes on operating casino games and slot machines. A set amount is applied for each casino table and each slot machine in operation. The sum charged is established in Section B of the New Appendix IV of the VAT Law.

Tax for the Promotion & Development of Peruvian Tourism

Tax to finance activities and projects to promote and develop national tourism. The tax is **USD 15** and is applied on travellers' plane tickets.

Source: Customs & Inland Revenue Authority (SUNAT)

3.3. Incentives and investment climate

3.3.3. Investment incentives applying to the tourism industry

In recent decades, Peru has established itself as an attractive destination for foreign investment, thanks to its open trade policy and its membership of the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation Forum, the Andean Community, and more than 20 existing trade agreements, with around 10 currently being negotiated. Additionally, it has an **institutional and regulatory framework that offers attractive incentives for investment, among them opportunities in the tourism sector**.

Some key advantages for a foreign investor when setting up a company or business in Peru are:

- **100% foreign ownership.** The shareholders of a registered Peruvian company can be 100% foreign (individuals or companies) and non-resident. There is no requirement for the company owners to reside in Peru or involve a Peruvian investor.

- **Low minimum capital requirements.** The minimum capital requirement for a standard company in Peru is around PEN 500 (approximately USD 150).

- **Choice of currency when opening bank accounts: Soles (PEN), US Dollars (USD), or Euros.** Business bank accounts can be opened in one or more currencies; in Soles, the account can be opened with around PEN 500, in US Dollars with USD 500, and in Euros with EUR 500.

- **Efficient business incorporation process.** This process can take around 2 to 3 weeks from the legal incorporation of the company and registration with the Customs & Inland Revenue Authority (SUNAT), obtaining the company's Unique Taxpayer Registry number (known as the RUC number), opening and legalising company and accounting books (mandatory in Peru), and processing the application to open a local business bank account.

- **Swift visa granting process** for foreigners seeking to start a business in Peru and long-term stay permits (more than 6 months in a year). Company incorporation can facilitate the path to obtaining residency in Peru.

Table 3.4: Main incentives for foreign investment

Special Regime for the Early Return of VAT (RERAIGV)

Reimbursement of IGV (VAT) that was transferred or paid on import operations &/or the local acquisition of intermediary goods, capital goods, services and construction contracts that are used directly on the execution of a given project's investment commitments, provided that this is at a pre-productive stage two or more years before completion.

Requirements

Natural or legal persons who want to apply must demonstrate to PROINVERSIÓN that they have complied with the following:

- Executing a project in any economic activity generating category 3 income.
- The project must have an investment commitment of at least USD 5 million**, excluding VAT, as the total investment sum, across all the tranches, phases or similar, if applicable (except for the farming sector, that has no minimum investment amount).
- The project must entail a pre-productive phase that lasts at least two years, starting from the date of the first investment.

Advantages

- Provides liquidity for the investor, alleviating their financial burden.
- Jumpstarts the economy by promoting the developing of new investments (creating jobs and, for the future, tax revenues).

Legal underpinning

- Legislative Decree N° 973
- Law N° 30056
- Legislative Decree N° 1259
- Legislative Decree N° 1423
- Supreme Decree N° 084-2007-EF (supporting legislation)
- Supreme Decree N° 096-2011-EF
- Supreme Decree N° 187-2013-EF
- Supreme Decree N° 129-2017-EF
- Supreme Decree N° 276-2018-EF
- Supreme Decree N° 301-2018-EF (Only Appendix 3)

Legal Certainty agreements

These are instruments to foster investment, that come into force when agreements are signed with the Peruvian State, which provide guarantees for investors or the companies receiving funds, as applicable, during the period these contracts are in force. These agreements may only be modified with the consent of both parties.

Requirements

As a minimum, to make monetary contributions through the National Financial System of at least USD 10 million, in the case of the mining and hydrocarbons sectors; and of USD 5 million, for remaining economic activities.

Advantages

By adopting these agreements, the Peruvian State provides guarantees of legal certainty to domestic and international investors, and to the companies receiving the investment, whether new companies being incorporated, or the capital expansion of pre-existing ones. The contracts will be valid for 10 years. In the case of concessions, the legal certainty agreement will be in force for the same period as the concession.

Legal underpinning

These legal contracts are of a civil, rather than a public administration, nature and as such are subject to the Civil Code.

Any disputes arising would be decided by Arbitration Courts, in line with applicable Peruvian legislation.

Law of the Amazon

Seeks to drive sustainable investment in the Peruvian Amazon.

Requirements

To promote the sustainable, integrated promotion of the Amazon, special tax conditions have been created to encourage private investment:

- A levy of between 5% and 10% on Income Tax will be applied, depending on the location, on taxpayers in the Amazon whose main activity is tourism, among others.
- Companies trading in the Amazon who reinvest at least 30% of their net income in investment projects may apply for a rate of 5% to 10% on their Corporate Income Tax, depending on their location.

In the case of the IGV (VAT) and the Selective Consumption Tax, companies located in the departments of Loreto, Madre de Dios and Ucayali are exempted on the sales effected in these departments.

Legal underpinning

Ley N° 27037: Law for promoting investment in the Amazon

The status of investment projects with access to the Special Regime for Early Recovery of VAT - RERAIGV under the administration of MINCETUR, as of March 2024, is as follows:

- **Operational projects:** 19 projects with a total investment of USD 415.6 million, providing a capacity of 3,343 rooms to Metropolitan Lima's hotel segment.
- **Projects in execution:** 7 projects with a total investment of USD 156.5 million, with a planned capacity of 1,292 rooms.
- **Projects being assessed:** 2 projects with a total investment of USD 48.4 million, with a projected capacity of 668 rooms.

There are also other specific benefits such as **Law No. 31556 which reduces VAT for hotels, restaurants, and tourist accommodations to 8% and reduces VAT for tourism SMEs (restaurants, hotels, and tourist accommodations) from 19% to 8%**, and the law that exempts VAT for accommodation and food services acquired in the country by non-residents.[54]

Furthermore, there is an incentive that is specifically designed to drive tourist spending, through the SUNAT 97-2023 "**Tax free**" resolution, enabling tourists to claim back VAT, and the Law promoting investment in the Amazon (Law N.° 27037).

Notes:
* In the case of legal persons, they can access this advantage whether their capital or investors are Peruvian or not.
** Law N° 31661 was passed on 31st December 2022, which establishes the exceptional application to the RERAIGV regulated by D.L. No. 973 and approves the temporary reduction of the investment commitment requirement down to not less than USD 2,000,000.00, excluding VAT, valid until 31 December 2024.

3.3.3. Setting up a foreign company in Peru

How does one set up a company in Peru? [55]

a. Choosing the type of company

The first step is to choose the type of company. The main forms of business covered by law are the public limited company, the limited liability company, the branch, the joint venture, and the consortium. All procedures related to the incorporation of a company can be carried out directly or through a representative.

The documents accrediting a representative are:

- Power of attorney granted by the legal entity abroad. The power of attorney must be legalised by the Ministry of Foreign Affairs of Peru. If the power of attorney has been granted in another language, it must be translated into Spanish.
- If the representative is a foreign citizen, a business visa or foreigner registration card will be required.

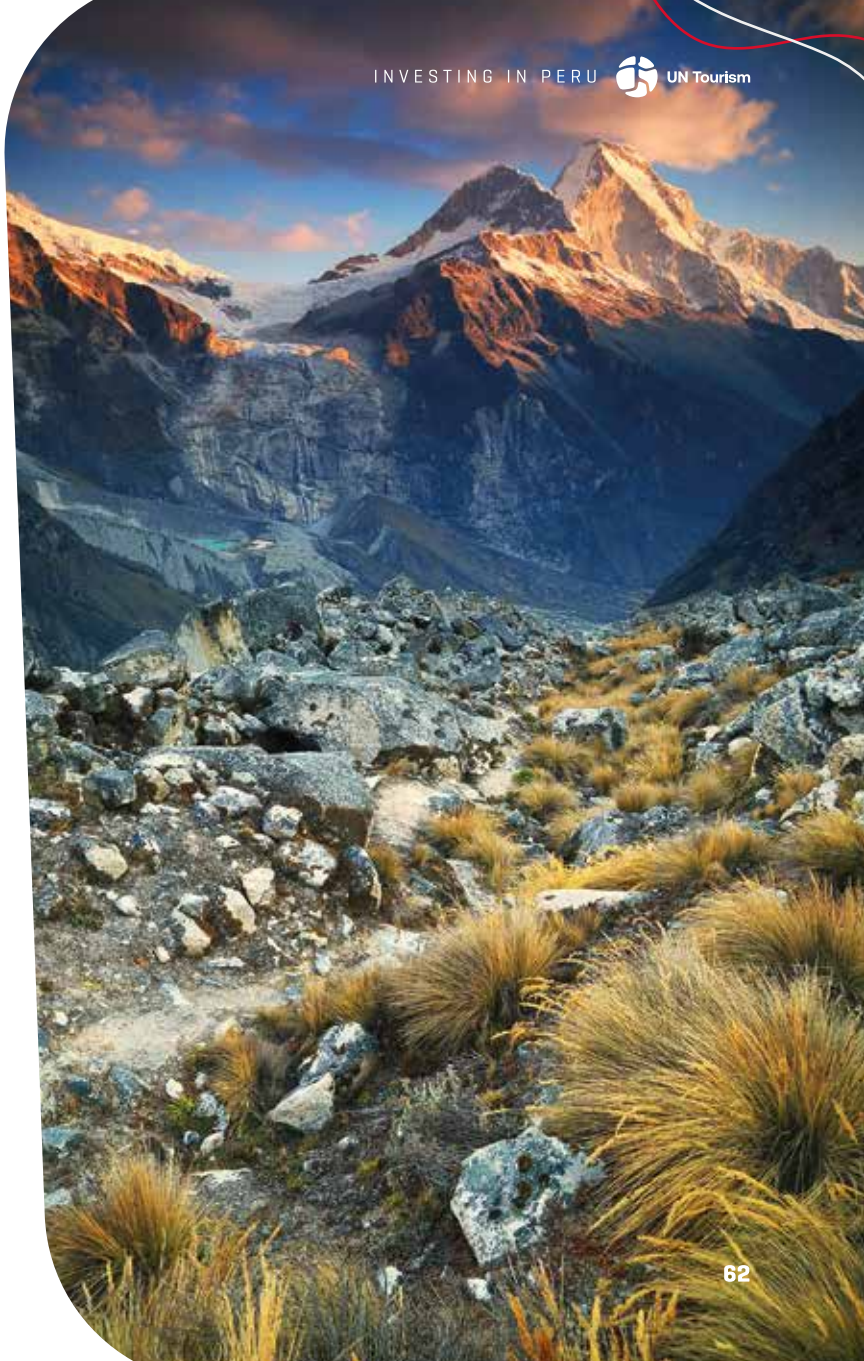


Table 3.5: Comparative chart of the main types of companies:

Types of enterprise	Commercial limited company	Closed stock company	Public limited company
Characteristics	From 2 to 20 participating partners.	From 2 to 20 shareholders. The shareholder wishing to transfer their shares to another shareholder or to third parties should inform the company and obtain their approval to do so.	At least 2 shareholders. No upper limit.
Designation	The company name will be followed by the words "Sociedad Comercial de Responsabilidad Limitada" [Commercial Limited Liability Company] or the initials "S.R.L.".	The company name will be followed by the words "Sociedad Anónima Cerrada" [Closed Stock Company, or the initials "S.A.C.".	The company name will be followed by the words "Sociedad Anónima" [Public Limited Company], or the initials "S.A.".
Bodies	• General Shareholders' Meeting. • Managers.	• General Shareholders' Meeting. • Board of Directors, appointment to which is discretionary. • Management.	• General Shareholders' Meeting. • Board of Directors. • Management.

