

SECOND PERFORMANCE REVIEW OF THE GREEN CLIMATE FUND

Country case study report

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Peru

February 202

GREEN CLIMATE FUND INDEPENDENT EVALUATION UNIT

> Second Performance Review of the Green Climate Fund

PERU COUNTRY CASE STUDY REPORT

02/2023

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First Edition

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ABBREVIATIONS

ACA	Environmental conservation area
AE	Accredited entity
CN	Concept note
COFIDE	Development Bank of Peru
CORPI	Regional Coordinator of Indigenous Peoples of Datem del Marañón
СР	Country programme
DAE	Direct access entity
DEMA	Management declaration
ENCC	National Strategy on Climate Change
FENAP	Federación de la Nacionalidad Achuar del Perú
FP	Funding proposal
GCF	Green Climate Fund
GDP	Gross domestic product
GHG	Greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IAE	International accredited entity
IEU	Independent Evaluation Unit
IP	Indigenous peoples
IRM	Independent Redress Mechanism
MEF	Ministry of Economy and Finance
MINAM	Ministry of Environment
NAP	National adaptation plan
NDA	National designated authority
NDC	Nationally determined contribution
PROMAPE	Fisheries management programme
RPSP	Readiness and Preparatory Support Programme
SPR	Second Performance Review
UNFCCC	United Nations Framework Convention on Climate Change
WWF	World Wildlife Fund

A. INTRODUCTION

This country case study has been conducted as an input into the Second Performance Review (SPR) of the Green Climate Fund (GCF), as launched by the Board of the GCF through decision B.BM-2021/11. The SPR is being conducted by the GCF's Independent Evaluation Unit (IEU). The SPR focuses on assessing the progress made by the GCF in delivering on its mandate, as well as the results of the GCF, including its funded activities and its effectiveness and efficiency. The SPR is informed by multiple data sources and methods, including country case studies.

This country case study report for Peru is based on desk review and remote and in-person interviews with 41 stakeholders from 19 institutions and organizations, as well as more than 20 other indigenous peoples' (IP) representatives (see annex 1 for the list of interviewees). It is also informed by a country mission undertaken from 12 to 18 August 2022, which included site visits to the project "Building the Resilience of Wetlands in the Province of *Datem del Marañón*, Peru" (FP001), referred to as the "Datem project." The country mission team included Anna Zucchetti (ICF senior consultant), Rishabh Moudgill (GCF IEU) and Arlette Ayoroa (GCF IEU). This report follows an earlier IEU country case study during the GCF Forward-looking Performance Review in 2019.

B. BACKGROUND AND CONTEXT

This section presents information to help contextualize Peru's experience with the GCF, including background on the country (Table 1), climate change and climate finance contexts.

1. STRUCTURAL CONTEXT

CATEGORY	Country			
Demographics	• Total population is approximately 32.3 million, with 78.7 per cent of the population living in urban areas (Central Intelligence Agency, 2022).			
	• Roughly 20 per cent of the population lives below the poverty line (Central Intelligence Agency, 2022).			
GCF group status	Latin America and the Caribbean			
Governance conditions	• As evaluated on six World Bank governance indicators, Peru ranks in the bottom 50 per cent for Control of Corruption (34th percentile), Government Effectiveness (42nd percentile), Political Stability and Absence of Violence/Terrorism (39th percentile) and Rule of Law (41st percentile), and it ranks in the top 50 per cent for Regulatory Quality (70th percentile) and Voice and Accountability (55th percentile) (World Bank, 2022b).			
	• Fragile and conflict-affected state status: N/A (World Bank, 2022c).			
	• Governance: Peru has a presidential republic with a civil law system in place. The President acts as both the Chief of State and Head of Government. First Vice President Dina Ercilia Boluarte Zegarra assumed the office of the president on 7 December 2022, after then-President José Pedro Castillo Terrones was impeached and arrested; Boluarte is the first woman to become president of Peru (Central Intelligence Agency, 2022).			
Economic and	• Development status: Upper-middle-income (World Bank, 2022a).			
development conditions	• Important economic sectors: The services sector accounts for 59.9 per cent of gross domestic product (GDP), followed by industry at 32.7 per cent (which			

 Table 1.
 Overview of Peru country context

CATEGORY	Country			
	includes mining, with Peru's metals and minerals exports accounting for 55 per cent of the country's total exports) and agriculture at 7.6 per cent (2017 estimates) (Central Intelligence Agency, 2022).			
	• Outlook: Peru was hit hard by the COVID-19 pandemic, in terms of both health and economic outcomes. This situation was exacerbated by domestic structural weaknesses, which led to the deepest economic recession in decades and a considerable increase in poverty. However, the country's strong policy response helped mitigate impacts and created the conditions for a rapid recovery. As a result, real GDP rose 13.3 per cent in 2021. Economic health throughout 2022 is uncertain; growth is expected to slow to 3 per cent as external conditions tighten and stimulus is withdrawn. Significant external risks, including from the pandemic, fallout from the war in Ukraine and the tightening of global financial conditions are compounded by domestic political uncertainty, rising inflation and social unrest (International Monetary Fund, 2022a).			
Access to finance	• The government debt-to-GDP ratio was 35.9 per cent in 2021 (International Monetary Fund, 2022a).			
	• World Bank Ease of Doing Business Index: Peru ranks in the lower 50 per cent of countries, with a rank of 76 out of 190 countries (World Bank, 2021).			

