

Peru's path to a circular economy

Key milestones in the transition

Peru is a country with abundant natural resources, great biodiversity, and cultural wealth. It has three very different ecosystems: the Pacific slope, the Andes Mountain range, and the Amazon. The country has strong macroeconomic parameters, the World Bank¹ estimated GDP growth of around 2.7 % in 2022 and 2.3 % in 2023, mainly due to increased exports and stable public debt, which will remain at around 35 % of GDP. But at the same time, Peru has important challenges because the Peruvian economy is based on a linear economic model of exploitation of its natural and mining resources. The economy saw an average drop in the quality of employment in recent years and a high structural rate of informality of around 72 %. Furthermore, due to its dependence on natural resources, its economy is concentrated in a limited number of sectors and is grouped into a small geographical area around the capital city of Lima, resulting in significant economic and social differences and inequalities between the different regions of the country.



To change the exploitive linear model, Peru has made significant efforts in recent years to transition to a circular economy that preserves its natural resources and biodiversity, while combating poverty and inequality, regional disparities and improving the competitiveness of productive sectors. All this is reflected in the [National Plan for Productive](#)

[Diversification \(2014\)](#). The plan recognises the need for sustainable economic development in the country to avoid the vulnerability caused by the concentration of production in a few sectors and products, the exploitation of natural resources, and the dependence on international export prices.

The roadmap: How is Peru's economy becoming circular?

● In 2014, Peru launched the [National Innovation Programme for Competitiveness and Productivity "Innovate Perú"](#), to catalyse investment projects for innovation and improve the country's competitiveness through different financial mechanisms, including those related to the circular economy. This programme was renewed in 2021, under the name "[ProInnovate](#)".

● In 2018, the [Circular Economy Forum 'Production of the Future'](#) was launched, as a key initiative introducing the concept of circular economy in Peru and promoting related public policies with a view to generating new business models, reducing environmental impacts, promoting employment, and fighting the climate crisis. The [Circular Economy Forum](#) has continued to be held every year, becoming an effective instrument for disseminating the concept of circular economy in Peru. The same year saw the launch of the [National Competitiveness and Productivity Policy](#) incorporating

the purpose of strengthening the institutional framework to generate the conditions for the transition towards a circular economy. This includes the aims to reduce the use of raw materials, the incorporation of secondary raw material in production processes, and the design of products that facilitate their valorization in the post-consumer stage.

● A year later (2019), the Government approved the [National Competitiveness and Productivity Plan](#) including measures to develop circular economy roadmaps in the sectors of industry, agriculture, fisheries, and aquaculture.

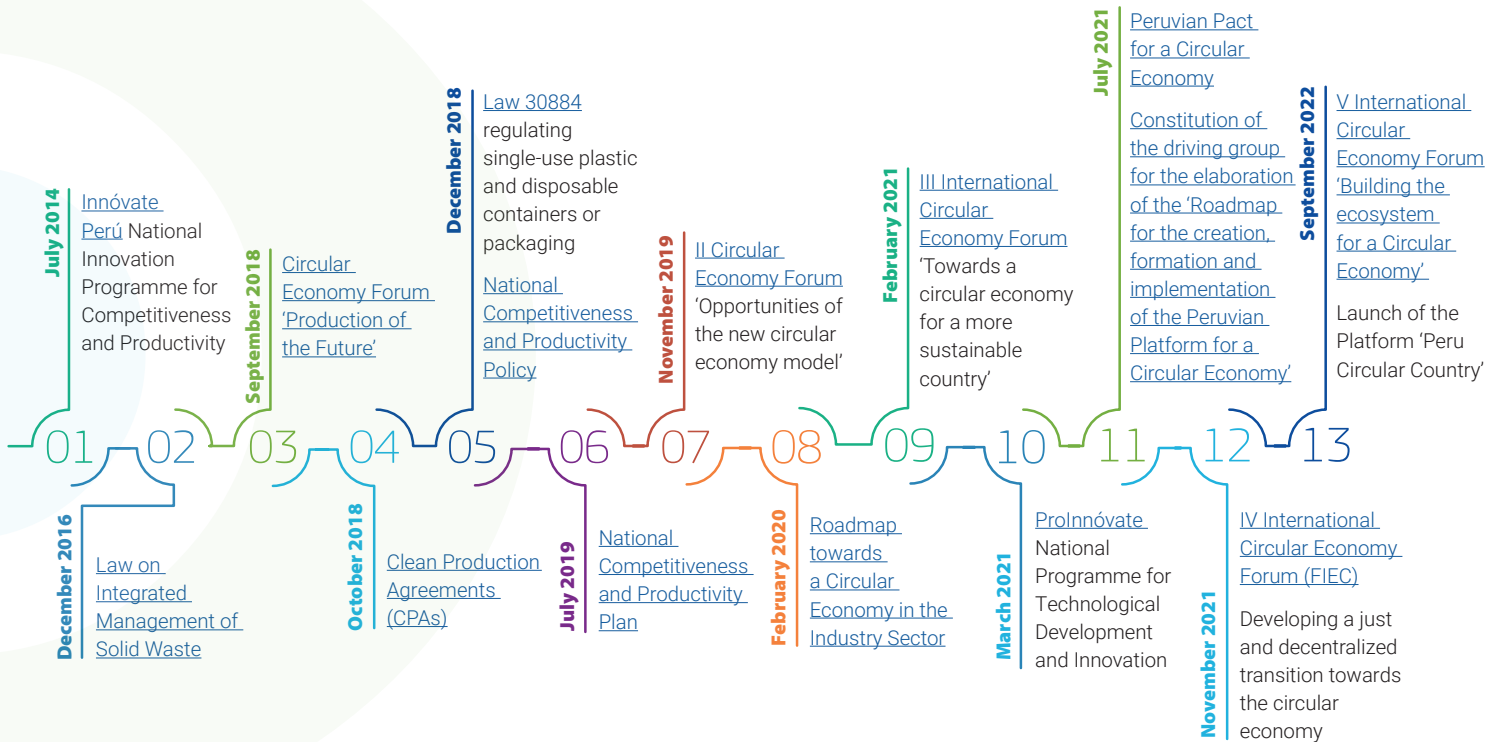
● [The Roadmap towards a Circular Economy in the Industry Sector](#) was approved in 2020, and was the first sector roadmap to be developed, with the aim to promote and facilitate the transition in the manufacturing and industrial processing industries of fisheries.