Continues ⟶

Types of enterprise	Commercial limited company	Closed stock company	Public limited company
Capital	The capital is represented by shares and at least 25% of each share should be paid up.	Capital contributions should be in local or foreign currency and/or in intangible technology contributions. The capital is represented by shares, must be fully subscribed and at least 25% of each share should be paid up.	Capital contributions should be in local or foreign currency and/or in intangible technology contributions. The capital is represented by shares, must be fully subscribed and at least 25% of each share should be paid up.
Duration	Open-ended	Fixed or open-ended	Fixed or open-ended

Other corporate structures commonly used are:

The Branch

Companies, whether domiciled in the country or not, can freely establish branches in Peru. They must sign them up on the Legal Persons Registry of the National Public Records Authority's Registration Area (SUNARP) in the place where they will operate.

A branch does not have a legal personality independent from its parent company. It is endowed with permanent legal representation and enjoys management autonomy within the scope of the activities assigned to it by the parent company, according to the powers granted to its representatives.

The Public Deed to establish a Branch must contain at least:

- The certificate declaring that the parent company exists. In the case of companies incorporated abroad, they must also present the authority to establish branches abroad.
- A copy of the articles of association and the statutes or equivalent instruments in the country of origin, if applicable.
- The document recording the decision, adopted by the corporate body of the parent company holding such powers, to establish the branch, indicating the capital assigned to the branch; the declaration that the activities to be carried out by the branch are within the corporate purpose of the parent company; the location of the branch's domicile; the appointment of a permanent legal representative in the country; the powers conferred on them; and their submission to Peruvian laws to be liable for the obligations contracted by the branch.

The legal representative of the branch must have sufficient powers to resolve any issues related to the company's activities, to make the company liable for the operations conducted by the branch, and to meet the general representation requirements demanded by law.

Associative Contracts

Associative contracts create and regulate participation and integration in specific businesses or enterprises for the common interest of the participants. This type of contract does not generate a legal entity, must be in writing, and is not subject to registration. There are three forms of associative contracts: the Participation Association contract, the Consortium, and the Joint Venture.

The resources allocated to the aforementioned contracts will be treated as foreign direct investment when the foreign investor is granted a form of participation in the production capacity, when this does not constitute a capital contribution. This pertains to commercial operations of a contractual nature through which the foreign investor provides goods or services to the recipient company in exchange for a share in the volume of physical production, the total sales amount, or the net profits of said recipient company.

b. Preparing the Incorporation Document:

The Incorporation Document is the company's social contract. It must contain detailed information about the company to be set up (identification of founding partners, corporate purpose, statutes, and a description of the directors´ positions). The document must be signed by a lawyer.

c. Opening a current account in the name of the company at a local bank.

d. Registration of the company with the National Public Records Authority (SUNARP):

The Incorporation Document is presented to the notary public, who will elevate it to a public deed and prepare the documents for registration with SUNARP.

Registration with SUNARP:

- Form provided by SUNARP.
- Payment of the processing fee.
- Documents provided by the notary.

e. Obtaining the Unique Taxpayer Registry (RUC):

Obtained from the National Tax Administration Authority (SUNAT), Peru's tax administration body.

Requirements:

1. Deed of incorporation, duly registered with SUNARP.
2. Water or electricity bill of the fiscal domicile, which is the domicile established for tax purposes.
3. SUNAT's RUC registration application form.
4. Original identity document of the legal representative.
5. Property title or rental contract for the place where the business activity will be conducted.

f. Formalisation of Company Books:

Opening and legalisation of company books and accounting books.

Requirements:

1. Copy of the RUC form.
2. Book to be legalised.
3. Payment of processing fee.
    - Authorisation of the payroll book with the Ministry for Work & Employment Creation.
    - Obtaining a municipal operating licence (from the respective municipality).

g. Registration of foreign direct investment:

Legislative Decree No. 662 establishes the obligation to register foreign investment, although it does not set a specific deadline.

This procedure is carried out with the Agency for the Promotion of Private Investment, PROINVERSIÓN.

4

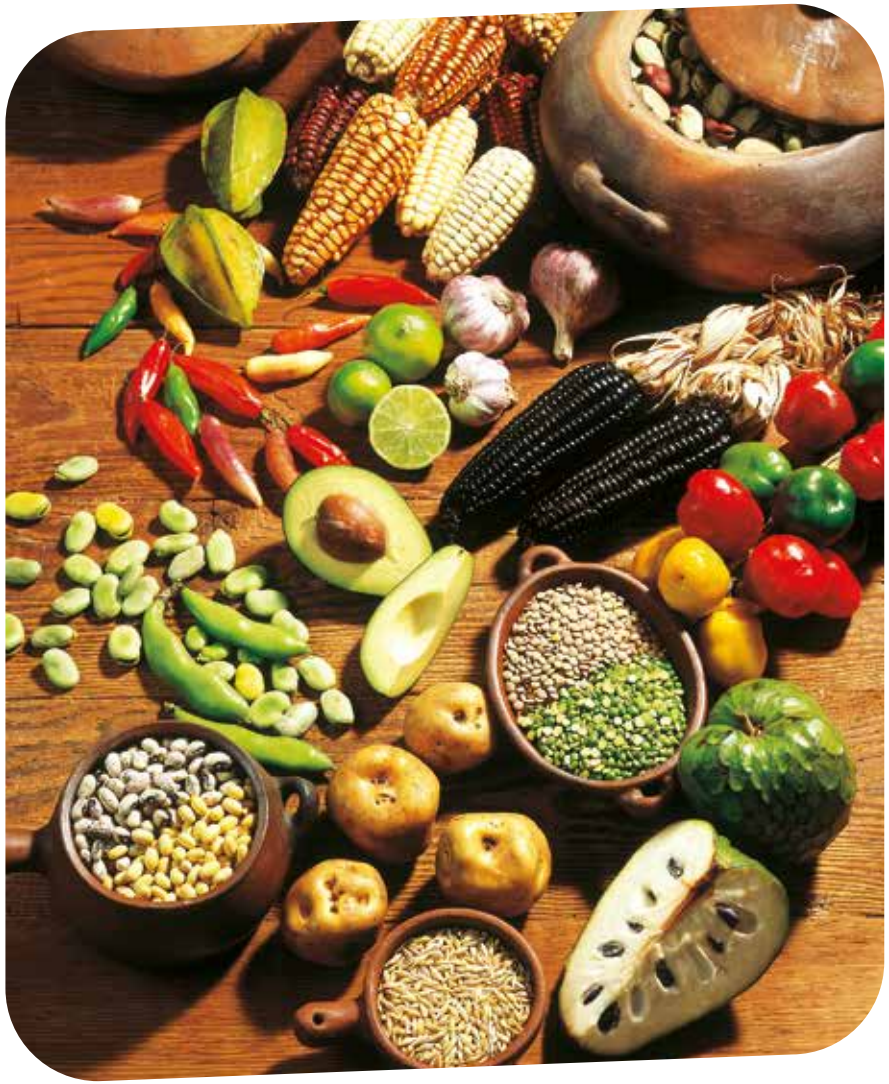
PERUVIAN GASTRONOMY: A TOURIST ATTRACTION AND INVESTMENT OPPORTUNITY

4.1. The gastronomy "boom" in Peru

For almost two decades, Peru has been experiencing a so-called "gastronomic boom". This phenomenon has occurred thanks to the country's great variety of natural resources and cultural riches, through the **re-assessment of culinary roots and fusions, as well as the rediscovery of ancestral techniques, both native and those brought by various incoming colonisers to Peru**. This cultural blend has translated into a diverse cuisine that has established Peruvian gastronomy as an international benchmark and a source of national pride.

An important milestone in the promotion and recognition of Peruvian gastronomy occurred in 2005 when PromPeru launched the brand "Perú Mucho Gusto" [With Great Taste, Peru], and in 2007, gastronomy was designated a flagship attribute by the Peruvian State, officially becoming part of the country's image abroad. In 2008, PromPeru organised the first "Perú Mucho Gusto" International Gastronomy Fair, and in 2009, the Peruvian Gastronomy Society (APEGA) took over with the "Mistura" fair. This event showcased the different culinary proposals from across the country's regions and the talent of its chefs, attracting around 400,000 people and becoming the most important gastronomy fair in Latin America.

In 2011, the Peru Brand was officially presented to the world, promoting Peruvian gastronomy, which was named a "Cultural Heritage of the Americas". In 2012, Peru won its first international award as "World's Leading Culinary Destination" from the World Travel Awards, and the restaurant "Astrid y Gastón" ranked 35th in the World's 50 Best Restaurants awards, beginning a journey of continuous recognition thanks to the joint efforts of the State and the private sector.



