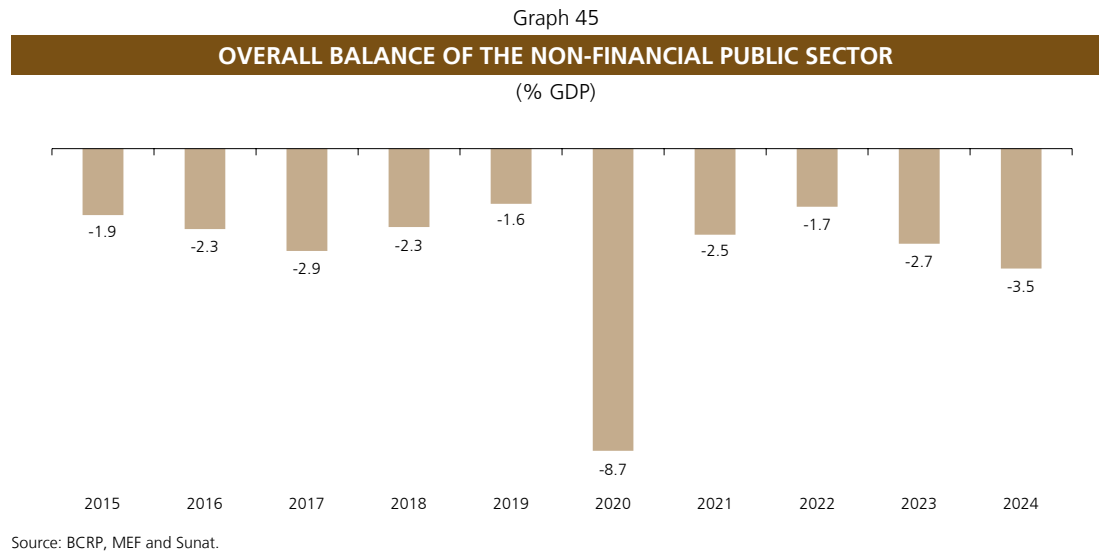


03. PUBLIC FINANCES

The fiscal deficit reached 3.5 percent of GDP in 2024, 0.8 percentage points higher than recorded in 2023. This increase is mainly attributed to the fall in current income as a percentage of GDP, affected by the lagged effect of lower economic activity and the fall in export mineral prices in 2023. In addition, lower natural gas prices in 2024 reduced revenues from the hydrocarbon sector. Other factors contributing to the deficit were the increase in public investment, higher spending on salaries, as well as the deterioration in Petroperu's results, which led to a capitalization operation for this company.

This dynamic was partially mitigated by the reduction in Non-financial expenditures as a percentage of GDP, due to the withdrawal of temporary spending associated with the Con Punche Peru and Emergency El Niño programs, as well as expenditures related to the COVID-19 pandemic (health emergency and reactivation).



The **General Government's current income** increased by 2.4 percent in real terms between 2023 and 2024, although its share of GDP declined from 19.4 percent to 18.7 percent. The growth in real terms is explained by the greater dynamism of economic activity, the increase in the value of imports, the recovery of employment, higher prices of export minerals and an increase in extraordinary revenues. This last factor was partly explained by tax policy measures and Sunat's auditing actions.

Non-financial expenditures of the General Government increased by 7.4 percent in real terms, from 20.6 to 20.8 percent of GDP. This increase was mainly due to higher disbursements in gross capital formation, driven by increased execution of projects and activities of the National and Regional Governments. There was also an increase in other capital expenditures, due to the capital contribution of the Public Treasury to Petroperu, as well as salary increases in the public sector. In contrast, there was a reduction in the acquisition of goods and services and in current transfers, due to the withdrawal of temporary measures applied in 2023 (such as the Con Punche Peru and Emergency El Niño Emergency programs), as well as measures implemented to face the pandemic and reactivation after COVID-19.

Table 46

OVERALL BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR						
	Million S/			% GDP		
	2022	2023	2024	2022	2023	2024
1. Current revenues of the General Government	207,148	197,815	207,396	21.8	19.4	18.7
a. Tax revenue	161,242	150,985	159,876	16.9	14.8	14.4
b. Non-tax revenue	45,905	46,830	47,520	4.8	4.6	4.3
2. General Government non-financial expenditure	206,535	209,245	229,829	21.7	20.6	20.8
a. Current	149,625	156,330	162,387	15.7	15.4	14.7
b. Capital	56,910	52,915	67,441	6.0	5.2	6.1
- Gross capital formation	43,804	46,114	54,800	4.6	4.5	5.0
- Others	13,106	6,801	12,642	1.4	0.7	1.1
3. Others	-1,895	215	2,698	-0.2	0.0	0.2
4. Primary balance (1-2+3)	-1,282	-11,214	-19,734	-0.1	-1.1	-1.8
5. Interests	14,687	16,711	18,532	1.5	1.6	1.7
a. External debt	5,838	7,349	7,677	0.6	0.7	0.7
b. Domestic debt	8,849	9,362	10,855	0.9	0.9	1.0
6. Overall Balance	-15,968	-27,925	-38,266	-1.7	-2.7	-3.5
7. Net financing	15,968	27,925	38,266	1.7	2.7	3.5
1. External	4,421	135	5,500	0.5	0.0	0.5
(Million USD) (a-b+c)	1,153	21	1,478			
a. Disbursements	1,838	1,993	4,955	0.7	0.7	1.7
b. Amortization	1,015	2,688	2,564	0.4	1.0	0.9
c. Others 1/	330	716	-,913	0.1	0.3	-0.3
2. Domestic	11,441	27,712	32,704	1.2	2.7	3.0
3. Privatization	106	78	62	0.0	0.0	0.0

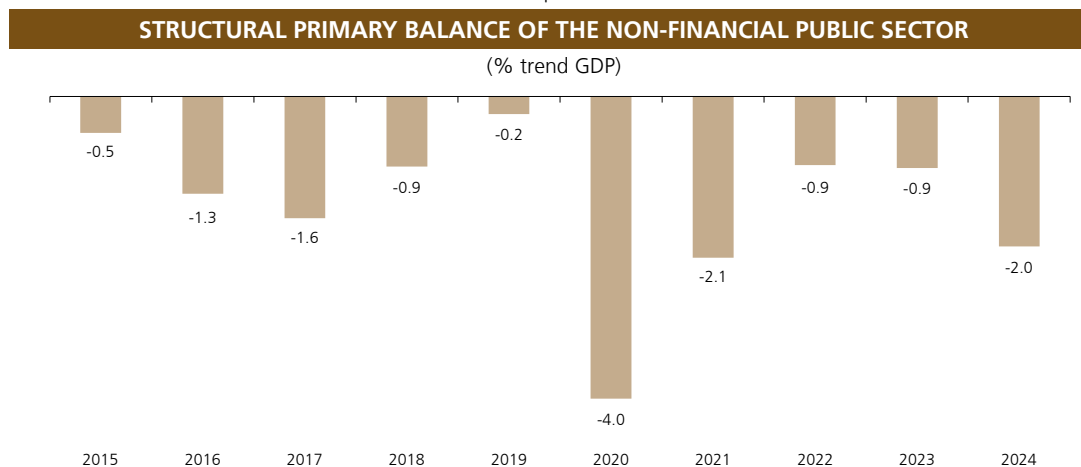
1/ Includes exceptional financing and short-term financing.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, local governments, state enterprises, and public institutions.

The **structural primary balance** is an indicator that makes it possible to identify the effect of discretionary fiscal policy changes on public sector accounts. To this end, it seeks to exclude from the economic result factors that are beyond the authorities' control over tax collection, such as export prices or the economy's position in the cycle. In 2024, this indicator recorded a deficit of 2.0 percent of potential GDP, 1.1 percentage points higher than in 2023. This increase is due to the rebound in gross capital formation expenditure and lower structural revenues, as a result of higher extraordinary revenues and the favorable cycle of commodity prices.

Likewise, the structural primary outcome in 2024 remains more in deficit than that observed in the pre-pandemic year (2019). This indicates that the Fiscal Stance has remained expansionary compared to that period.

Graph 46



Note: In 2020 the structural primary result is calculated with the trend GDP.
Source: BCRP.

The **financial requirement** measures the amount of resources needed by the Non-Financial Public Sector to finance the economic deficit and meet the amortization of domestic and external debt. In 2024, this requirement amounted to S/ 69,978 million, an amount equivalent to 6.3 percent of GDP, 1.1 percentage points higher than in 2023. This increase is mainly due to the higher fiscal deficit and debt amortization, related to the Debt Management Operation (DMO) of June-July 2024.