¹ [Perú Panorama general \(bancomundial.org\)](#)

● In 2021, the [Peruvian Pact for a Circular Economy](#) was signed between public entities, business associations, academia, and international cooperation organizations, as a collaborative action to promote the progressive and effective transition towards a circular economy in Peru. That same year saw the creation of the **'actors' driving group** for the elaboration of

the [Roadmap for the creation, formation and implementation of the Peruvian Platform for a Circular Economy](#) as a space for dialogue, coordination and collaboration between public and private actors. As a result, in 2022 the **Platform 'Peru Circular Country'** was launched.

Milestones of the transition to a circular economy



Drivers for the transition to a circular economy

Commitment of public and private actors

Joint commitment between the different actors of the public sector (at the three levels of government: national, regional and local) and the private sector (academy and research institutions, organized civil society, and international cooperation for development), and common action intensified promotion of the circular economy transition. This commitment became a reality with the signing of the Peruvian Circular Economy Pact by 28 public and private organizations and representatives of academia and of international cooperation, to create the 'Peru Circular Country' Platform.

Incorporation of circular economy in public policies

The public sector has worked to give relevance to circular economy in its national and sectoral policies, plans and programmes, integrating its principles and proposing concrete actions, including at different levels of government.

Public sector leadership

The public sector has been key in Peru's transition process towards a circular economy, carrying out awareness and dissemination actions as well as the elaboration of the different sectoral roadmaps, promoting innovation in companies in collaboration with academia and research institutes, etc.

Improving competitiveness through innovation and diversification of the economy

From the beginning, the Government considered improving competitiveness fundamental in the progress and sustainable economic development of Peru, promoting and stimulating research, innovation, and innovative entrepreneurship, mainly through the programmes "Innóvate Perú" and (later) "ProInnóvate".

Climate change and protection of ecosystems and natural resources

Circular economy public policies, developed by the Ministry of the Environment, have been essential to fulfil the commitments assumed internationally by Peru before the UNFCC and the Paris

Agreement, with the aim of achieving carbon neutrality, the resilience of the population, and the preservation of natural resources, ecosystems, and livelihoods, making production systems more efficient.

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EU support for the circular economy transition in Peru

The European Union (EU) has a great track record of collaboration with and support of Peru, as they share common values such as democracy, human rights, environmental protection, and action against climate change. Peru is also a key economic and trading partner for the EU. Relations between the EU and Peru have been strengthened by the signing of a free trade agreement.

The support to promoting Peru's transition towards the green and inclusive circular economy is a priority for the EU in Peru and has the purpose to work on production and consumption patterns and value chains, promoting sustainable cities and territorial economic development.

The Delegation of the European Union to Peru, in a Team Europe approach, plans to continue supporting the transition towards a more inclusive and circular economy in the country

through the articulation of various actions in collaboration with the public sector, such as the Ministry of Environment, the Ministry of Production, the Ministry of Agrarian Development and Irrigation, and the Ministry of Finance; with private sector actors such as the National Society of Industries and the Chamber of Commerce of Lima; and with support from Member States of the European Union through their cooperation agencies (such as AECID and GIZ).