4.2 Strengths

Biodiversity

Peru's vast territory offers a great variety of climates (28 out of 32 climate types worldwide) and agricultural characteristics, positioning it as **one of the countries with the greatest genetic diversity of plants and animals**. It leads the world in varieties of potatoes, chillies, maize, Andean grains, tubers, and Andean roots, in addition to having a significant number of fruit and food plant species.

Peru also stands out for its marine wealth, with more than 2,000 species of freshwater and saltwater fish, which has led to the development of emblematic dishes such as ceviche, declared in 2023 an Intangible Cultural Heritage of Humanity.

Cultural expression

Peruvian cuisine is unique in the world due to the country's rich biodiversity and its history of different culinary influences from immigrants. It is one of Peru's most important cultural expressions, with a wide variety of flavours that reflect the different regions and stages of Peruvian history, from pre-Columbian societies to the present. **The coexistence of Andean, Amazonian, European, Asian, and African cultures in a megadiverse territory has been key to the success of Peruvian gastronomy worldwide**.

Inclusive activity

One of the strengths of Peruvian gastronomy is its inclusiveness. **All regions of the country have typical dishes showcasing their ingredients**, offering a great opportunity to attract tourists interested in exploring the culinary diversity of each region.

Marketing and promotion

The Peru Brand, managed by the Ministry of Foreign Trade & Tourism (MINCETUR), has been promoted energetically since 2011, with **campaigns that foster national identity and export Peruvian gastronomy to the world**. Fairs such as "Perú Mucho Gusto" and the development of thematic routes (such as the pisco and coffee routes) have expanded the tourism offering and captured the interest of Peruvians and foreign tourists aike.

Peru is the third-largest producer of organic coffee in the world, and the importance of pisco as the national flagship drink, with a designation of origin and recognised as an example of National Cultural Heritage, underscores the value of these products in international promotion.

4.3. Promotional strategy and international acknowledgment

Peruvian cuisine respects tradition, seeks sustainability, authenticity, and experience; it is part of Peru's historical and cultural identity. Its strength lies in preserving these qualities, with the participation of various actors in the value chain, and it has a direct impact on the growth of gastronomic tourism in the country, generating a direct impact on the economic growth of multiple sectors, becoming a powerhouse of employment and national development.

Between 2012 and 2023 (apart from 2020), Peru has been continuously recognised as the "World's Leading Culinary Destination" by the World Travel Awards.

In terms of the restaurants themselves, Peru has maintained a prominent place in the rankings of the World's 50 Best Restaurants and Latin America's 50 Best Restaurants, with restaurants such as "Central" and "Maido" occupying leading positions globally and regionally.

4.4. The expansion of Peruvian gastronomy and the development of franchises

Having won its reputation, Peruvian gastronomy has seen an increase in the internationalisation of Peruvian restaurants through franchises. Currently, Peru has 14 gastronomic franchises present in Latin America, the United States of America, and some European countries, including establishments like Sanguchería La Lucha, Segundo Muelle, Osaka, and La Mar, representing an attractive avenue for investment and an opportunity to continue positioning Peruvian gastronomy worldwide.

4.5. The Peru Brand and the Sector "Super Foods Peru" brand

The Peru Brand, launched in 2011, positions the country on a global stage, highlighting its geographic diversity and favourable microclimates that enable a wide variety of high-value agricultural and marine products to be produced. In 2017, PromPeru launched the sector brand "Super Foods Peru" to promote Peruvian foods rich in antioxidants, vitamins, and amino acids, emphasising their nutritional value and sustainable production.

The promotion of these products under a "country" brand means that resources can be effectively optimised, synergy generated among sector actors, and trade encouraged in target markets. This strategy has strengthened the positive image of the country internationally, positioning Peru as a provider of high-quality food produced using environmentally sustainable techniques.

4.6. Government support to attract investments in Peruvian gastronomy

The Peruvian government has played a crucial role in promoting and consolidating the country's gastronomy as a tourist attraction and investment opportunity. Through the Peru Brand and international promotion campaigns, there has been consistent presence on social networks and specialised platforms, highlighting the authenticity and diversity of Peruvian cuisine. Additionally, regional gastronomic routes have been opened up, working with local authorities and travel agencies, such as **the Ceviche Route** and **the Pachamanca Route**, attracting tourists interested in exploring the culinary richness of the country. The government has also encouraged the internationalisation of Peruvian restaurants and the adaptation of menus to local markets while maintaining the authenticity of the cuisine, and has supported the adoption of advanced technologies in the preparation and presentation of various dishes. This comprehensive approach, which combines innovation, sustainability, and unique culinary experiences, has been essential in attracting investments and strengthening the position of Peruvian gastronomy on the global stage.

To further boost investment, the Peruvian government has introduced **fiscal and financial incentives**, including the refund of the IGV (General Sales Tax, or Value Added Tax) for companies in the pre-productive stage and special regimes for small businesses, significantly reducing the financial cost for new projects in the sector. These incentives, along with a policy of subsidised loans and a favourable legislative framework, have been essential in attracting investments and strengthening the position of Peruvian gastronomy on the global stage.

5

GREEN INVESTMENT OUTLOOK

The global crisis generated by the pandemic prompted short-term support measures to preserve economic and social stability, as well as long-term strategies focused on digital transformation, ecological transition, and the construction of safety nets to address inequality and social fragmentation[56].

Tourism is not exempt from this reality. This crisis highlighted the strategic importance of this sector in terms of generating income and employment and demonstrated the need to advance the development of the sector in alignment with sustainability criteria.

Additionally, there has been an increasing demand for more sustainable tourism experiences, both in tourist services and destinations. This presents a market opportunity for green investments and technologies that reduce the consumption of natural resources and promote the conservation of ecosystems and their biodiversity. Tourism is closely linked to several Sustainable Development Goals (SDGs), including economic growth, sustainable production and consumption, the conservation of marine life, access to clean water, affordable energy, and climate action.[57]

Against this backdrop, the role of investment to accelerate the green transition in tourism is crucial, particularly in the environmentally sensitive building and refurbishment of buildings, which is estimated to represent an investment opportunity of USD 24.7 trillion in cities in emerging markets between now and 2030 (around USD 1.5 trillion on hotels and restaurants alone)[58]. This presents an ideal scenario for boosting the development of the sector and attracting investments that, by improving sustainability standards, generate cost efficiencies, enhance brand value, and increase guest satisfaction, responding to the growing demand and new consumer behaviours in favour of sustainability.

5.1. Green financing mechanisms to drive climate action in tourism

UN Tourism estimates that tourism and all participants linked to the sector, including transport, hospitality, and tour operators, are responsible for approximately 8% of global greenhouse gas emissions. In 2019, emissions from tourism were projected to increase by at least 25% by 2030, resulting in a 10% contribution. Therefore, it is crucial to take immediate and decisive measures to transform this sector and support progress towards achieving the Paris Agreement goals[59].

Specialist financing plays a critical role in ensuring that organizations have the resources they need to meet their climate goals and accelerate the transition to sustainability. It is therefore fundamental that innovative investment vehicles and financing are ramped up to drive the progress of sustainable tourism and SDG-related programmes.[60]

Tourism projects are often linked to the development of enabling infrastructures and real estate developments. Adaptation solutions must therefore be incorporated from the initial planning and pre-investment stages to optimise costs and maximise the long-term benefits of these projects.

In the case of Peru, significant work is being done by the Ministry of Economy and Finance (MEF), the Ministry for the Environment (MIAM), the Ministry of Production (PRODUCE), among other government bodies and institutions. By implementing strategic plans and deploying financial instruments, they help to advance towards a sustainable development model that addresses the threat of ecosystem degradation and the reduction in the availability of resources. Related plans and regulations include the following:

- The **National Competitiveness and Productivity Plan** (PNCP), which incorporates environmental sustainability within its objectives and includes guidelines to create the conditions for transitioning towards a circular economy, generating green instruments and investments in projects and companies that have positive impacts on the environment.[61]

- The **National Sustainable Infrastructure for Competitivity Plan 2022–2025 (PNISC)** that entails an approach based on developing infrastructure projects that are planned, designed, built, operated and dismantled in such a way as to ensure economic, financial, social environmental (including climate resilience) and institutional sustainability throughout the project's lifecycle.[62]

- The **Route map of Green Financing**.[63]

- The **National route map for the circular economy**.[64]

- The Public Procurement Law (Law 30225) that embeds environmental sustainability as a principle for public procurement[65].

- Guidelines for Assessing Bidders for tenders (Directive 001-2019-OSCE/CD), which include environmental and social sustainability factors and gives higher scores to those bidders who can prove they follow good environmental practices.[66]

- **National Environmental Policy for 2030 and National Strategic Development Plan for 2050**.

The country has shown a firm commitment to protecting the environment and developing a sustainable economy, especially since the **Sustainable Bonus Framework**[67] was passed, aligned with best practices in capital markets. In 2021 the country launched its first issue of green sovereign bonds for USD 2.5 billion and in 2023, it issued its first sustainable bond for PEN 16 billion (around USD 5 billion), for which demand quadrupled supply.

Likewise, June 2023 saw the passing of the Route Map for Peru towards Green Finance. This management tool will be rolled out across the country and is estimated that it will enable financial institutions to channel USD 2 billion of resources by 2025 towards productive investment projects and activities with standards to prevent &/or reduce negative environmental impacts.

As well as the country's own efforts, Peru has proactively used multilateral funds. For example, it has secured the support of the Green Climate Fund (GCF) to protect wetlands and the facility to finance bio-businesses in the Peruvian Amazon[68], through the Global Environmental Facility (GEF) it has implemented 66 programmes across the country in areas such as biodiversity, climate change and soil degradation. Altogether it has obtained USD 213.8 million in resources from these funds, which have enabled it to procure cofinancing for around USD 1.6 billion[69]. Via the Adaptation Fund (AF), 4 programmes have been executed with non-refundable resources from this fund for around USD 23 million to develop early alerts for natural disasters, rural development, the sustainable management of coastal zones and food security.[70]

Some successful case studies of projects financed with these Multilateral Funds are: "Building Resilience in the Wetlands of the Datem del Marañón province" and the "Financial facility for eco- and bio-businesses in the Amazon".

Table 5.1: Green incentives available in Peru to attract investors

Social Cost of Carbon (SCC)

Directorate Resolution No. 006-2021-EF/63.01, dated 30th July 2021, approved the “Technical Briefing notes for Using the Social Cost of Carbon (SCC) in the Social Evaluation of Investment Projects”. This aims to present to the units drafting Public Investment Projects (PIP) the appropriate use of the social cost of carbon in the social evaluation of PIPs during the formulation and evaluation phase to calculate the social benefits and costs generated by the externalities of PIPs within the framework of the National System for Multi-annual Programming and Investment Management.