The resources to cover this requirement came mainly from the placement of global bonds maturing in 2035 and 2054 (USD 3 billion) in August, the use of Public Treasury deposits (S/ 12,686 million) and the placement of sovereign bonds under the June-July 2024 OAD (S/ 15,436 million), counterbalanced by the partial withdrawal of sovereign bonds under this OAD (S/ 15,345 million) and, to a lesser extent, by the redemptions of fixed-rate sovereign bonds and VAC maturing in August and October 2024, respectively.

Table 47

FINANCING OF THE NON-FINANCIAL PUBLIC SECTOR						
	Million S/			% GDP		
	2022	2023	2024	2022	2023	2024
1. Economic Balance	-15,968	-27,925	-38,266	-1.7	-2.7	-3.5
2. Amortization	4,680	25,419	31,711	0.5	2.5	2.9
Redemption of recognition bonds	553	596	500	0.1	0.1	0.0
Domestic debt 1/	234	14,913	21,586	0.0	1.5	2.0
External debt 1/	3,893	9,910	9,625	0.4	1.0	0.9
3. Financial requirements	20,649	53,344	69,978	2.2	5.2	6.3
External disbursements	7,066	7,402	18,551	0.7	0.7	1.7
Freely disposable funds	5,522	5,766	17,369	0.6	0.6	1.6
Investment projects	1,544	1,636	1,181	0.2	0.2	0.1
Domestic bonds 1/	7,908	30,480	32,398	0.8	3.0	2.9
Privatization	106	78	62	0.0	0.0	0.0
Others 2/	5,568	15,384	18,967	0.6	1.5	1.7

1/ Amounts include operations of managing of approved debt.

2 / Includes variation of deposits and floating, among other concepts.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, local governments, state enterprises, and public institutions.

1. GENERAL GOVERNMENT REVENUES

General Government current income was equivalent to 18.7 percent of GDP in 2024, a ratio 0.7 percentage points lower than recorded in 2023. However, in real terms, it increased by 2.4 percent, largely due to the increase in the tax component, which was favored by the recovery of economic activity, employment growth, the rise in the prices of export minerals (such as gold, zinc and copper), the higher value of imports and the increase in extraordinary revenues, partly attributed to Sunat's auditing actions.

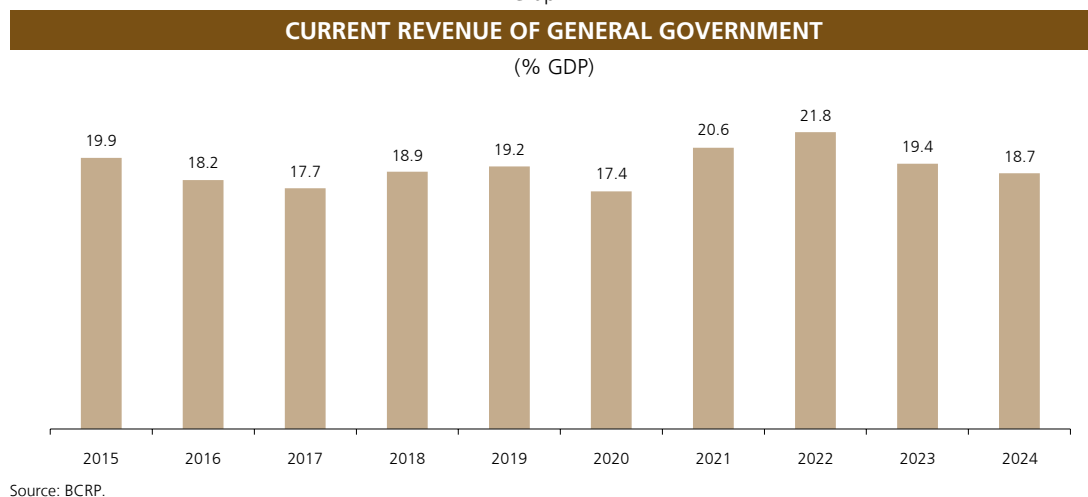
An increase was recorded in the collection of the general sales tax (IGV), especially in its internal item, as well as in the income tax of individuals and legal entities. There was also an increase in social contributions, amnesty and regularization revenues, the transfer of deductions and the special mining tax. However, this growth was partially offset by lower income tax regularization payments, due to the lagged impact of lower economic activity and export prices in 2023. In addition, a reduction was recorded in selective consumption tax (ISC) revenues, interest received on Public Treasury deposits, and oil and gas canon and royalty revenues, due to the drop in the price of natural gas.

Table 48

GENERAL GOVERNMENT REVENUES								
	Million S/			Real % change		% GDP		
	2022	2023	2024	2023	2024	2022	2023	2024
I. TAX REVENUES	161,242	150,985	159,876	-12.0	3.4	16.9	14.8	14.4
1. Income tax	69,922	62,809	65,731	-15.8	2.1	7.3	6.2	5.9
- Individuals	17,294	17,153	18,803	-7.0	7.1	1.8	1.7	1.7
- Legal Entities	37,605	36,164	38,206	-9.5	3.1	4.0	3.6	3.5
- Tax regularization	15,022	9,492	8,722	-41.4	-10.5	1.6	0.9	0.8
2. Import duties	1,806	1,547	1,558	-19.4	-1.6	0.2	0.2	0.1
3. Value Added Tax (VAT)	88,305	83,444	88,417	-11.1	3.5	9.3	8.2	8.0
- Domestic VAT	47,375	48,052	51,648	-4.6	5.0	5.0	4.7	4.7
- VAT on imports	40,930	35,393	36,768	-18.6	1.5	4.3	3.5	3.3
4. Excise tax	9,026	9,328	8,913	-2.8	-6.6	0.9	0.9	0.8
- Fuels	3,000	3,464	3,215	8.6	-9.3	0.3	0.3	0.3
- Others	6,026	5,864	5,698	-8.5	-5.1	0.6	0.6	0.5
5. Other income tax	17,809	17,795	19,476	-6.0	7.0	1.9	1.7	1.8
- National government	14,253	13,960	15,241	-7.7	6.8	1.5	1.4	1.4
- Local governments	3,556	3,835	4,234	1.1	7.8	0.4	0.4	0.4
6. Tax returns	-25,625	-23,939	-24,218	-12.2	-1.1	-2.7	-2.4	-2.2
II. NON-TAX REVENUES	45,905	46,830	47,520	-4.1	-0.9	4.8	4.6	4.3
1. Contributions to Essalud and ONP	18,787	19,628	20,915	-1.7	4.1	2.0	1.9	1.9
2. Oil, gas and mining royalty	5,599	4,280	4,213	-28.4	-3.9	0.6	0.4	0.4
3. Oil canon	3,959	2,754	2,530	-34.7	-10.4	0.4	0.3	0.2
4. Others 1/	17,560	20,167	19,862	8.1	-3.7	1.8	2.0	1.8
III. TOTAL (I+ II)	207,148	197,815	207,396	-10.3	2.4	21.8	19.4	18.7

1 / Includes own resources, transfers from public entities, interests, income from regulatory, supervisors and registry bodies, among others.
Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, ONP, charity societies, regulatory agencies and registry offices.

Graph 47



Income tax collection grew by 2.1 percent in real terms and represented 5.9 percent of GDP in 2024, although this percentage was 0.3 percentage points lower than in 2023. The increase in real terms is mainly explained by higher payments on account by individuals and non-domiciled legal entities; however, this effect was partially counterbalanced by the drop in revenues from regularization payments corresponding to the 2023 taxable year.

Table 49

INCOME TAX BY CATEGORY					
	Million S/			Real % change	
	2022	2023	2024	2023	2024
Individuals	17,294	17,153	18,803	-7.0	7.1
First category (rentals)	679	736	845	2.0	12.2
Second category (dividends)	3,605	3,244	3,904	-16.1	17.5
Fourth category (independents)	1,410	1,329	1,360	-11.3	0.0
Fifth category (dependents)	11,600	11,844	12,693	-4.2	4.7
Legal Entities	37,605	36,164	38,206	-9.5	3.1
Domiciled	32,850	31,150	32,145	-10.7	0.7
Third category (companies)	29,821	28,176	28,591	-11.0	-1.0
Others	3,029	2,973	3,555	-7.5	16.8
Of which: Regime MYPE	2,281	2,261	2,604	-6.5	12.5
Non-domiciled	4,755	5,014	6,061	-0.8	18.1
Regularization	15,022	9,492	8,722	-41.4	-10.5
Individuals	1,030	722	798	-35.1	7.7
Legal Entities	13,992	8,770	7,924	-41.9	-12.0
Total	69,922	62,809	65,731	-15.8	2.1

Source: Sunat.