The planned actions are aimed at **reinforcing an environment that fosters the development of the circular economy**, by advancing the national circular economy strategy; implementing priority circular economy roadmaps in the areas of industry, agriculture, fisheries and aquaculture, and services; establishing a system of regulatory, non-regulatory and voluntary mechanisms and incentives and providing financial instruments and services for the deployment

of circular economy systems; as well as supporting the development of monitoring, evaluation and reporting systems to measure and report on the progress and impact achieved by Peru in its just transition towards a circular economy. Technical assistance will also be provided for Peru's accession and action in multilateral initiatives related to the circular transition, such as GACERE, the Leticia Pact for the Amazon and the Global Plastic Action Partnership.

The programme aims **to consolidate a multi-stakeholder alliance of actors from the public and private sector, academia and civil society to promote and lead the circular transition** through the consolidation of institutionality and inclusive governance; the coordination and strengthening of the Peruvian Circular Economy Platform; support for the development of circular economy services by private and public providers, including intermediary business

organizations (BIO) and Centres for Productive Innovation and Technology Transfer (CITEs); and support for the development of academic research and training programmes on the circular economy.

The programme also intends to promote circular businesses and value chains with a gender perspective in various regions and with a focus on agricultural, plastics and textile value chains.

In the field of **dissemination and awareness**, the programme includes the organization of pairing events, business missions and technology transfer initiatives for cleaner agricultural and livestock production, between the EU and Peru. Awareness and knowledge of companies and productive sectors and society in general will be promoted, to increase citizens' consciousness and demand for products made in a sustainable and healthy way.

EU-funded circular initiatives at a glance

◉ Sustainable Business – A circular and inclusive economy in Peru

The Team Europe Initiative aims at greening Peru's economy transitions towards low-carbon resource efficient practices and climate resilience. It addresses priority value chains and the city level with circular practices by increasing resource-efficiency, reducing pollution, and raising quality of life.

◉ Roadmap towards a circular economy in the industry sector

Support to the Ministry of Environment and Ministries of Production in the implementation of the roadmap in the four approaches proposed: 1) sustainable industrial production, 2) sustainable consumption, 3) use of waste material and industrial waste management, and 4) innovation and financing.

◉ Roadmaps towards a circular economy in the agriculture sector and in artisanal fisheries and aquaculture

Support to the Ministry of the Environment, the Ministry of Agrarian Development and Irrigation and the Ministries of Production in the preparation and validation of a proposed roadmap for the agriculture sector and one for the artisanal fisheries and aquaculture sector.

◉ Development and concept of the Peru-EU International Circular Economy Forums

Support to the annual organization of the circular economy forums since 2018, for disseminating and raising awareness of circular economy issues in Peru.

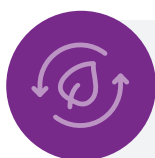
◉ Creation of the 'Peru Circular' Platform

Support for the creation of a permanent collaborative space for cooperation between actors implementing concrete actions to accelerate the transition to a circular economy.

◉ Analysis of the regulatory framework

Support for the analysis of both the current legal framework and the instruments that regulate productive activities related to plastic, construction and demolition, wastewater, agriculture, fisheries and aquaculture, proposing modifications in the instruments or the development of new instruments that facilitate the implementation of circular economy models.

Lessons learnt in the transition process towards a circular economy



For Peru, it has been essential that the circular economy is integrated into the regulatory framework and public policies.

The roadmaps developed for the sectors of industry, agriculture and artisanal fisheries and aquaculture are key instruments to articulate circular economy at the sectoral level. These roadmaps must complete their implementation and be updated with the new needs that arise in each sector.



Investments are needed to enable infrastructures for circular economy, such as those related to water, energy, and waste management, which bring together national and territorial approaches more effectively and efficiently to facilitate their implementation.

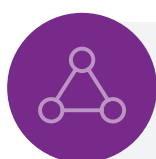


Support for innovation in Peru, through programmes such as ProInnovate, has been fundamental for the development and incorporation of new products, new business models and/or adaptation of existing businesses, but there is still a need for greater active collaboration between academia and research centres with the productive sectors.



Existing incentives and financial instruments in Peru are not sufficiently adapted to the needs of companies and productive units when they wish to

incorporate circular economy into their production processes. In addition, the capabilities of companies, especially MSMEs, to access credit are very limited, with very high financing costs and scarce supply. This hampers both innovation and the introduction of cutting-edge technology.