The social cost of carbon enables the monetary measurement of the externalities that investment projects produce on the environment (whether positive or negative) in the social evaluation of PIPs, by assigning a value to the variations in greenhouse gas (GHG) emissions, expressed as carbon dioxide equivalents (CO2 eq.). Its use enables more environmentally friendly alternatives to be more "competitive" in social evaluations compared to other options. Conversely, less environmentally friendly alternatives can be "penalised" in the social evaluation. The calculated Social Cost of Carbon in Peru is USD 7.17 per tonne of CO2 (based on the methodological options for the inclusion of the social cost of carbon in national public investment systems in Latin America and the Caribbean, prepared by ECLAC).

Additionally, the country is preparing the infrastructure and national regulations to participate in the carbon markets of the Paris Agreement and is promoting a domestic voluntary carbon market to neutralise the carbon footprint of organisations, encouraging the transfer of resources to national emission reduction projects to meet the Nationally Determined Contributions (NDCs).

Social Discount Rate (SDR)

The Social Discount Rate (SDR) represents the opportunity cost incurred by the country when it uses resources to finance its projects. These resources come from the following sources: reduced consumption (increased savings), reduced private investment, and external sources (international loans). Therefore, it depends on the intertemporal preference for consumption, the marginal return on investment, and the interest rate on external loans. The SDR converts the present value of future benefit and cost flows of a particular project. The use of a single discount rate allows for the comparison of the net present value of investment projects.

The General Social Discount Rate is 8%.

For environmental service projects aimed at reducing or mitigating greenhouse gas emissions, the Social Discount Rate will be 4%. This will be the only rate applied to such projects, whose programmatic functional chain is as follows:

- Function 17: Environment.
- Functional Division 054: Strategic Development, Conservation, and Sustainable Use of Natural Heritage.
- Functional Group 0121: Climate Change Management.

For projects that generate environmental services as externalities, specifically in reducing or mitigating greenhouse gas emissions, the benefits associated with these services will be discounted using the Specific Social Discount Rate of 4%. These benefits will be added to the benefits associated with the primary service, which will be discounted using the General Social Discount Rate of 8%. The social profitability of these projects will be primarily demonstrated by the benefits associated with the service.

Source: Ministry of Foreign Trade & Tourism

As Peru is highly vulnerable to the effects of climate change, the country has made sustainability a key condition of its development process, and thus as part of the tourism industry´s acceleration. Promoting tourism investments in an orderly, well directed manner would diversify the economy, generate more jobs and also contribute to advancing sustainable development.

The table below explores green investment mechanisms as a solution for narrowing the financing gap in the tourism sector and promoting sustainable development. By implementing these mechanisms, the sector can obtain the resources it needs to finance projects around environmental conservation, energy efficiency, waste management and sustainable infrastructure development. Not only do these projects generate a positive impact on their surroundings, but they also improve the tourism sector´s competitiveness and resilience in the long term.

Table 5.2: Green investment mechanisms used in tourism

Green and themed bonds

Financial instruments used to direct funds towards projects and activities with environmental benefits. These bonds are issued to finance sustainable tourist projects, such as the construction of eco-friendly hotels, rolling out renewable energy systems and protecting natural areas. Investors acquire these bonds with the confidence of knowing that their capital will be used on projects that promote sustainability as well as generating financial returns.

Cases studies using this instrument:

Issuing green bonds to finance the building of a LEED-certified hotel and renewable energy systems. Climate Bonds Initiative (Green and themed bonds market report 2021; https://www.climatebonds.net/

Environmental impact investment funds

These focus on channelling capital towards tourism companies and projects that meet environmental, social, and corporate governance (ESG) criteria. These funds allow investors to support the growth of sustainable tourism companies and participate in the transition towards a more responsible tourism sector. The funds can be invested in a wide range of projects, such as eco-lodges, tour operators promoting local culture, and community tourism projects.

Case studies using the instrument:

Sustainable investment fund focused on responsible and sustainable tourism companies. Global Sustainable Tourism Council (Tourism Sustainability Standards; https://www.gstcouncil.org/)

Green loans

Financial loans granted to tourist projects and companies with a sustainable approach and that generate environmental benefits. These loans are on favourable terms, such as lower interest rates, for projects that meet specific sustainability criteria. Green loans can finance the construction of sustainable tourism infrastructure, the implementation of clean technologies and the adoption of environmental management practices.

Case studies using the instrument:

Green loan to finance the construction of a tourist resort with eco-certification. Global Climate Partnership Fund (https://www.gcpf.lu/)

Crowdfunding

This has become a popular tool for green investment in the tourism sector. Sustainable tourism projects can receive financing from multiple individual investors from online platforms or in a decentralised manner from blockchain platforms. This method of financing enables greater community participation that spreads the message of sustainability.

Case studies using the instrument:

Commonwealth Bank of Australia is running a pilot programme with an innovative mechanism to create a market for biodiversity loans using a fungible BioToken; Fund The Planet; Nemus; Invert.

Source: UN Tourism (2023)

At the individual level, CAF, the development bank of Latin America and the Caribbean, is implementing an agenda focused on the conservation of natural capital and the mobilisation of private resources for infrastructure. Its **"Strategy to support the growth and consolidation of a sustainable tourism industry in Latin America and the Caribbean"** is worthy of mention, aiming, among other objectives, to support the development of "Greener destinations": an environmentally responsible and low-carbon tourism sector, adapted and resilient to climate change, that promotes the conservation of protected areas, regenerates ecosystems and biodiversity through the financing of projects such as non-traditional renewable energy, stormwater management, sargassum control, ecological trails, and eco-lodges in natural parks.

In summary, **Peru has made significant progress in using financial instruments to support environmentally responsible projects and has the regulatory and legal tools to continue developing the market in the coming years**. This market has significant potential to drive sustainable tourism through the direct and indirect financing of environmentally responsible initiatives, and the country has specific programmes in place to promote the transition towards an environmentally sustainable tourism sector. However, to meet its NDCs and transform the tourism sector, additional measures related to sustainable tourism and the preservation of biodiversity and natural ecosystems are needed.

5.2. Investment in biodiversity, opportunities for innovative financing

Peru stands out for its diverse range of opportunities to develop sustainable tourism offerings, thanks to its geography, biodiversity and natural heritage.

Peru's landmass is divided into three regions, The Coast (La Costa), The Andes (La Sierra) and The Amazon rainforest (La Selva); each with its own characteristics and natural particularities, such as soils, climates, vegetation, population and distinctive culture.

Peru stands out on the world stage as one of the most megadiverse countries in the world, with 17% of its territory (22.5 million hectares) declared a natural conservation area, which is an enabler and a driver for conservation-based development and the promotion of green, sustainable investments.[71] This development approach has the tourism sector as its ally, demonstrated by the fact that adventure tourism accounts for 65% of the country's tourism revenues and that Peru is one of the most attractive countries in the world for birdwatching, as it has 1,879 registered species.[72]

The most outstanding natural heritage tourist attractions are:

1. Colca Valley - Arequipa

The Colca Canyon, located north-northwest of Arequipa between 1,200 and over 5,200 metres above sea level, lies within the “Volcanic Zone of the Central Andes”. Formed 450 million years ago, it features volcanoes, snow-capped mountains, lagoons, geological faults, geysers, and hot springs. The canyon, the second deepest in the world at 3,400 metres, is surrounded by volcanoes such as Coropuna, Ampato, and Sabancaya. Declared Peru's first GeoPark and the third in South America by UNESCO, its most popular tourist area is in Chivay and Cabanaconde, where the Cruz del Cóndor viewpoint is located.

Tourist activities include:

Walking/trekking, cultural landscape observation, star and celestial body gazing, bird watching, wildlife observation, flora observation, visiting and participating in the daily life activities of the community, visiting pre-Hispanic archaeological monuments/sites, buying handicrafts, photography, and filming.

2. Ballestas Islands - Paracas

The Ballestas Islands are part of the National Reserve System of Islands, Islets, and Guaneras Points (RNSIIPG), working to conserve the biological diversity and marine ecosystems of the Humboldt current. They are significant for their guano deposits and as a habitat for guano birds, Humboldt penguins, and sea lions. This natural paradise offers an unforgettable interaction with nature.

Tourist activities include **marine wildlife watching, boat trips, diving, underwater fishing, and gastronomy**.

3. Titicaca National Reserve

Lake Titicaca, with an area of 8,600 km², is mostly located in Peruvian territory. It is divided into three zones: the Greater Lake or Chucuito, the Lesser Lake or Wiñaymarca, and Puno Bay. It has a maximum depth of 283 metres and is fed by five main rivers. The lake's reed beds are crucial, providing habitat for numerous species of birds, fish, mammals, reptiles, amphibians, and invertebrates. The area is home to 16 ancestral communities and several tourist floating islands of the Uros Chulluni and Chimu communities, as well as the San Pedro de Ccapi - Uros Titino community. The lake has 87 land islands and is the highest navigable lake in the world.

Tourist activities include **flora and fauna observation, boat trips, excursions (motor boating, kayaking), experiential tourism, gastronomy, and buying local handicrafts**.

4. Amazon River: the Iquitos - Nauta - Pacaya Samiria

The Amazon, the world's most voluminous and longest river, originates in Caylloma, Arequipa, and flows approximately 7,100 km to the Atlantic Ocean. Its watershed is the largest in the world, supporting the vast Amazon rainforest, a crucial lung for the planet. It crosses tropical jungles irrigated by over 500 navigable tributaries, and its winding course forms a network of channels with numerous islands. The Amazon has an average depth of 50 metres and a width of 4 to 6 km.

Tourist activities include **bird watching, research, adventure, boat trips, excursions, and cruises with sport fishing, rowing, and motor boating**.