Individual income tax collection increased by 7.1 percent in real terms, mainly driven by the growth of fifth category income (4.7 percent), reflecting the recovery of employment and the increase in average formal income. There was also an increase in second category income (17.5 percent), mainly due to the distribution of dividends from companies in the electricity and telecommunications sectors. To a lesser extent, first category income grew (12.2 percent) as a result of higher rental prices.

The expansion in **income** from **domiciled legal entities** (0.7 percent) reflects the higher collection from MYPE Tributario and “resto”, the latter related to the dynamism of agro-exports and the lower balances in favor of taxpayers. Third category income revenues decreased in real terms (-1.0 percent), due to lower coefficients of payments on account -affected by the drop in economic activity and export prices in 2023- and higher balances in favor of taxpayers, although they showed an increase since mid-year, in line with the higher level of economic activity and high metal prices.

Income tax collection **from non-domiciled legal entities** increased by 18.1 percent in real terms with respect to 2023, explained by higher extraordinary income.

The contraction in **income tax regularization** revenues (10.5 percent) is mainly due to the lagged effect of the lower level of economic activity and the fall in hydrocarbon prices in 2023.

Table 50

THIRD CATEGORY INCOME TAX BY SECTORS: PAYMENTS ON ACCOUNT

	Million S/			Real % change	
	2022	2023	2024	2023	2024
Commerce	6,059	5,290	5,141	-17.7	-5.1
Mining	6,081	4,313	5,088	-33.3	14.8
Others Services 1/	4,049	4,268	4,422	-0.5	1.2
Manufacturing	3,861	3,192	3,173	-22.0	-3.1
Financial services	1,723	2,991	2,834	61.9	-7.2
Electricity and water	1,842	2,345	2,532	19.9	5.5
Transports	1,648	1,861	2,020	6.4	6.1
Hydrocarbons	3,104	2,421	1,777	-26.4	-28.5
Construction	1,189	1,290	1,413	1.9	7.0
Agriculture and livestock	131	138	162	-1.0	14.5
Fishing	134	67	29	-52.4	-58.6
Total	29,821	28,176	28,591	-11.0	-1.0

1/ Includes activities in real estate, business, leasing, telecommunications, health, social services, tourism and hotels, and other.
Source: Sunat.

VAT collection recorded a real increase of 3.5 percent and represented 8.0 percent of GDP, 0.2 percentage points lower than in 2023. By component, the real increase was largely due to the domestic IGV (5.0 percent), and to a lesser extent that applied to imports (1.5 percent).

The real expansion of **domestic VAT** collection was due to the greater dynamism of domestic demand, driven in turn by higher metal prices. Among the sectors that most contributed to this growth were commerce, especially wholesale; manufacturing, with an increase in oil refining, food, beverages and tobacco, and non-metallic minerals; mining, which benefited from higher mineral prices; transportation; construction, associated with greater progress and execution of works;

electric power and water; and agriculture and livestock, which recovered after the climatic shocks that occurred in 2023.

The increase in the volume of imports of capital goods, non-durable consumer goods and raw materials for industry led to an increase in import revenue from imports of capital goods. This increase was favored by the recovery of private spending and, additionally, by the effect of the depreciation of the Sol, which made imports more expensive and, therefore, increased the taxable base of the VAT.

Table 51

DOMESTIC VAT BY SECTORS					
	Million S/			Real % change	
	2022	2023	2024	2023	2024
Others Services 1/	13,731	13,935	14,614	-4.4	2.4
Commerce	9,345	9,994	10,418	0.6	1.8
Manufacturing	6,100	6,457	7,171	-0.3	8.6
Transports	3,916	4,159	4,694	0.1	10.3
Financial services	2,843	3,184	3,335	5.0	2.2
Construction	2,895	2,886	3,262	-6.1	10.4
Electricity and water	2,397	2,541	2,811	-0.2	8.0
Mining	1,777	1,791	2,320	-5.5	26.6
Hydrocarbons	3,463	2,043	1,696	-44.7	-19.1
Agriculture and livestock	722	949	1,172	23.1	20.8
Fishing	187	112	156	-43.5	35.7
Total	47,375	48,052	51,648	-4.6	5.0

1/ Includes activities in real estate, business, leasing, telecommunications, health, social services, tourism and hotels, and other.
Source: Sunat.

ISC revenue fell by 6.6 percent in real terms and represented 0.8 percent of GDP in 2024, 0.1 percentage points less than that observed in 2023. This real decline was mainly due to lower revenues from the ISC applied to fuels, and, to a lesser extent, from the ISC applied to other imported goods subject to this tax, particularly vehicles. This was counterbalanced by the higher ISC applied to other domestically sold goods, particularly beer sales.

Import tax revenues recorded a real contraction of 1.6 percent and represented 0.1 percent of GDP in 2024, 0.1 percentage points lower than in the previous year. However, in nominal terms, this component showed a growth of 0.7 percent, influenced by the higher volume of imports, especially in the second half of the year.

Other tax revenues recorded a real expansion of 7.0 percent and represented 1.8 percent of GDP, 0.1 percentage points higher than in 2023. This real increase is mainly explained by the increase in the amnesty and regularization items, driven by the special fractioning of tax debts (DL No. 1634) in force from October to December 2024, and subsequently extended until February 2025 by Law No. 32220; as well as by the higher collection from the transfer of deductions, as a result of Sunat's auditing actions during the last quarter of the year. Finally, higher revenues from the special mining tax were also a factor, reflecting the higher operating profits of mining companies, favored by the increase in export metal prices.

Tax refunds fell 1.1 percent in real terms and represented 2.2 percent of GDP in 2024, 0.2 percentage points lower than the previous year. This is mainly due to the reduction recorded in the fourth

quarter, which, according to Sunat, is due to tax audits. According to refund modalities, in real terms, the annual drop corresponded mainly to ex officio refunds and early recovery of the IGV, partially offset by higher refunds for exports and excess or undue payments.

Non-tax revenues decreased by 0.9 percent in real terms and represented 4.3 percent of GDP, 0.3 percentage points lower than in 2023. This result is mainly explained by lower interest income from deposits, due to the lower balance of term deposits and the reduction in interest rates. The decrease in income from canon and oil and gas royalties, as a consequence of the fall in hydrocarbon prices, especially natural gas, also had an impact. In addition, a lower level of transfers from public entities to the Public Treasury was recorded, particularly due to the lower transfer of profits from Banco de la Nación (S/ 1,456 million in 2023, which includes an advance of profits for S/ 1,000 million in November of that year). This decrease was partially offset by a higher profit transfer from Fonafe (S/ 1,371 million in 2024 compared to S/ 429 million in 2023).

2. GENERAL GOVERNMENT EXPENDITURES

Non-financial expenditures of the General Government increased by 7.4 percent in real terms and represented 20.8 percent of GDP, a ratio 0.2 percentage points higher than in 2023. This increase is due to higher spending on gross capital formation, other capital expenditures due to the capital contribution from the Public Treasury to Petroperu, and remunerations. Excluding Petroperu's capitalization operation, Non-financial expenditures would have gone from 20.6 to 20.2 percent of GDP between 2023 and 2024.

Non-financial spending by the General Government for the Con Punche Peru and Emergency El Niño programs is estimated at 0.2 percent of GDP in 2024, a lower ratio than in 2023 (1.0 percent). This reduction corresponded mainly to spending on goods and services and current transfers, as well as gross capital formation and remunerations (payment of judicial sentences). For its part, spending related to the health emergency and post-COVID-19 reactivation measures fell from 0.4 percent of GDP in 2023 to 0.1 percent in 2024.

Non-financial current expenditures of the General Government increased by 1.5 percent in real terms, from 15.4 to 14.7 percent of GDP between 2023 and 2024. This real increase is explained by higher spending on salaries and wages.

The **remuneration** component increased by 6.2 percent in real terms between 2023 and 2024 due to the salary increases granted for the Education and Health sectors at the end of 2023, as well as the different labor regimes in the public sector at the beginning of 2024 and EsSalud.

Expenditure on **goods and services** decreased by 1.1 percent in real terms; however, in nominal terms, this item increased by 1.1 percent in Local and Regional Governments. This nominal increase is explained by the contracting of maintenance services, procurement of medical supplies, CAS, leasing of services, rents, and basic services, communications, advertising and dissemination, partially offset by a lower level of procurement in the Defense sector, contracting of professional and technical services, and volunteer gratuities. In addition, the evolution of this item was influenced by lower spending under the Emergency El Niño Phenomenon program, as well as by the reduction of expenses associated with the health emergency in the face of COVID-19 and the Con Punche Peru program.