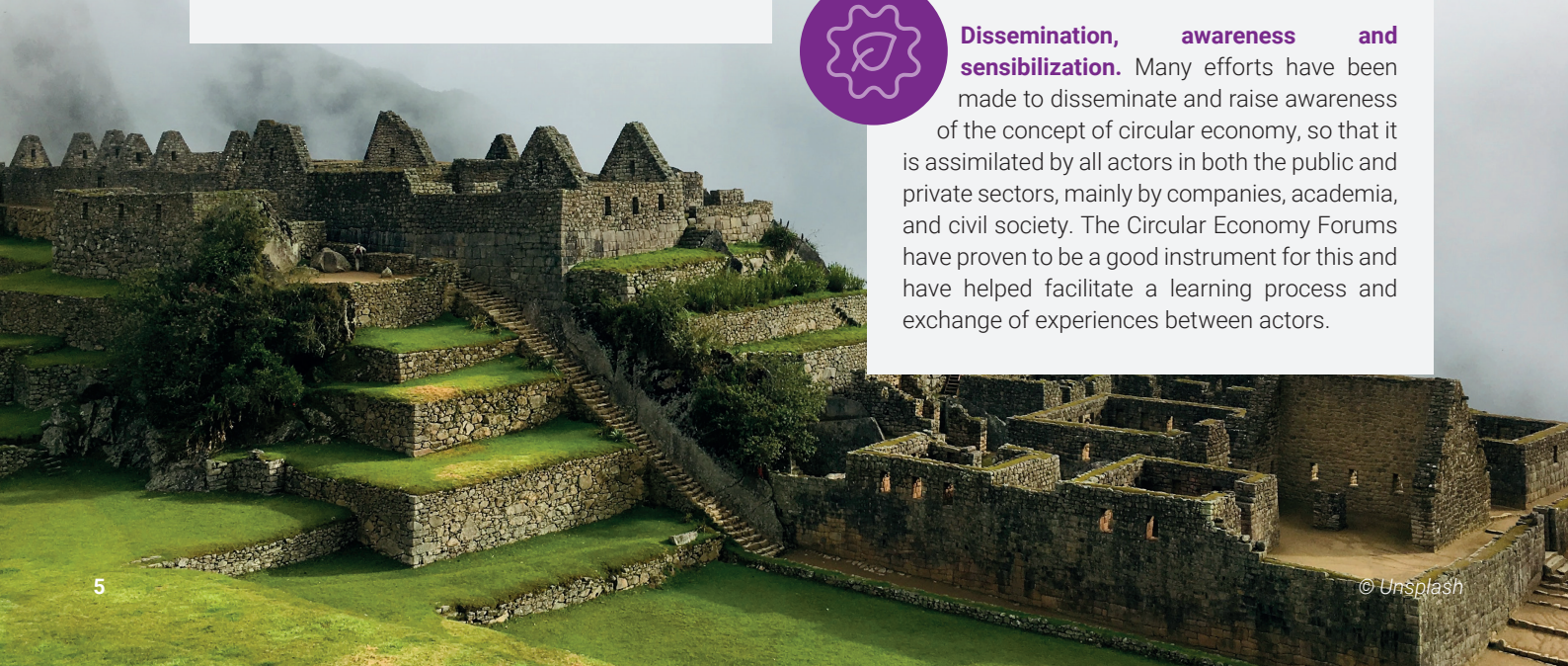
Ensuring the involvement and articulation of a variety of actors of the business ecosystem has been key in the development and implementation of the circular economy in the country, as reflected in the **Peruvian Pact for a Circular Economy** and the launch of the **'Peru Circular'** Platform. Business and sector associations contribute to awareness-raising and training activities, provide services, and promote innovation and the sustainable transition of the different value chains, both at national and territorial level.



Promoting mechanisms to integrate SMEs into value chains. Through productive partnerships such as cooperatives, these small producers can take advantage of economies of scale that increase production volume, marketing capacity, access to credit and financial instruments, and acquisition of new technologies, while incorporating innovation and circularity into their processes and products.



Dissemination, awareness and sensibilization. Many efforts have been made to disseminate and raise awareness of the concept of circular economy, so that it is assimilated by all actors in both the public and private sectors, mainly by companies, academia, and civil society. The Circular Economy Forums have proven to be a good instrument for this and have helped facilitate a learning process and exchange of experiences between actors.



Future steps

The roadmaps developed for various industry sectors need to be implemented with activities at sector level, but also addressing both the regional and municipal levels.

Investments are needed to enable infrastructures for circular economy, such as those related to water, energy, and waste management, which bring together national and territorial approaches more effectively and efficiently to facilitate their implementation. **To address the needs of companies and productive units, the existing incentives and financial instruments have to be sufficiently adapted** to accelerate circular economy integration into production processes, at large scale.

To promote a just transition, sufficient focus should be on integrating small producers into circular value chains. In several productive sectors there are numerous small, family and/or subsistence, producers, who are usually informal, with limited efficiency and productivity, and with very low levels of technology use, producing basic products. For these entities, circularity provides opportunities to deliver products with increased added value. By establishing productive partnerships such as cooperatives, these small producers can take advantage of economies of scale that increase access to credit and financial instruments, and acquisition of new technologies, while incorporating innovation and circularity into their processes and products.