5. Manu National Park

Manu National Park, one of the most biodiverse areas on the planet, stretches from the Andes at 4,000 metres above sea level to the Amazonian plain at 250 metres above sea level, covering 1,716,295.22 hectares. It features three ecological zones: Alto Andino, Selva Alta, and Selva Baja, with climates ranging from cold and dry to temperate and humid. The park is home to over 1,030 species of birds, 228 species of mammals, 150 species of amphibians, 100 species of reptiles, and 1,037 species of butterflies, among others. It also has more than 5,000 plant species, including 700 species of orchids. The park is inhabited by Quechua farming communities and native Amazonian peoples. Recognised as a Natural World Heritage Site by UNESCO since 1985, the park's tourist activities include **nature observation (fauna and flora), research, adventure, boat trips, excursions, and experiential tourism**.

6. Huascarán National Park

Located in the Ancash region, in the central Peruvian Andes, Huascarán National Park is situated in the "Cordillera Blanca". This park protects an area of great biological diversity and ecosystems, including Mount Huascarán, the highest peak in Peru and the tropical zone of the world, at 6,768 metres. Other notable peaks include Alpamayo (5,947 m), Santa Cruz (6,259 m), and Vallunaraju (5,686 m). Declared a Natural World Heritage Site in 1985, the park contains around 660 glaciers and 300 glacial lakes, feeding the Santa, Marañón, and Pativilca rivers. Tourist activities include **wildlife observation, research, ice and rock climbing, camping, trekking, excursions, and experiential tourism**.

Peru has a pipeline of projects at an advanced stage that could be eligible for these green investment mechanisms, once they materialise and are activated through government calls for proposals.

Table 5.3: Portfolio of investment opportunities in biodiversity

"DESTINATION CORDILLERA BLANCA – HUASCARÁN"

Description:

- Improvement and maintenance of trekking trail paths.
- Updating and enhancing tourist and interpretative signage at access points and along the route.
- Implementation of modern sanitation facilities.
- Construction of strategically located viewpoints.
- Development of comfortable and accessible rest areas.
- Conditioning and improvement of designated camping areas.

“DESTINATION: MANU BIOSPHERE RESERVE”

Description:

- Creation of a Visitor Centre in Acjanaco, at the access to the Tres Cruces viewpoint, to enhance visitors´ educational and cultural experience.
- Implementation of signage and interpretative panels along the Manu Road, along with clear delineation of the road and provision of rubbish bins and sanitation facilities to promote a clean environment.
- Promotion of awareness programmes aimed at public managers, tour operators, and local communities, focused on the importance of environmental care and proper waste management to reduce pollution.

"DESTINATION SACRED VALLEY"

Description:

- Optimisation of internal trails.
- Updating tourist and explanatory signage at access points and along the route.
- Installation of sanitation facilities at strategic points.
- Creation of a viewpoint at Abra de Ipsayjasa.
- Development of rest areas at Ipsaycocha Lagoon.
- Improvement of camping areas in local communities.
- Establishment of a checkpoint at the start of the trekking route.
- Implementation of efficient management for the collection and disposal of solid waste.

“DESTINATION LAKE TITICACA”

Description:

- Upgrading the jetties and signage of the adventure and nature tourism areas.
- Rolling out a programme to improve waste management in the Uros community, in the Titicaca National Reserve.

6 COMPETITIVE LANDSCAPE

6.1 Outlook for the tourism cluster

The tourism sector is a significant and growing pillar of the Peruvian economy and one of the country's engines of growth and employment. The sector made a direct contribution of 2.5% to GDP in 2023 (compared to 3.9% in 2019). Additionally, statistics from MINCETUR show that 1.2 million people were employed in or around the sector in 2023 (compared to 1.5 million in 2019).

Peru stands out for its natural and cultural wealth, the quality of its airport and tourist services infrastructure, its openness to international tourism, and its business-friendly environment. These elements are combined with its steady commitment to promoting sustainable investments to drive development while preserving its existing natural and cultural capital[73] that are integral to its tourism offering.

The government of Peru has been making significant efforts to improve the country's business environment and attract high-quality, long-term investments. The progress achieved in developing regulatory frameworks for Public-Private Partnerships (PPPs), the incentives applied to attract investments, and the strategic plans for the development of multiple sectors, including tourism, are evidence of these efforts.

Between 2022 and 2023, Peru began its post-pandemic recovery, reaching 2 million international tourists in 2022 and 2.5 million in 2023, generating revenues of USD 2,938 million and 3,677 million respectively. However, both the influx of international tourists and the revenues obtained are still 42% and 22% below pre-2019 levels.[74] The good news is that provisional figures for international tourist arrivals between January and May 2024 show an expansion of 52.8% over the same period in 2023, so a strong recovery for the industry is anticipated this year, with expectations that the number of tourists reached in 2019[75] will soon be surpassed.

Figure 6.1: Tourism sector in Peru, indicators 2019 and 2024f

International tourists

2019	2024f
4.4 million	**3.5** million

Inbound Tourism revenues

2019	2024f
USD 4,703 million	**USD 4,526** million

Travel flows from domestic tourism

2019	2024f
48.6 million	**43.5** million

Revenues from domestic tourism

2019	2024f
USD 5,910 million	**USD 6,367** million

Employment in tourism activities (direct + indirect)

2019	2024f
1.5 million jobs	**1.3** million jobs

Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available in Spanish online: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [26-06-2024].

Regarding the main entry points for international tourists, in 2023, the Jorge Chávez International Airport Immigration Control Point, located in the Lima and Callao region, was the entry point for 65.1% of visitors. This was followed by the Santa Rosa Border Control Point on the Chilean border, through which 17.7% of tourists entered, the Binational Border Attention Centre in Tumbes on the Ecuadorian border, the entry for 8.1% of tourists, and the Desaguadero and Carancas Border Centres on the Bolivian border, through which 4.5% of tourists entered, among others.

Figure 6.2: Main entry points for international tourists to the country, 2023

Jorge Chávez International Airport

Region	% of international tourist arrivals
Lima & Callao	**1.6 million (65.1%)**

Desaguadero & Carancas (border with Bolivia)

Region	% of international tourist arrivals
Puno	**0.1 million (4.5%)**

Santa Rosa (border with Chile)

Region	% of international tourist arrivals
Tacna	**0.4 million (17.7%)**

Other entry points

Region	% of international tourist arrivals
Multiple points throughout the country	**0.1 million (4.6%)**

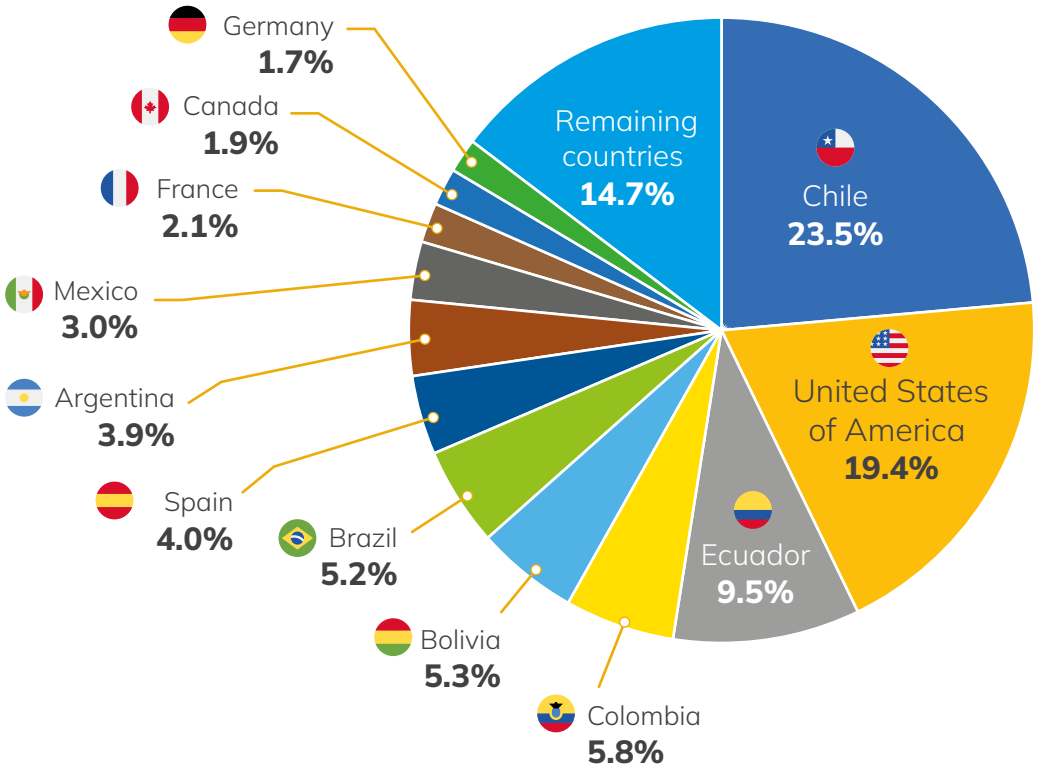
Tumbes (border with Ecuador)

Region	% of international tourist arrivals
Tumbes	**0.2 million (8.1%)**

Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available online at: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [26-06-2024].

The flow of international tourist arrivals into Peru is less concentrated than in other countries in the region. Figure 6.3 shows the number of international tourists by country of residence.