Transfers contracted by 2.5 percent in real terms, mainly at the National Government level, due to the drop in extraordinary spending on measures implemented in 2023 through the Con Punche

Peru programs, as well as spending for the reactivation of COVID-19. Lower net compensations to the Fuel Price Stabilization Fund (FEPC) also contributed.

Table 52

GENERAL GOVERNMENT NON-FINANCIAL EXPENDITURE 1/								
	Million S/			Real % change		% GDP		
	2022	2023	2024	2023	2024	2022	2023	2024
I. CURRENT EXPENDITURE	149,625	156,330	162,387	-1.5	1.5	15.7	15.4	14.7
Wages and salaries	55,563	62,615	68,023	6.2	6.2	5.8	6.2	6.1
National Government	30,922	33,418	35,803	1.8	4.7	3.2	3.3	3.2
Regional Governments	21,643	26,027	28,707	13.3	7.8	2.3	2.6	2.6
Local Governments	2,997	3,169	3,513	-0.3	8.4	0.3	0.3	0.3
Goods and Services	60,343	62,800	63,502	-1.8	-1.1	6.3	6.2	5.7
National Government	38,949	40,287	39,978	-2.4	-3.0	4.1	4.0	3.6
Regional Governments	8,682	9,158	9,470	-0.4	1.2	0.9	0.9	0.9
Local Governments	12,712	13,355	14,055	-0.9	3.0	1.3	1.3	1.3
Transfers	33,719	30,915	30,862	-13.5	-2.5	3.5	3.0	2.8
National Government	29,584	26,615	26,153	-15.2	-4.0	3.1	2.6	2.4
Regional Governments	3,118	3,314	3,494	0.1	3.0	0.3	0.3	0.3
Local Governments	1,018	986	1,214	-8.8	20.4	0.1	0.1	0.1
II. CAPITAL EXPENDITURE	56,910	52,915	67,441	-11.8	24.6	6.0	5.2	6.1
Gross capital formation	43,804	46,114	54,800	-0.3	16.3	4.6	4.5	5.0
National Government	14,285	17,314	22,128	14.6	25.0	1.5	1.7	2.0
Regional Governments	9,089	10,722	13,545	11.8	23.7	1.0	1.1	1.2
Local Governments	20,430	18,079	19,127	-16.1	3.6	2.1	1.8	1.7
Other capital expenditure	13,106	6,801	12,642	-50.4	80.4	1.4	0.7	1.1
National Government	12,477	6,183	11,718	-52.5	83.7	1.3	0.6	1.1
Regional Governments	459	443	264	-9.6	-41.5	0.0	0.0	0.0
Local Governments	169	175	660	-3.0	270.9	0.0	0.0	0.1
III. NON FINANCIAL EXPENDITURE (I + II)	206,535	209,245	229,829	-4.3	7.4	21.7	20.6	20.8
National Government	126,217	123,817	135,780	-7.4	7.1	13.3	12.2	12.3
Regional Governments	42,991	49,664	55,481	9.0	9.2	4.5	4.9	5.0
Local Governments	37,326	35,764	38,568	-9.4	5.6	3.9	3.5	3.5

1/ Net of commissions and intergovernmental transfers.

Source: MEF.

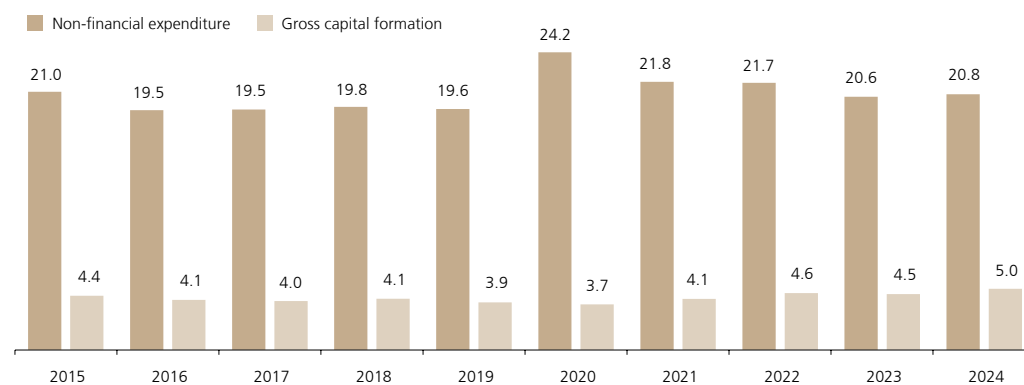
The General Government's **gross capital formation** increased by 16.3 percent in real terms between 2023 and 2024, consistent with the higher level of spending at the three levels of government, particularly in the National and Regional Governments. In the National Government, the execution of projects by the National Infrastructure Authority (ANIN), the National Sustainable Infrastructure Plan for Competitiveness (PNISC) and the "rest" group (road, communications, sanitation and hospital infrastructure) stood out. In the Regional Governments, the execution of projects costing more than S/ 10 million (road, hospital and educational infrastructure), as well as projects of Optimization, Marginal Expansion, Rehabilitation and Replacement (IOARR) and Works for Taxes (Obras por Impuestos) stood out.

Other capital expenditures increased by 80.4 percent in real terms, mainly explained by the capital contribution of the Public Treasury to Petroperu for S/ 6.1 billion in September 2024. This result was partially counterbalanced by the lower level of transfers made under the Con Punche Perú and Emergency La Niña event programs in 2023, as well as a lower honoring of government credit guarantees under the Reactiva Perú program.

Graph 48

GENERAL GOVERNMENT NON-FINANCIAL EXPENDITURE AND GROSS CAPITAL FORMATION

(% GDP)



Source: BCRP.

Table 53

GROSS CAPITAL FORMATION OF THE GENERAL GOVERNMENT

	Million S/		Real % change
	2023	2024	2024
National Government	17,314	22,128	25.0
ANIN 1/	3,957	5,234	29.3
PNISC 2/	3,676	5,511	46.6
Bicentennial schools	1,197	2,330	90.8
Line 2 of the Lima and Callao Metro	892	1,608	76.3
Works for Taxes	369	153	-59.3
Others	1,219	1,419	13.8
IOARR 3/	934	871	-8.6
Works for Taxes	262	137	-48.4
Rest	8,486	10,374	19.6
Regional Governments	10,722	13,545	23.7
PNISC 2/	139	24	-83.4
IOARR 3/	693	1,134	60.5
Works for Taxes	126	237	83.7
Rest	9,763	12,150	21.9
Projects with a cost of more than S/10 million	7,228	9,484	28.5
Projects with a cost of less than S/10 Million and activities	2,536	2,667	3.0
Local Governments	18,079	19,127	3.6
IOARR 3/	1,806	2,104	14.2
Works for Taxes	310	237	-25.2
Rest	15,963	16,786	2.9
Projects with a cost of more than S/10 million	4,474	5,200	13.8
Projects with a cost of less than S/10 Million and activities	11,489	11,586	-1.3
TOTAL	46,114	54,800	16.3
ANIN 1/	3,957	5,234	29.3
PNISC 2/	3,816	5,534	41.9
IOARR 3/	3,432	4,109	17.4
Works for Taxes	697	612	-14.2
Rest	34,213	39,310	12.5

1/ ANIN: National Infrastructure Authority.

2/ PNISC: National Sustainable Infrastructure Plan for Competitiveness, including public works, co-financed PPPs, and asset-based projects.

3/ IOARR: Optimization, Marginal Expansion, Rehabilitation and Replacement Investments.

Source: MEF-SIAF.

National Government

Non-financial expenditures of the National Government accounted for 12.3 percent of GDP, 0.1 percentage points higher than recorded in 2023. In real terms, spending increased by 7.1 percent, mainly explained by other capital expenditures, gross capital formation and, to a lesser extent, by remunerations.

Compensation spending increased by 4.7 percent in real terms, decreasing 0.1 percentage points of GDP between 2023 and 2024 (from 3.3 to 3.2 percent of GDP). The higher accrued expenditure is explained by the increase in remunerations granted in the Education and Health sectors at the end of 2023, and to the different labor regimes in the public sector in 2024, as well as in EsSalud. This was offset, in part, by the lower payment for court rulings.

Expenditure on **goods and services** decreased by 3.0 percent in real terms, from 4.0 to 3.6 percent of GDP between 2023 and 2024. In nominal terms, it contracted by 0.8 percent, due to lower purchases by the Defense sector, and to a lesser extent by the purchase of fuels, lubricants and related items, spare parts and accessories, food and beverages, and professional and technical services, offset by higher spending on maintenance services and the purchase of medical supplies, mainly.

Spending on **current transfers** contracted by 4.0 percent in real terms, from 2.6 to 2.4 percent of GDP between 2023 and 2024. This decrease is mainly explained by the withdrawal of extraordinary spending for the Con Punche Peru program and, to a lesser extent, by the reduction in post-COVID-19 reactivation spending, in addition to a lower level of resources allocated to the FEPC (net contribution of S/ 29 million in 2024 vs. net compensation of S/ 696 million in 2023). Among the actions of Con Punche Perú that were not executed in 2024 or had a smaller scope are the transfers for irrigation infrastructure, support to small farmers and the Chacra a la Olla program; food delivery through the Ministry of Development and Social Inclusion (MIDIS), payment of court sentences to pensioners, discount voucher for the Social Inclusion Energy Fund (FISE) and Lurawi Perú, mainly.

Gross capital formation grew by 25.0 percent in real terms, from 1.7 to 2.0 percent of GDP between 2023 and 2024. The execution of projects under ANIN's Government-to-Government agreement with the United Kingdom, in flood protection and ravine interventions; projects under the PNISC, including the Bicentennial Schools, Line 2 of the Lima and Callao Metro, and the wide strips, stood out; and under the "rest" group, particularly road infrastructure projects (e.g., new Ate-Yauli Central Highway, Huaura-Sayán-Churín highway in Lima, and Tarata bridges over the Huallaga River in San Martín and Carrasquillo and accesses in Morropón-Piura), sanitation (drinking water and sanitation in Ventanilla, Villa María del Triunfo and Lurín in Lima, and Sullana in Piura) and hospitals (Antonio Lorena hospital in Cusco, and Tomás Lafora and Leoncio Prado hospitals in La Libertad).

The National Government's **other capital expenditures** increased by 83.7 percent in real terms, from 0.6 to 1.1 percent of GDP between 2023 and 2024, due to the recording in 2024 of the previously mentioned Petroperu capitalization operation (S/ 6.1 billion). This was counterbalanced by a lower net honoring of government credit guarantees (S/ 1,058 million in 2024 vs. S/ 1,163 million in 2023) and a lower level of transfers for housing bonds (S/ 1,233 million in 2024 vs. S/ 1,506 million in 2023), particularly for the Compensation to Good Payer bond (zero transfer in 2024 vs. S/ 416 million in 2023).

Table 54

MAIN INVESTMENT PROJECTS OF THE NATIONAL GOVERNMENT: 2024

(Million S/)

MAIN PROJECTS	Amount
TRANSPORTS 1/	5,500
Line 2 of the Lima and Callao Metro	1,608
New Central Highway Ate-Yauli, Junín	211
Huánuco-Conococha highway, Huánuco	194
Chincheró International Airport, Cusco	173
Santa María highway-Machu Picchu Hydroelectric Bridge, Cusco	148
Broadband, Cajamarca	110
Chuquicara - Pallasca highway, Ancash	101
Broadband, Amazon	100
Broadband, La Libertad	95
Tarata Bridge over the Huallaga River, San Martín	93
Broadband, Piura	92
Huaura-Sayán-Churín highway, Lima	90
Lirio - Acoria Junction highway, Huancavelica	85
Carrasquillo Bridge and access points, Morropón, Piura	81
Broadband, Ancash	77
Broadband, Arequipa	69
Highway between Los Aquijes and Huayacundo Arma, Ica	67
Santa Rosa Expressway, Callao	65
Ollachea Tunnel, Puno	65
Lima - Canta - La Viuda - Unish highway	62
Puno - Juliaca highway	61
Salcabamba - Pichiu highway, Huancavelica	53
Rest	1,801
INFRASTRUCTURE	5,234
Protection against floods and mass movements in the Huaycoloro stream, Lima	493
Protection against floods in the sections of the Chico and Matagente rivers, Ica	481
Protection against floods in the Casma, Sechin and Grande rivers, Ancash	432
Protection against floods in La Esperanza and Huanchaco, La Libertad	341
Flood protection on both river banks of the Huarmey, Ancash	329
Flood protection in Porvenir, Trujillo and Larco Herrera, La Libertad	291
Flood protection in Laredo, La Libertad	184
Protection of the river banks of the Lacramarca, Ancash	183
Flood protection on both river banks of the Chicama, La Libertad	174
Protection of the river banks of the Huara, Lima	160
Provincial Hospital of Cascas, La Libertad	137
Protection of the river banks of the Motupe, Lambayeque	127
Protection against flooding of the Tumbes River, Tumbes	112
Protection against extreme floods in Bed of the Stream Cansas, Ica	111
Protection against flooding of the Cañete River, Lima	107
Hospital San Juan de Dios, Caraz, Ancash	100
Protection against floods in the Bed of the Steam Corrales, Tumbes	82
Support Hospital in Pomabamba, Ancash	78
Support Hospital in Casma, Ancash	67
Support Hospital in Sullana, Piura	66
Support Hospital in Recuay, Ancash	62
Hospital San Juan de Matucana II-1, Lima	51
Rest	1,067
EDUCATION	4,682
Bicentennial Schools	2,395
Installed capacity for response against emergencies and disasters	75
Educational Institution Juan Espinoza M., Andahuaylas - Apurímac	59
Adequate equipment for schools at national level	58
Creation of specialized educational service for high performing students	57
Rest	2,038
HEALTH	1,368
Hospital Antonio Lorena, Cusco	236
National Hospital Sergio Enrique Bernaldes, Lima	71
Support hospital Tomás Lafora, La Libertad	64
Hospital Chincheros, Apurímac	55
Support hospital Leoncio Prado, La Libertad	53
Hospital Bambamarca, Hualgayoc, Cajamarca	50
Rest	838
SANITATION	1,311
Drinking water and sewerage in Huarmey, Ancash	154
Drinking water in Calana, Tacna	75
Drinking water and sewerage in Huarochirí, Lima	65
Rehabilitation of drinking water and sewerage system, Piura, Piura	61
Urban Cadastre Service in Chiclayo, Lambayeque and Piura	61
Drinking water and sewerage in Puente Piedra, Lima	59
Rest	835
AGRICULTURE	997
Eradication of the fruit fly in Piura, Tumbes, Cusco and Others	62
Services Publics for Local Productive Development	57
Control of overflows of the Chíncha River, Ica	47
Rest	831
Others	3,036
TOTAL	22,128

1/ Excludes payments for works carried out in previous years under the concession scheme, payments for expropriations and land releases, and advances for identified works. Included are advances for work and rolling stock based on an approximate schedule of work progress.

Source: MEF.

Regional Governments

Non-financial expenditures of Regional Governments represented 5.0 percent of GDP, a ratio 0.1 percentage points higher than in 2023. In real terms, spending increased 9.2 percent, due to gross capital formation and remunerations.

Spending on **salaries** increased by 7.8 percent in real terms, remaining at 2.6 percent of GDP, due to the raise granted to teachers and health personnel in November and December 2023. Spending on **goods and services** increased by 1.2 percent in real terms, and remained constant with respect to GDP (0.9 percent), while spending on **current transfers** increased by 3.0 percent in real terms, also remaining constant as a percentage of GDP (0.3 percent).

Gross capital formation grew by 23.7 percent in real terms, increasing its relative share from 1.1 to 1.2 percent of GDP between 2023 and 2024. According to functions, there was an increase in projects and activities in Education, Transportation, Health, Public Order and Security, Agriculture and Livestock, and Culture and Sports.

By groups, the increase corresponded to projects costing more than S/ 10 million, particularly road infrastructure (e.g., Nueva Cajamarca-Yuracyacu road in San Martín and the Rica Playa-La Bocana departmental route in Tumbes), hospital infrastructure (Otuzco Berovides support hospital in La Libertad, César Garayar García hospital in Iquitos and the Huacaybamba strategic health center in Huánuco), and educational infrastructure (Padre Abad in Ucayali, Centro Regional Polytechnic in Junín, and the Huacaybamba strategic health center in Huánuco), César Garayar García hospital in Iquitos and Huacaybamba strategic health center in Huánuco), and education (Padre Abad in Ucayali, Politécnico Regional del Centro in Junín and José Olaya school in La Libertad), as well as the execution of IOARR and Works for Taxes.

According to financing sources, the expansion was mainly supported by the Regional Compensation Fund (FONCOR) and, to a lesser extent, canon, surcharge and royalties.