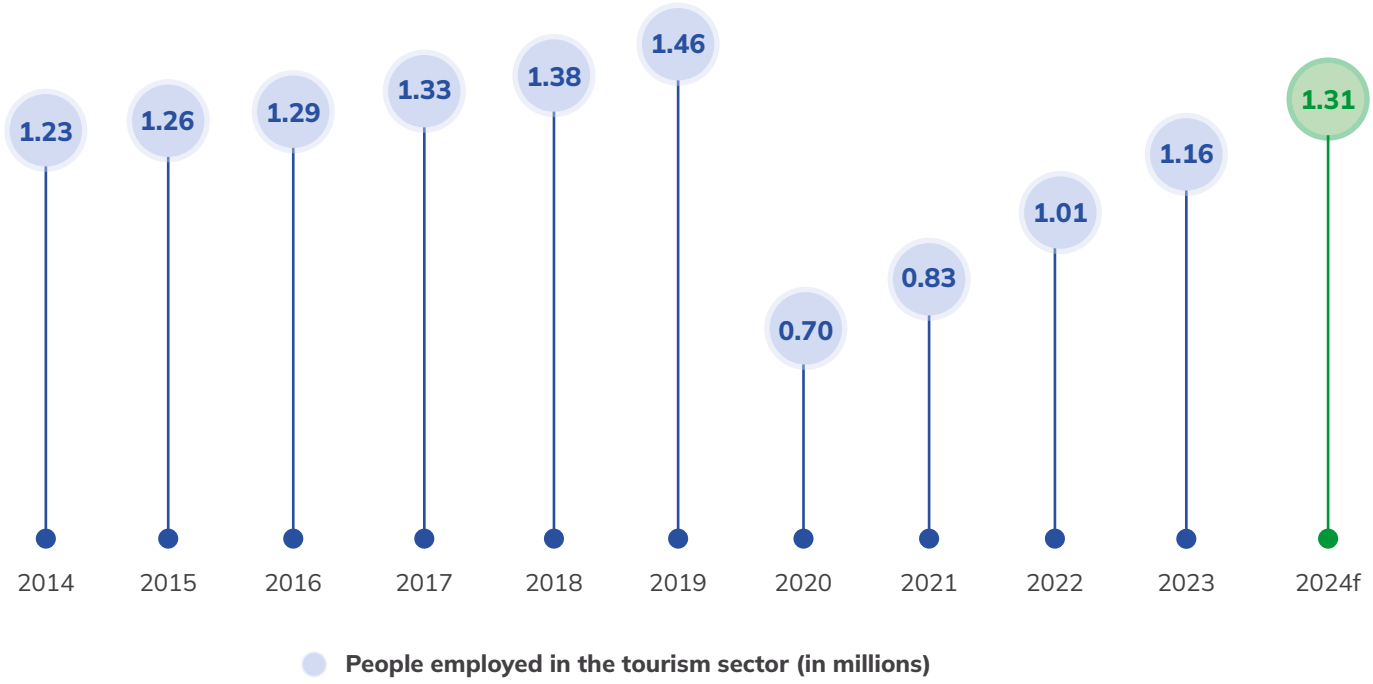
Figure 6.3: International tourists by country of residence, 2023



Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available online at: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [26-06-2024].

In employment terms, the tourism sector is an important source of occupation in the country. Around 6.8% of the economically active population work in this industry.

Figure 6.4: Employment in the tourism sector, 2012 – 2024f



Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available online in Spanish: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [26-06-2024].

Figure 6.5: Employment in tourism by department, % recovery 2022 vs 2019

Department	2019	2022	2022 vs 2019
Huancavelica	10,370	13,680	132%
Cajamarca	37,307	40,074	107%
Apurímac	13,872	14,454	104%
Puno	48,189	49,879	104%
Ayacucho	20,957	21,697	104%
Pasco	8,767	8,281	94%
Arequipa	62,621	57,189	91%
Áncash	43,790	37,119	85%
Moquegua	7,840	6,538	83%
Huánuco	27,516	22,419	81%
San Martín	31,896	25,188	79%
Amazonas	15,866	11,709	74%
Madre De Dios	8,876	6,548	74%
Piura	74,217	54,209	73%
Total	**1,457,000**	**1,008,426**	**69%**
Tacna	18,465	12,586	68%
La Libertad	80,413	52,822	66%
Loreto	52,171	34,291	66%
Junín	62,559	40,386	65%
Lima	580,872	370,469	64%
Lambayeque	55,103	34,571	63%
Ucayali	27,019	16,677	62%
Ica	50,602	26,905	53%
Tumbes	18,203	8,489	47%
Cuzco	99,509	42,246	42%

Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available online at: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [26-06-2024].

The following figure compares visitors by tourist sites, museums and protected natural areas, between 2019 and 2023.

Figure 6.6: Comparison of visitors to tourist attractions, by regions, % recovery 2023 vs 2019

Tourist sites, museums and protected natural areas	2019	2023	Department	2023 vs 2019
La Reserva Park Magic Circuit	2,615,615	2,361,878	Lima	90%
Machupicchu 1/ Historic Sanctuary	1,585,262	955,741	Cuzco	60%
Machupicchu Inca City	1,505,434	905,089	Cuzco	60%
Saqsayhuaman esplanade	804,110	628,601	Cuzco	78%
Ollantaytambo Archaeological Park	960,496	543,837	Cuzco	57%
Ballestas Islands 2/	554,710	466,436	Ica	84%
Moray Archaeological complex	563,622	460,156	Cuzco	82%
Paracas National Reserve	487,799	434,935	Ica	89%
Pisaq Archaeological Park	722,904	409,572	Cuzco	57%
San Mateo Thermal Baths	288,981	309,389	San Martín	107%
Qenqo Archaeological site	477,778	382,921	San Martín	123%
Tambomachay Archaeological site	444,163	332,422	Cuzco	80%
Pukapukara Archaeological site	407,554	283,526	Cuzco	75%
Naciente de Tioyacu Tourist Recreation Park	229,710	283,091	Cuzco	70%
Huascarán National Park	405,588	197,586	Áncash	49%
Colca valley	275,623	205,366	Arequipa	75%
Castillo de Chancay Tourism Centre	170,777	193,162	Lima	113%

Continues ⟶

Tourist sites, museums and protected natural areas	2019	2023	Department	2023 vs 2019
Pampa de Ayacucho Historical Sanctuary	157,242	188,047	Ayacucho	120%
Santa Catalina Monastery	248,296	160,712	Arequipa	65%
Señor de Sipán Royal Tombs Museum	185,388	160,386	Lambayeque	87%
Ahuashiyacu Waterfall	128,352	141,567	San Martín	110%
National Archaeological Museum	76,469	128,493	Lima	168%
Tingo María (Owl Cave) National Park	113,597	124,818	Huánuco	110%
Nor Yauyos – Cochas Landscape Reserve	44,374	124,619	Lima	281%
Pachacamac Site Museum	165,105	107,448	Lima	65%
Belén Monument Complex	129,009	106,628	Cajamarca	83%
Nikán Palace "Casa del Centro"	115,725	103,692	La Libertad	90%
Huaca del Sol y de la Luna Archaeological Complex	136,653	101,836	La Libertad	75%
Huaca Pucllana Site Museum	176,597	98,243	Lima	56%
Cuzco Region Historical Museum	131,360	95,186	Cuzco	72%
Chavín de Huántar Archaeological Monument	97,978	89,323	Áncash	91%
Wari Archaeological Complex	84,818	87,927	Ayacucho	104%
Ventanillas de Otuzco Archaeological Centre	115,377	84,230	Cajamarca	73%
Intihuatana Inca Trail km. 122	198,927	82,894	Cuzco	42%
Tipón Archaeological Complex	97,122	73,048	Cuzco	75%
Kotosh Archaeological Complex	71,423	64,924	Huánuco	91%
Quistococha Tourism Complex	151,113	61,396	Loreto	41%
Líneas de Nasca viewpoint	93,014	58,889	Ica	63%

Continues ⟶

Tourist sites, museums and protected natural areas	2019	2023	Department	2023 vs 2019
Pikillaqta Archaeological Park	77,834	56,867	Cuzco	73%
Raqchi Archaeological Park	126,775	54,140	Cuzco	43%
Chan Chan Site Museum	34,713	53,721	La Libertad	155%
Cable cars to the Kuélap Archaeological Complex	120,501	51,296	Amazonas	43%
Huayllay National Sanctuary	33,217	48,899	Pasco	147%
Kuélap Archaeological Complex	104,074	46,007	Amazonas	44%
Pantanos de Villa Woodland Life Refuge	46,345	45,872	Lima	99%
Cumbemayo Archaeological Monument	70,642	45,738	Cajamarca	65%
Heinrich Brüning National Archaeology & Ethnography Museum	55,644	45,494	Lambayeque	82%
Caral Sacred City	64,497	44,339	Lima	69%
Túcume Site Museum	70,471	42,441	Lambayeque	60%
Huaca El Brujo Archaeological Complex	66,040	41,056	La Libertad	62%
Sillustani Archaeological Complex	88,505	39,935	Puno	45%
Tambopata National Reserve	65,460	39,675	Madre de Dios	61%
"Capitán de Navío Julio José Elías Murguía" Naval Museum – Callao HQ	50,382	39,462	Callao	78%
Velo de la Novia Waterfall & Nature Resort	88,354	39,421	Ucayali	45%
Lachay National Reserve	73,562	36,179	Lima	49%
Ducha del Diablo Waterfall & Nature Resort	66,006	35,215	Ucayali	53%
Intihuatana Archaeological Centre	18,172	32,349	Ayacucho	178%
Piscacucho Inca Trail (km. 82)	45,105	30,772	Cuzco	68%
Huaca Rajada Sipán Site Museum	49,715	27,583	Lambayeque	55%

Continues ⟶

Tourist sites, museums and protected natural areas	2019	2023	Department	2023 vs 2019
Sicán National Museum	47,565	24,809	Lambayeque	52%
Real Felipe Fortress Museum	94,117	23,999	Callao	25%
National Museum of Peruvian Culture	52,839	23,651	Lima	45%
Gocta Waterfalls	59,531	21,986	Amazonas	37%
Wariwilca Site Museum & Sanctuary	34,957	21,162	Junín	61%
Arturo Jimémez Borja – Puruchuco Site Museum	33,821	20,848	Lima	62%
Paracas "Julio C. Tello" Site Museum	21,830	19,432	Ica	89%
Chachabamba Inca Trail (km. 104)	33,856	18,842	Cuzco	56%
Áncash Archaeological Museum	18,629	18,235	Áncash	98%
"Max Uhle" Casma Regional Museum	28,125	17,842	Áncash	63%
Pucallpa Natural Zoo	107,808	15,862	Ucayali	15%
Los Toboganes Natural Resort	28,045	15,795	Ucayali	56%
Manuel Chávez Ballón Site Museum	24,027	15,769	Cuzco	66%
National Reserve System of Islands, Islets & Capes - Palomino	24,312	14,898	Callao	61%
Italian Art Museum	14,894	14,441	Lima	97%
Aguaytia Bridge	59,486	12,488	Ucayali	21%
Huallamarca Site Museum	17,656	10,788	Lima	61%
Contisuyo Museum	14,466	10,635	Moquegua	74%
Pacaya Samiria National Reserve	13,456	10,164	Loreto	76%
Sierra Divisor Protected Reserve	12,736	9,903	Loreto	78%
Willkawain Archaeological Monument	18,777	9,787	Áncash	52%