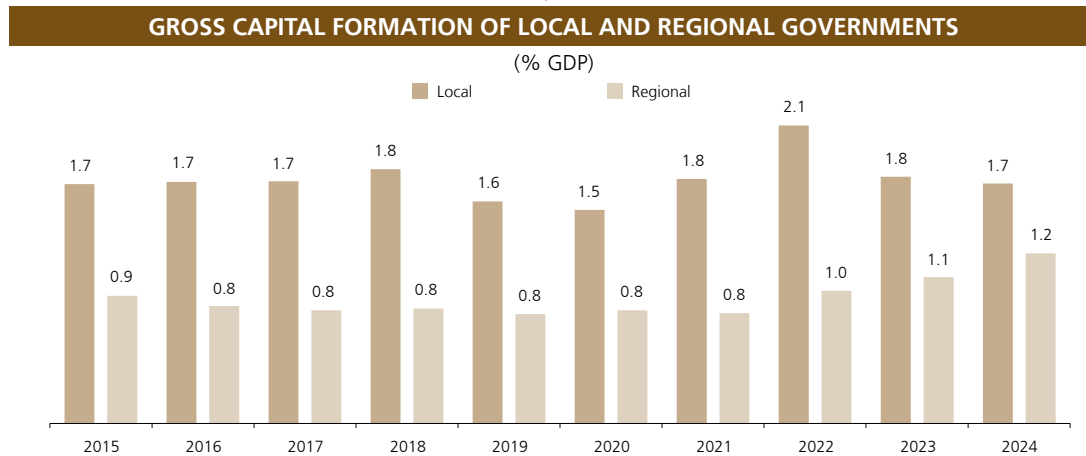
Local Governments

In 2024, **Local Government Non-financial expenditures** accounted for 3.5 percent of GDP, a ratio similar to that of 2023. In real terms, Non-financial expenditures of this level of government grew by 5.6 percent, across all expenditure components.

Spending on **salaries** increased by 8.4 percent in real terms, remaining at 0.3 percent of GDP, with higher salaries for the Environment, Public Order and Security, and Management and Planning functions. Expenditure on **goods and services** increased by 3.0 percent in real terms, and remained relatively constant with respect to GDP (1.3 percent), due to higher expenditures on professional and technical services, renting of services, medical supplies, basic services, communications, advertising and dissemination, and maintenance services. For its part, spending on **current transfers** increased by 20.4 percent in real terms, remaining constant as a percentage of GDP (0.1 percent), mainly due to transfers to population centers for the maintenance of local roads and food support.

For its part, **gross capital formation** grew by 3.6 percent in real terms, decreasing from 1.8 to 1.7 percent of GDP between 2023 and 2024. According to groups of projects and activities, the highest execution of those with a cost greater than S/10 million and IOARR stood out. According to functions, increases were observed in Sanitation, Public Order and Security, Transportation, Culture and Sports, and Agriculture and Livestock. It is worth noting that the expenditure accrued by the Health and Education functions decreased, while Housing and Urban Development remained constant in nominal terms. According to departments, investment increased in 15 out of 25 departments, with Lima, Ancash, Loreto, Moquegua, Ica and San Martín standing out; on the other hand, there was a drop in Cajamarca, Lambayeque, La Libertad, Junín and Ayacucho.

Graph 49



Source: BCRP.

3. STATE-OWNED ENTERPRISES

In 2024, the cash-based economic surplus of state-owned companies amounted to S/ 1,098 million, higher than in 2023 (S/ 98 million). However, if we exclude Petroperu's capitalization operation carried out in September last year, an economic deficit would have been recorded for all state-owned companies of S/ 4,656 million.

Table 55

OVERALL BALANCE OF STATE-OWNED BUSINESSES 1/						
	Million S/			% GDP		
	2022	2023	2024	2022	2023	2024
PetroPeru	-2,846	-1,400	727	-0.3	-0.1	0.1
ElectroPeru	-219	-277	523	0.0	0.0	0.0
Regional Electricity Companies	870	810	530	0.1	0.1	0.0
Sedapal	-180	-296	15	0.0	0.0	0.0
Rest	-191	1,260	-697	0.0	0.1	-0.1
TOTAL	-2,566	98	1,098	-0.3	0.0	0.1
Memo:						
Overall balance of the state-owned business						
Excludes PetroPeru capitalization of Sep.2024	-2,566	98	-4,656	-0.3	0.0	-0.4

1/ Economic Balance = Primary balance - Interest services. It is constructed from the information of the Businesses adapted to the economic classification for the purpose of fiscal accounts. The Economic Balance on a cash basis does not refer to the income statement of the Businesses (net profit or loss of the Income Statement). Interbusiness operations are consolidated in the rest group.

Source: State enterprises, FONAFE, and MEF.

In 2024, Petroperu recorded a surplus cash economic result of S/ 727 million due to the capitalization of the Public Treasury. This economic result incorporates the capitalization operation of the Public Treasury credit granted in May 2022 (DU N° 010-2022). Likewise, a credit from Banco de la Nación, guaranteed by the National Government, was granted between April and July 2024 (DU N° 004-2024). Excluding the capitalization operation, the company's economic cash result would be a deficit of S/ 5,027 million¹⁶. The economic cash result for 2023 was a deficit of S/ 1,400 million.

¹⁶ The capitalization operation was recorded as capital income (S/ 6,100 million) and was applied to debt service: interest (S/ 346 million) and loan amortization (S/ 5,754 million).

Between 2023 and 2024, a lower level of Petroperu's current income (by S/ 2,715 million) and higher expenditures for current expenses (by S/ 1,195 million) were recorded. In particular, sales revenues decreased by S/ 2,223 million, affected by lower average prices and sales volumes¹⁷, in a context of lower international prices and restricted production and sales between April and July 2024 due to operational problems in the *Flexicoking* Unit of the new Talara refinery. It is worth noting that, as of August, the company showed a recovery in production and sales, increasing its share in the domestic market from 23 to 29 percent between August and December 2024.

For its part, the increase of S/ 1,173 million in expenditures for purchases of goods and services is mainly explained by the regularization of the payment of obligations with suppliers as a result of the loans granted by Banco de la Nación, guaranteed by the National Government, within the framework of DU No. 004-2024 and DU No. 013-2024.¹⁸ In this regard, among other provisions, the latter regulation stipulated that Banco de la Nación granted a loan guaranteed by the Public Treasury for up to the equivalent of USD 1 billion, which was disbursed between September and December 2024.

On the other hand, other current income decreased by S/ 492 million, reflecting lower tax refunds (by S/ 297 million), the recording of extraordinary income from the advance payment of the usufruct of the 2023 hydrogen and nitrogen plants (S/ 193 million) and the lower net compensation accrued by the FEPC. In addition, a lower gross capital formation (by S/ 528 million) was recorded.

In 2024, Electroperú recorded an economic cash surplus of S/ 523 million, while in 2023 it recorded a deficit of S/ 277 million. This is mainly explained by lower expenditures for current expenses (by S/ 834 million), particularly for purchases of goods and services (by S/ 462 million), because in 2023 these increased due to the effect of the absence of rains on energy purchase costs in the *spot market*; lower expenditures for other current expenses (by S/ 245 million), due to the lower transfer of profits to the Consolidated Pension Reserves Fund (S/ 260 million in 2024 vs. S/ 475 million in 2023); and lower tax payments (by S/ 106 million).

On the other hand, a higher level of capital expenditures was recorded during the year (S/ 49 million), reflecting the advance of resources for the execution of priority intervention projects at the Santiago Antúnez de Mayolo and Restitución power plants.

Sedapal recorded an economic cash surplus of S/ 15 million in 2024, which contrasts with the deficit recorded in 2023 (S/ 296 million). On the one hand, a lower level of capital expenditure (by S/ 225 million) was recorded, particularly for gross capital formation, partly mitigated by higher capital transfers due to the effect of the return to the Public Treasury of unused balances from previous transfers; and a higher level of current income (by S/ 342 million), both from sales and other income. On the other hand, a higher level of expenditures was recorded for current expenses (by S/ 115 million), particularly remunerations, tax payments and other expenses; and lower capital revenues (by S/ 124 million).

With respect to gross capital formation, a particularly high level was recorded in 2023, highlighting the execution of the following projects: improvement of the San Bartolo wastewater treatment system, pipeline and Mesías treatment plant; Nueva Rinconada stage 1-front 2; Cerro Las Ánimas scheme and annexes in the Puente Piedra district; and La Atarjea wastewater treatment plant, as well as the recording of advances for the execution of works.

¹⁷ In budgetary terms, average prices and sales volumes decreased by 10 percent and 3 percent, respectively.

¹⁸ In budgetary terms, average prices and purchase volumes decreased by 12 percent and 18 percent, respectively.

The increase in sales revenues (by S/ 190 million) is mainly explained by revenues from sales of drinking water and sewage services, and groundwater monitoring, due to the increase in tariffs from January 2024 (8.4 percent); while other current income includes the refund from Sunat for overpayments in the 2010-2012 period and the recovery of a judicial deposit for the expropriation of land for the execution of a project. For its part, the reduction in capital revenues was mainly due to the fact that in 2023 Fonafe made two capital contributions to the company (S/ 145 million).

The regional electricity companies recorded a cash surplus of S/ 530 million, lower than that recorded in 2023 (S/ 810 million). This is mainly explained by the higher level of capital expenditures (by S/ 392 million), both in gross capital formation and other capital expenditures, partially offset by higher current income (by S/ 87 million) and lower expenditures for current expenses (by S/ 18 million), within which a lower payment of taxes (by S/ 115 million) and higher expenditures for purchases of goods and services and salaries were recorded.

The higher level of other capital expenditures reflects the payment of Empresa de Generación Eléctrica de Arequipa (Egasa) to Fonafe for capital depreciation in February 2024 (S/ 300 million), while gross capital formation reached the highest level since 2009 (S/ 635 million), highlighting the higher investment of Electro Sureste, Electrocentro, Electro Oriente and Electronorte.

For its part, the highest sales revenues corresponded mainly to Hidrandina, Sociedad Eléctrica del Sur Oeste (Seal), Electrocentro and Electro Oriente; while the highest other revenues corresponded to Empresa de Generación Eléctrica Machupicchu (Egamsa) and Egasa.

The rest of the SOEs recorded an economic cash deficit of S/ 697 million, which contrasts with the surplus recorded in 2023 (S/ 1,260 million). This is mainly explained by the higher other current expenses, in all the items that comprise it; and the lower current income, particularly sales revenues.

The increase in other current expenses is due to the higher transfer of Fonafe's profits to the Public Treasury (S/ 1,371 million in 2024 vs. S/ 429 million in 2023), within the framework of the provisions of the DU N° 006-2024. In turn, the higher expenditures for goods and services are related to the use of resources transferred by the Navy to Sima Peru for the execution of projects to strengthen the naval industry (S/ 509 million in 2024 vs. S/ 69 million in 2023). For its part, lower sales revenues are mainly explained by the operations of Sima Perú, which reported lower transfers from the Navy for the execution of projects (S/ 510 million in 2024 vs. S/ 1,507 million in 2023).

4. NON-FINANCIAL PUBLIC SECTOR DEBT

The **gross debt** of the Non-Financial Public Sector amounted to S/ 355,181 million at the end of 2024, an amount equivalent to 32.1 percent of GDP. This ratio is 0.3 percentage points of GDP lower than that recorded at the end of 2023, which is explained by the higher nominal GDP growth.

In nominal terms, the gross debt balance increased by S/ 25,947 million between 2023 and 2024, mainly due to the increase in the fiscal deficit and the depreciation of the Sol against the US dollar, offset by the partial financing of the deficit through deposits from the Non-Financial Public Sector.

According to components, higher domestic debt was recorded, mainly due to sovereign bond placements through the Market Makers program, the OAD of June-July 2024 and the direct award of sovereign bonds to Banco de la Nación (under the framework of DU No. 013-2024). The

issuance of a bond maturing in 2043 by the Metropolitan Municipality of Lima in September 2024 also contributed. Within this component, a loan granted by Banco de la Nación to Petroperú, guaranteed by the National Government, was also recorded. For its part, external debt increased as a result of the placement (net of amortizations) of global bonds and disbursements of contingent and freely available credits from international organizations.

Between June and July 2024, within the framework of the OAD, the new Sovereign Bond 2039 was issued for the exchange of sovereign bonds maturing in 2024, 2026, 2028 and 2029, including *Global Depositary Notes* (GDN). In addition, global dollar bonds maturing in 2025, 2026, 2027, 2030 and 2031 were repurchased, as well as global euro bonds maturing in 2026 and 2030. As part of this operation, the issue of the 2039 Sovereign Bond amounted to S/ 15,436 million and deposits of S/ 4,553 million in domestic currency and USD 472 million in foreign currency were withdrawn. This allowed the repurchase of sovereign bonds for a nominal value of S/ 8,236 million and the exchange of S/ 7,109 million, as well as the repurchase of global bonds for USD 1,524 million.

Table 56

DEBT BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR 1/						
	Million S/			% GDP		
	2022	2023	2024	2022	2023	2024
PUBLIC DEBT (I + II)	317,305	329,234	355,181	33.3	32.4	32.1
I. EXTERNAL PUBLIC DEBT	164,527	158,335	168,356	17.3	15.6	15.2
Loans	44,106	46,567	50,458	4.6	4.6	4.6
International organizations	35,292	38,236	41,914	3.7	3.8	3.8
Paris Club	4,411	4,580	5,285	0.5	0.5	0.5
International banks	4,403	3,751	3,259	0.5	0.4	0.3
Bonds	120,421	111,769	117,898	12.7	11.0	10.7
Global bonds	108,991	100,639	106,618	11.5	9.9	9.6
Non financial public enterprise bonds	11,430	11,130	11,280	1.2	1.1	1.0
II. DOMESTIC PUBLIC DEBT	152,778	170,898	186,825	16.1	16.8	16.9
1. Long-term 2/	142,453	158,237	171,934	15.0	15.6	15.5
Bank loans	1,132	1,429	1,174	0.1	0.1	0.1
Public Treasury bonds	141,321	155,603	168,305	14.8	15.3	15.2
<i>Public debt swap with</i>						
<i>Banco de la Nación</i>	295	38	0	0.0	0.0	0.0
<i>Sovereign bonds</i>	137,878	152,915	166,106	14.5	15.0	15.0
<i>Recognition bonds</i>	3,148	2,650	2,200	0.3	0.3	0.2
Municipality of Lima bonds	0	1,205	2,455	0.0	0.1	0.2
2. Short-term	10,325	12,661	14,891	1.1	1.2	1.3
Memo:						
Liabilities of Private-Public Partnerships 3/	1,292	724	488	0.1	0.1	0.0
FEPCs	2,319	903	801	0.2	0.1	0.1
External debt from COFIDE and Mivivienda Fund	11,471	12,422	11,273	1.2	1.2	1.0
Bond holdings	246,869	253,554	272,724	25.9	24.9	24.6
Residents	84,843	100,418	102,339	8.9	9.9	9.2
Non-residents	162,026	153,136	170,385	17.0	15.1	15.4
Sovereign Bonds	137,878	152,915	166,106	14.5	15.0	15.0
Residents	81,753	97,888	98,834	8.6	9.6	8.9
Non-residents	56,125	55,027	67,272	5.9	5.4	6.1
Bonds Globales	108,991	100,639	106,618	11.5	9.9	9.6
Residents	3,090	2,530	3,505	0.3	0.2	0.3
Non-residents	105,902	98,109	103,113	11.1	9.6	9.3

1/ Includes national government debt, subnational governments (regional and local) and non-financial public companies.

2/ Includes recognized debt with FONAVI, Law 29625.

3/ Estimated. Nominal value of CRPAOs issued between May 2006 and March 2012, net of amortizations made.

Source: MEF, BCRP, Banco de la Nación, ONP, PetroPerú, Ministry of Transport and Communications, COFIDE and FMV.

4.1 NON-FINANCIAL PUBLIC SECTOR EXTERNAL DEBT

At the end of 2024, the Non-Financial Public Sector **external debt** amounted to S/ 168,356 million, which represented 15.2 percent of GDP, 0.4 percentage points lower than recorded at the end of 2023. In nominal terms, this component grew by S/ 10,020 million, reflecting the placement of global bonds net of amortizations, highlighting issues maturing in 2035 and 2054 in August of 2024 for a total of USD 3 billion. Also recorded during the year were disbursements of contingent and freely available credits from international organizations. This increase in placements and disbursements was reinforced by the depreciation of the Sol against the US dollar, partially offset by the repurchase of global bonds within the framework of the OAD.

During the year, contingent and freely available credits were disbursed for USD 1,641 million, of which USD 1,300 million were granted by international organizations (USD 750 million by the World Bank-WB, USD 300 million by the Inter-American Development Bank-IDB and USD 250 million by the Andean Development Corporation-CAF) and USD 341 million by the State Development Bank of the Federal Republic of Germany-KfW, a member of the Paris Club.

4.2 NON-FINANCIAL PUBLIC SECTOR DOMESTIC DEBT

At the end of 2024, the **domestic debt** of the Non-Financial Public Sector amounted to S/ 186,825 million, equivalent to 16.9 percent of GDP, 0.1 percentage points higher than in December 2023.