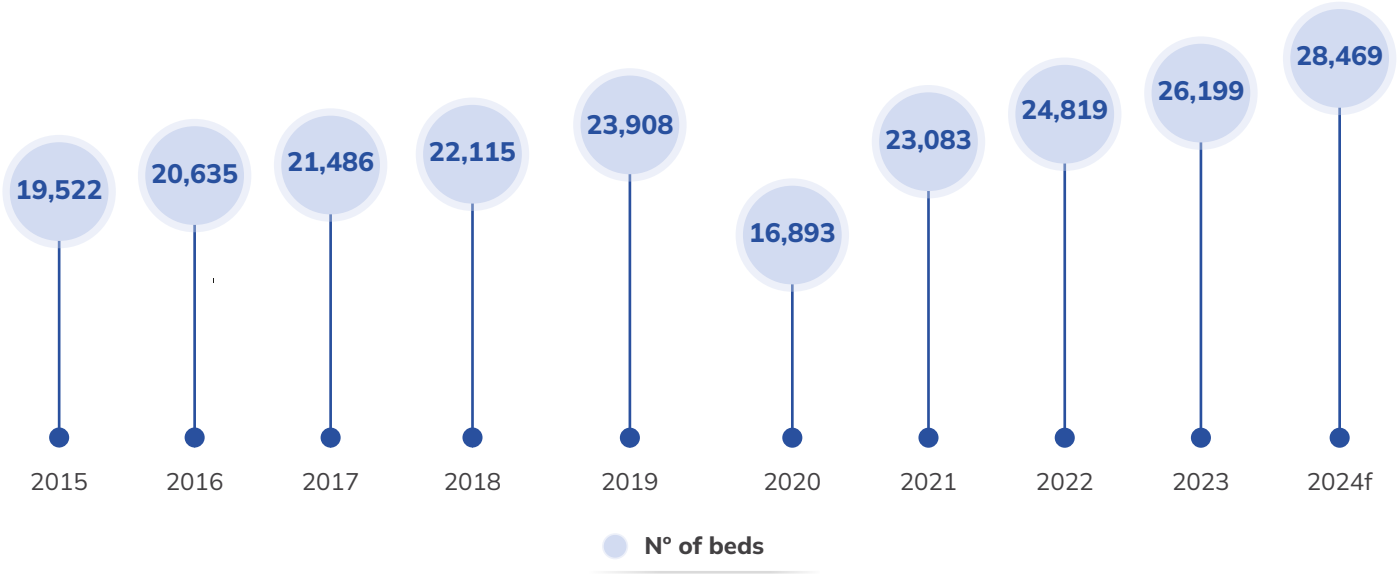
Continues ⟶

Tourist sites, museums and protected natural areas	2019	2023	Department	2023 vs 2019
Shambillo Waterfall	65,368	9,544	Ucayali	15%
Pukará Archaeological Complex & Museum	64,494	9,332	Puno	14%
Titicaca National Reserve	186,951	9,084	Puno	5%
José Carlos Mariátegui House Museum	10,810	8,169	Lima	76%
Leymebamba Museum	18,673	8,125	Amazonas	44%
El Manu National Park	5,106	8,101	Madre de Dios	159%
Pómac Forest Historical Sanctuary	20,407	7,886	Lambayeque	39%
Hipólito Unanue Archaeological Museum	20,468	7,813	Ayacucho	38%
Narihualá Archaeological Zone & Site Museum	33,699	6,465	Piura	19%
Karajía Archaeological Site	13,066	6,372	Amazonas	49%
Huaca Chotuna-Chornacap Site Museum	8,095	6,298	Lambayeque	78%

Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available online at: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [26-06-2024].

1,380 establishments with accommodation opened for business in 2023, representing an expansion of 5.6% from the year before, while for 2024 a further 2,270 establishments are forecast to open.

Figure 6.7: Establishments with accommodation, change, 2015 – 2024f



Note: The projections for lodging establishments for the year 2024 are based on statistical data collected during the first quarter of the same year.
Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available online in Spanish: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [26-06-2024].

By departments, most accommodation are located in Lima (28%), followed by Cuzco (8.2%), Arequipa (5.9%) and Junín (5.7%).

Figure 6.8: Establishments with accommodation, by department, 2023

	2019	2023	2023 vs 2019
Amazonas	371	411	**111%**
Áncash	901	970	**108%**
Apurímac	538	511	**95%**
Arequipa	1,617	1,533	**95%**
Ayacucho	571	619	**108%**
Cajamarca	833	1,003	**120%**
Callao	286	278	**97%**
Cuzco	2,174	2,148	**99%**
Huancavelica	186	223	**120%**
Huánuco	575	593	**103%**
Ica	935	1,008	**108%**
Junín	1,315	1,502	**114%**
La Libertad	1,137	1,227	**108%**
Lambayeque	670	702	**105%**

Continues ⟶

Lima

2019	2023	2023 vs 2019
6,118	7,326	**120%**

Loreto

2019	2023	2023 vs 2019
774	872	**113%**

Madre de Dios

2019	2023	2023 vs 2019
321	350	**109%**

Moquegua

2019	2023	2023 vs 2019
260	292	**112%**

Pasco

2019	2023	2023 vs 2019
341	421	**123%**

Piura

2019	2023	2023 vs 2019
991	1,141	**115%**

Puno

2019	2023	2023 vs 2019
902	885	**98%**

San Martín

2019	2023	2023 vs 2019
829	900	**109%**

Tacna

2019	2023	2023 vs 2019
540	487	**90%**

Tumbes

2019	2023	2023 vs 2019
225	269	**120%**

Ucayali

2019	2023	2023 vs 2019
499	531	**106%**

Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available online in Spanish at: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [retrieved 26-06-2024].

Average bed night occupancy rates across the country in 2023 were 21.4%.

Figure 6.9: Average occupancy rate, by department, 2023

Net room occupancy rate (%)

Department	2023
Amazonas	19.7%
Áncash	21.8%
Apurímac	18.0%
Arequipa	20.2%
Ayacucho	19.6%
Cajamarca	13.9%
Callao	34.0%
Cuzco	22.0%
Huancavelica	15.3%
Huánuco	20.8%
Ica	24.6%
Junín	19.7%
La Libertad	17.1%
Lambayeque	18.8%

Department	2023
Lima	22.7%
Loreto	14.1%
Madre de Dios	19.7%
Moquegua	17.2%
Pasco	19.5%
Piura	27.6%
Puno	18.9%
San Martín	27.3%
Tacna	15.6%
Tumbes	24.6%
Ucayali	31.6%

Source: Ministry of Foreign Trade & Tourism (2024), Tourist Data System, available online at: https://www.mincetur.gob.pe/centro_de_Informacion/mapa_interactivo/index.html [26-06-2024].

The increase in the number of accommodation establishments in Peru is a positive sign of growth and of the investment potential in the tourism sector. The government is rolling out effective policies to raise the occupancy rate and duration of stays. These policies include upgrading tourism promotion using marketing campaigns, boosting improvements in the service offering to guarantee high-quality experiences, and creating incentives for the industry to diversify the tourism offering with a range of activities that encourage tourists to stay for longer periods.

6.2. Some tourism investment opportunities in Peru

1. Tourist City: Bahía Mágica de Chimbote

Location
Bahía de Chimbote, Chimbote, Santa, Ancash, Peru

Type of investment
Greenfield

Project information
The Bahía Mágica de Chimbote project is a prototype model of a sustainable tourist city on the Peruvian coast that, as well as broadening the tourism offering, will invigorate the infrastructure, urban development, energy and maritime industries in the area.

Some of the infrastructure that will be built:

- Accommodation: hotels
- Restaurants
- Private jetty

Investment amount
USD 606.1 million

Status
Project profile

2. Andes Sanctuary Hotel

Location
Cieneguilla, Lima, Lima, Peru

Type of investment
Joint Venture

Project information
The Andes Sanctuary Hotel project is in Cieneguilla, 40 minutes from Lima, about 1,600 metres above sea level. This location means that it enjoys superb views over the valleys. An area that is blessed by its springlike climate throughout the year.

It is a self-sustaining project adapted to the local topography, conceived as a pollution-free space with no traffic congestion, where eco-sustainable conditions prevail.

Investment amount
USD 7 million

Status
Hotel is operating. Open to investors to expand capacity.

3. Hotel in Iquitos

Location
Iquitos, Loreto, Peru

Type of investment
Sale of 100%

Project information
The Hotel in Iquitos is strategically located for the route to the airport route and several lodges in the Peruvian jungle. It is also a sustainable investment, that is socially responsible and in the heart of the Amazon. The project belongs to a well-known chain of hotels, currently in search of an investor interested in buying 100%.

Investment amount
USD 3.6 million

Status
The hotel is built and at the finishing stages (60% complete). It has the required construction and operating licences. Open to purchase offers.

4. Aparthotel – slot machine hotel

Location
Zona Comercial de Iquitos, Loreto, Peru

Type of investment
Sale of 100%

Project information
A 3-star hotel in the northeast of Peru, in the commercial area of the city of Iquitos, close to the main square.

The area enjoys major tax breaks, such as an income tax rate of 5% and VAT (IGV) for hotels of 0%, concessions that make investing in this hotel profitable.

Investment amount
USD 4 million

Status
Hotel is open for business. Open to purchase offers.

5. 3-star Hotel

Location
San Isidro, Lima

Type of investment
Sale of 100%

Project information
3-star superior hotel with 80 rooms on 5 floors (midscale segment, franchise with a regional brand).

Investment amount
USD 10 million

Status
Hotel is open for business. Open to purchase offers.

6. *Lodge on the banks of the Madre de Dios Lower River*

Location
Located on the banks of the Madre de Dios Lower River, opposite Tambopata National Reserve

Type of investment
Sale of 100%

Project information
16 cabins and bungalows, set in 38 hectares, located opposite Tambopata National Reserve and on the banks of the Madre de Dios Lower River.

The extensive land area makes it ideal for Nature Tourism activities.

Investment amount
USD 0.5 million

Status
Hotel is open for business. Open to purchase offers.

7. Hotel with 3 lodges

Location
Located in a strategic position for Manu National Reserve, Madre de Dios.

Type of investment
Direct sale

Project information
A 3-star hotel with lodges located in Manu National Reserve.

Investment amount
USD 0.5 million

Status
Hotel is open for business. Open to purchase offers.

8. Upgrade of the interurban road service along the boulevard of Machupicchu, one of the 7 Wonders of the World

Location
Macchu Picchu - Cuzco citadel

Project information
The project would upgrade the urban infrastructure in three main areas: surfacing, drainage and signage. Footpaths and tracks will be built with rigid paving and granular systems, and structures will be reinforced with gabion and concrete containing walls. The drainage area will have an integrated system with gutters, piping and domestic connections. In addition, there will be green areas with natural turf, the street furniture will be improved, with resting places and WCs, and there will be additional lighting. Lastly, traffic lights will be installed to improve road security.

Investment amount
USD 13 million

Status
Project profile

9. Upgrade to the tourist services in the thermal baths at Aguas Calientes in the Machupicchu district

Location
Machupicchu village, Urubamba Valley, Cuzco.

Project information
The project will upgrade the thermal baths infrastructure and boost tourist service. Recreational and eating areas, WCs and access areas will be built. Security studies will be put in place and the necessary furniture and equipment bought. In addition, staff will be trained, and tourism promoted through campaigns and trade fairs.

Investment amount
USD 2.5 million

Status
Project profile

10. Themed Rose Park in Yungay cemetery

Location
Antigua Ciudad de Yungay, Campo Santo de Yungay, Ancash.

Type of investment
Brownfield

Project information
Creation of a huge rose park in the former city of Yungay, Ancash, in tribute to the people of Yungay who died in the earthquake and flood of 31st May 1970.

Investment amount
USD 2.5 million

Status
Open to investors

Table 6.1: Points of contact to support investors in Peru

Agency for the Promotion of Private Investment - PROINVERSIÓN

- Develop processes for promoting private investment in public works and services contracts.
- Support and facilitate local, regional, national and foreign investors with information, guidance and general support.
- Contribute, monitor and consolidate an environment that is open and attractive for private investment, while aligned with economic programmes and integration policy.
- Design and promote the actions needed to support private investment in infrastructure and public services that have regional and local impact.

https://www.gob.pe/proinversion

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Commission for the Promotion of Peru for Exports and Tourism - PROMPERU

Through the Directorate for the Promotion of Business Investment:

- Actively promote Peru as a business investment destination, emphasising the development of a competitive offering of its priority economic sectors for international markets.
- Provide specific information about investment conditions and opportunities and guide potential foreign investors who are interested in investing in the country.
- Manage an integrated offering of facilitation and assistance to foreign investors in their decision-making processes leading up to materializing the investment, setting up a company, beginning operations and beyond, continuing with long-term investment.

https://www.gob.pe/promperu

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MINCETUR

The General Directorate for Tourism Strategy is in charge of formulating, coordinating and executing sector strategies for developing tourism products and destinations, as well as for innovating the tourism offering. As such it directs, manages and supervises the plans, programmes, projects and actions to develop tourist products and destinations.

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7

CAF AND THE FINANCING OF THE TOURISM INDUSTRY

Peru is a founding member of CAF– the development bank of Latin America and the Caribbean – which approved USD 1,965 million in loans in 2023. The bank provides technical and financial support for infrastructure, telecommunications, social and environmental development, investment and public credit management, together with strengthening the productive sector and SMEs. This is achieved through financing tools, technical cooperation, training support, and knowledge generation to enhance development, growth, competitiveness, and inclusion in the country.

Similarly, CAF prioritises the **Strategy to Support the Growth and Consolidation of a Sustainable Tourism Industry in Latin America and the Caribbean**. This strategy seeks to promote a tourism development model that balances long-term economic growth through the **promotion of public and private investments**, creating stable employment opportunities that contribute to poverty reduction and closing regional gaps. It showcases ecosystem services and their biodiversity, urban and rural environments, cultural and symbolic spaces, and the ancestral knowledge of indigenous peoples who are wholly connected to their surroundings. This is achieved with innovation and the development of creative economies, fostering opportunities to improve the living conditions of the population, respecting the sociocultural authenticity of host communities, and preserving their cultural and architectural assets, together with their traditional values.[76]

Specifically, CAF has been supporting Peru with various projects to enhance the country's competitiveness. Among the projects that CAF has supported with more than USD 400,000 in technical cooperation are: "RUTAS II: Destinations for Sustainable Quality Community Tourism," "Programme to Improve the Business Environment for the Tourism Sector in Cuzco," "Socio-Productive Empowerment of High

Andean Rural Women in Communities Linked to Majes Siguas," "RUTAS Complement: Strengthening the Craft Market," and "Design of a Payment Mechanism for Ecosystem Services (MERESE), Associated with Marine-Coastal Tourism in the Piura Region." Additionally, the pre-investment study at the profile level for the "Urban, Architectural, and Landscape Improvement of the Francisco Eguiguren and María Auxiliadora Promenades on the Banks of the Piura River, from Av. Andrés Avelino Cáceres to Av. Francisco Bolognesi, Districts of Piura and Castilla, Province and Department of Piura," and the pre-investment study at the investment programme level for the "Special Landscape Project of the Rímac River, in the Historic Centre of Lima, District of Lima, Province of Lima." Moreover, CAF is structuring the "Comprehensive Management Plan for Machupicchu" project.

These are examples of the work CAF is doing with Peru to make destinations greener, more inclusive, creative, innovative, and better equipped. CAF has the capacity to support the sector through various financial mechanisms (see Table 7.1).

Among the fundable projects to achieve sustainable tourism and attract investment, CAF finances projects for sustainable accommodation, bike paths, urban, architectural, and landscape improvements of riverbanks in urban centres, promenades, piers, cruise ports, convention centres, construction and modernisation of terrestrial terminals, airports, tourist roads, tourist signage, renovation of public spaces, pedestrianisation, connectivity, maritime and river cruise routes, security and tourist service centres, among others. To promote more inclusive tourism, there are accessibility projects for people with disabilities: specific experiences, adaptations of physical and communicational infrastructure and transport, staff training, campaigns, provision of materials, technology and technical aids; programmes to enhance ethno-tourism and indigenous tourism. CAF is financing integrated tourist digitalization projects, promotional, sales and payment platforms, augmented reality, destination intelligence, tourist guides with mobile apps, apps with information, preparation and set up of new products, some of them for tourist safety. CAF also supports projects to encourage more innovative destinations, financing projects for museums, gastronomy, oenology, visitor centres, restoring monuments, handicraft centres, theatres, art galleries, accreditation and re-accreditation processes to win UNESCO World Heritage Site status, reinvigorating historic centres, projects to acknowledge the significance of indigenous and Afro-Latin cultures in the context of tourism, among others.

Table 7.1: Financing mechanisms for Tourism

Financing structured within Public-Private Partnership (PPP) frameworks:

Financing for PPP-structured or wholly private projects.

Mechanism used to upgrade or expand basic infrastructure and public services that support the development of sustainable tourism activity.

Emphasis will be given to operations relating to infrastructure and services that underpin the tourism sector, such as airports, trunk roads, other ports, public transport systems, renewable energy or transition energy generation, desalination plants, among others, that are essential for the tourist sector to function well.

Likewise, investments that support a region's identity and cultural heritage, such as cultural or handicraft centres, convention centres, museums, among others, may be financed.

Structured financing for the private sector:

Financing for the construction and adaptation of hotel infrastructure, among other tourist infrastructures.

Loans for MSMEs via financial partners

Mechanism for channelling CAF financing through first and second-tier banks, via bilateral loans, in order to close financing gaps and stabilise and stimulate investment by SMEs in the tourism sector.

This mechanism prioritises working capital operations with favourable credit conditions (rate, term, and guarantees) to stimulate rapid and inclusive growth in the sector.

Syndicated or A/B loans through financial partners

Loans where financial partners support the private sector with a focus on tourism development.

Tourist complexes, the implementation and construction of master tourism plans, among others, are often financed.

With the execution of this instrument, partners can improve credit conditions for potential beneficiaries. The funds can be directed towards working capital or Capex, with a preference for longer-term schemes.

Sustainable tourism bonds via financial partners

Guarantees for the issuance of thematic bonds in sustainable tourism from a financial partner and the purchase of thematic bond issuance in tourism developed by a financial partner.

Corporate financing

Through debt instruments such as bilateral, syndicated, and A/B loans; revolving credit lines for short-term working capital loans; guarantees and other instruments, such as factoring through a special purpose vehicle (SPV) with other partners in the operation. Within the framework of this strategy, the option of designing and implementing a pilot associated with a credit facility for the tourism sector with an institutional partner could be considered; this would entail clear eligibility criteria to mitigate risks and seek to generate a real impact in the sector.

Participation and creation of impact investment funds

CAF uses this mechanism to pool resources from other contributors or to integrate into ongoing processes.

Equity investments

The term “equity” derives from the concept of dividing the ownership of a company - that is, the resources invested in it - into equal parts, which can be bought or sold individually. This makes it possible to invest in fractions of a company, or shares.

CAF invests in equity because it enables early-stage companies that do not have access to traditional financing to be supported, and acts as a key pillar for innovation and investment in R&D and disruptive technologies.

CAF invests via investment funds with legal entity status where there are multiple collective investors.

Shared guarantee schemes

Mechanism in which CAF assumes a percentage of the risk, as does its financial counterpart. Under this scheme guarantees can be granted to different segments, encompassing the entire tourism value chain - companies in the transport, accommodation, and cultural attractions sectors -together with microfinance institutions and SMEs have been identified, among others.

8

CONCLUSIONS

Peru has enjoyed average annual GDP growth of 4.4% over the past two decades. This impressive expansion is the result of effective social policies that have significantly reduced poverty and inequality. Furthermore, substantial progress has been made in improving the business climate and promoting investments, which are key factors for the country's economic and social development.

In the area of tourism, Peru aligned itself with global trends and the Sustainable Development Goals by developing its own initiatives to boost various segments, including sustainable tourism. With unparalleled historical, cultural, and natural wealth that spans coastal, highland, and jungle destinations, Peru is home to 13 UNESCO World Heritage Sites, highlighting its immense potential to attract investments.

Peruvian gastronomy, internationally recognised for its unique fusion of flavours and cultures, provides additional appeal for visitors and offers significant opportunities for the gastronomic sector.

Peru offers multiple incentives to attract investments in the tourism sector, complemented by specific support mechanisms to develop innovative and sustainable ideas. The combination of its cultural and natural wealth, along with a favourable business environment, makes Peru an ideal destination for investors interested in contributing to the development of a sustainable and prosperous tourism industry.

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