In nominal terms, this component increased by S/ 15,927 million between the end of 2023 and 2024, mainly explained by sovereign bond placements net of amortizations (S/ 13,191 million). This amount includes placements under the Market Makers program (S/ 12,959 million) and under the June-July 2024 OAD (S/ 15,436 million), the partial retirement of sovereign bonds under this OAD (-S/ 15,345 million), and the amortization of the bond maturing on August 12, 2024 and the amortization of the 2024-VAC sovereign bond.

Likewise, this evolution was influenced by the placement of sovereign bonds maturing in 2033, through direct award to Banco de la Nación, as part of an OAD under the framework of DOU No. 013-2024, subscribed between Petroperú, MEF and Banco de la Nación. Additionally, the issuance of a bond maturing in 2043 by the Metropolitan Municipality of Lima and the credit granted by Banco de la Nación to Petroperú, for an equivalent of up to USD 1 billion, also contributed.

4.3 NON-FINANCIAL PUBLIC SECTOR NET DEBT

The **net debt** of the Non-Financial Public Sector, defined as the difference between financial liabilities or total public debt and financial assets (total deposits in the financial system and other financial assets) increased from S/ 225,270 million in 2023 to S/ 259,637 million in 2024. This level represented 23.5 percent of GDP, which exceeds that of 2023 by 1.4 percentage points.

In nominal terms, the increase in net debt (by S/ 34,367 million) is mainly explained by the increase in the fiscal deficit, which was financed by the year's indebtedness and a greater use of deposits from the Non-Financial Public Sector deposits. The net effect of the depreciation of the Sol on debt and asset balances was also a factor.

Table 57

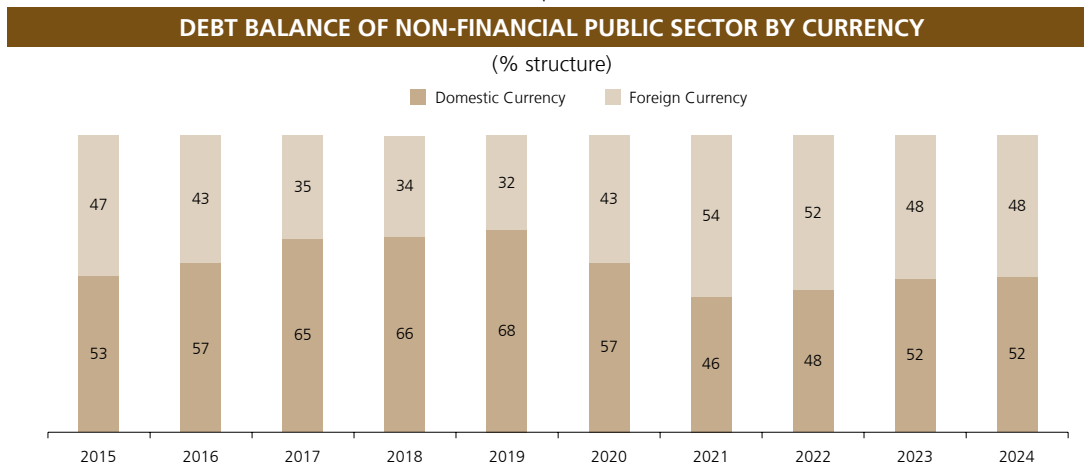
NET DEBT OF THE NON-FINANCIAL PUBLIC SECTOR						
Year (December)	Million S/			% GDP		
	Assets	Liabilities	Net Debt	Assets	Liabilities	Net Debt
2015	109,033	142,241	33,208	17.6	23.0	5.4
2016	111,649	156,663	45,014	16.6	23.3	6.7
2017	107,407	173,976	66,569	15.0	24.3	9.3
2018	107,091	190,789	83,698	14.2	25.3	11.1
2019	105,998	206,301	100,303	13.4	26.2	12.7
2020	89,019	249,197	160,177	12.1	34.0	21.8
2021	124,168	314,890	190,722	13.9	35.3	21.4
2022	120,140	317,305	197,166	12.6	33.3	20.7
2023	103,964	329,234	225,270	10.2	32.4	22.1
2024	95,544	355,181	259,637	8.6	32.1	23.5

Source: MEF, BCRP, Banco de la Nación, Petroperú, ONP, EsSalud, ElectroPerú and FONAFE.

4.4 DEBT BY CURRENCIES

The share of Non-Financial Public Sector debt in foreign currency decreased from 48.3 to 47.6 percent of total debt between 2023 and 2024, mainly due to the partial retirement of global bonds under the June-July 2024 ADO. This reduction occurred notwithstanding the disbursements recorded during the year for loans from international organizations and the Paris Club, the issuance of global bonds, and the effect of the depreciation of the Sol against the U.S. dollar on the debt balance.

Graph 50

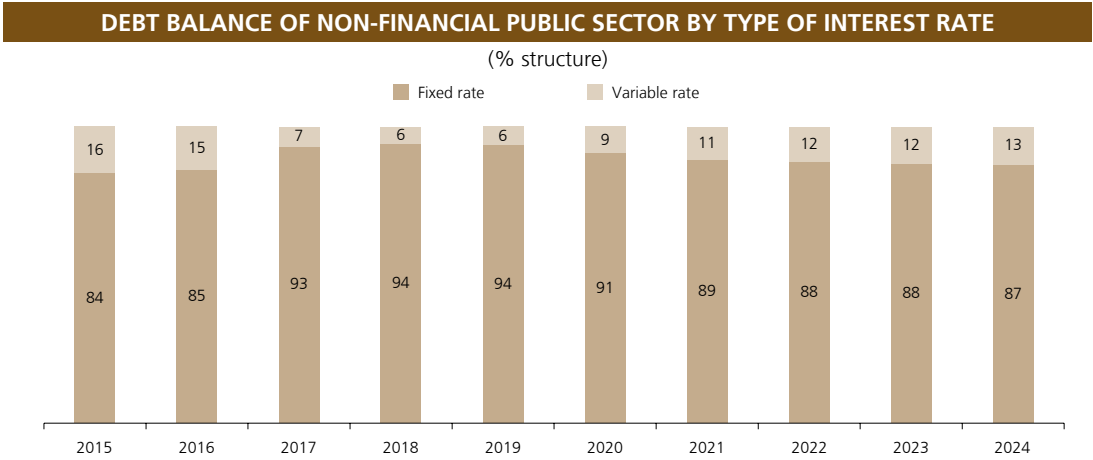


Source: MEF and BCRP.

4.5 DEBT BY TYPE OF INTEREST RATE

At the end of 2024, fixed-rate Non-Financial Public Sector debt represented 87.1 percent of total debt, 0.5 percentage points lower than in the previous year. This is due to the fact that fixed-rate placements, mainly of sovereign bonds, were offset by higher debt with international organizations and the Paris Club.

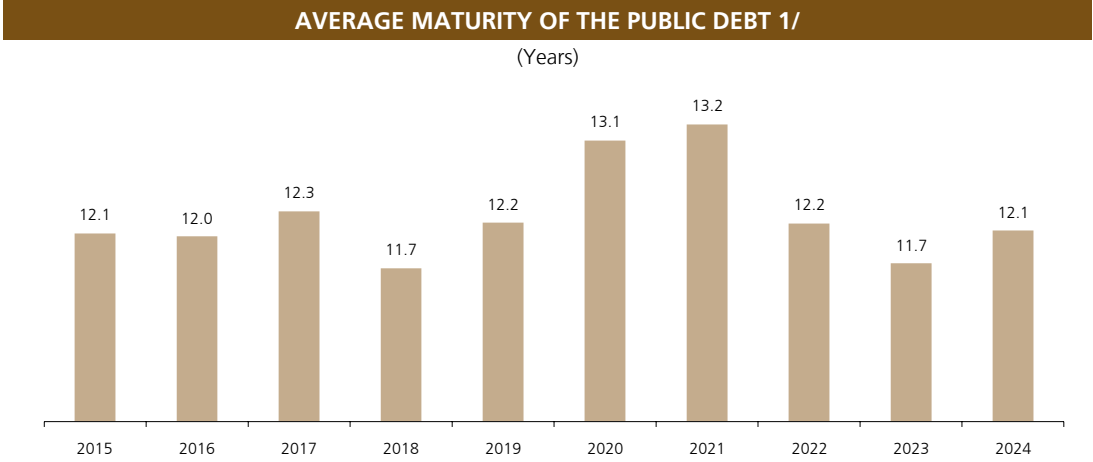
Graph 51



4.6 AVERAGE LIFE OF DEBT

At the end of 2024, the average life of total medium- and long-term public debt was 12.1 years, which represents an increase compared to the end of 2023 (11.7 years).

Graph 52



1 / Calculated by the Ministry of Economy and Finance (MEF) and refers to the debt of the financial and no financial public sector medium- and long-term.
Source: MEF.