2. CLIMATE CHANGE PRIORITIES, POLICIES AND INSTITUTIONS

a. Climate vulnerability

Peru is vulnerable to the impacts of climate change, especially from risks related to natural disasters such as flash flooding and landslides, among others. These risks are particularly impactful because the majority of Peru's population lives along the coast (World Bank Group, 2021). Coastal urban populations are also at an increased risk due to sea level rise and extreme storms. Additionally, glaciers are a primary water source for the country and are melting at accelerating rates due to increasing temperatures, raising concerns about long-term water availability. Peru is also one of the most biodiverse countries in the world, but this diversity is at risk due to changes in temperature and precipitation patterns (USAID, 2017). Climate change also poses serious threats to the infrastructure and housing sectors, agriculture and fisheries, public health and tourism (International Monetary Fund, 2022b).

b. National climate change and related policies

Peru approved its Framework Law on Climate Change in 2019, which provides an institutional framework to address climate change and communicates the scope of existing national policies, including those set out in the 2015 National Strategy on Climate Change (ENCC 2015). It also outlines new measures, particularly related to climate change mitigation. Peru also updated its nationally determined contribution (NDC) in 2020, approved its national adaptation plan (NAP) in 2021, and is in the process of developing a long-term national strategy (ENCC 2050). There are 25 administrative regions in Peru, all of which have recently submitted regional climate change plans that have been updated and approved by regional commissions. However, Peru's overall climate action strategy – including its targets, policies and actions – are deemed insufficient as assessed through the Climate Action Tracker process (Climate Analytics and New Climate Institute, 2022). The ENCC 2050 will be an update to the ENCC 2015 and is in the final consultation process with a range of local, regional and national government representatives as well as IP, civil society organizations and private sector organizations. The strategy informs actions geared towards

addressing climate change, especially through conservation and reducing deforestation. Table 2 describes the climate-related priorities for Peru.

STRATEGY	Status	BRIEF DESCRIPTION
Framework Law on Climate Change	Approved, 2019	The Framework Law on Climate Change establishes the principles, approaches and general provisions to coordinate, articulate, design, implement, report, monitor, evaluate and disseminate public policies on climate change. This effort supports the comprehensive, participatory and transparent management of climate change adaptation and mitigation measures.
NDC	Presented to the United Nations Framework Convention on Climate Change (UNFCCC), 2020	Peru has pledged to reduce its vulnerability to the effects of climate change and its greenhouse gas (GHG) emissions by 40 per cent by 2030. It has 154 measures – 92 for adaptation and 62 for mitigation – that represent an opportunity to secure the well-being of people and ecosystems. Of the 62 mitigation measures, 53 are estimated to have strong private sector involvement.
NAP	Approved, 2021	The NAP will enable the effective implementation of NDC, which is to be implemented by 2030. The NAP will also promote an increase in resilience and sustainable development by 2050. It incorporates two new thematic priority areas – tourism and transport – in addition to those already established: water, agriculture, fisheries and aquaculture, forests and health. It includes 13 strategic actions for effective adaptation. Actions range from enhancing weather prediction services, through implementing ecosystem-based adaptation actions, to improving water supply systems for multisectoral use.
ENCC 2015	Approved, 2015 (currently being updated)	The ENCC 2015 is the main instrument for integrated climate change management. It guides and facilitates the state's climate change action at national, regional and local levels in the long term. It is currently being updated (ENCC 2050, see below) according to the methodological standards of <i>El Sistema Nacional de Planeamiento Estratégico</i> .
Adaptation communication	2020–2021	The Peruvian Ministry of Environment (MINAM) launched the campaign # <i>CambiaElClimaCambioYo</i> ("as the climate changes, so do I") on 12 November 2021, calling on Peruvians to better understand the impacts of climate change and to collaborate with the country's adaptation efforts by changing their behaviours, attitudes, practices and habits.
Long-term strategy (ENCC 2050)	Consultation process	There are two key areas of consultation for this strategy: Adaptation to climate change proposes alternative solutions to support informed decision-making to reduce climate risks to people, ecosystems, goods and services in the face of hazards triggered by climate change. Carbon neutrality: promotes the reduction of GHG emissions, reaching net zero emissions through a balance between emissions and removals. Proposed actions focus on adequate forest management to reduce deforestation and degradation, maximizing the use of renewable energies, an emission-free transport system, a circular economy with efficient use of resources and an industry with low-carbon technologies.
INFOCARBONO	Updated, 2016	This is the national GHG inventory.

Table 2. Peru national climate change policies and strategies

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STRATEGY	Status	BRIEF DESCRIPTION
Regional strategies for climate change	2021	The country's 25 regions have updated their regional strategies as of December 2020.
Local climate change plans	Guidelines approved, 2021	These are MINAM-approved national Guidelines for Preparing Local Climate Action Plans. These action plans are to be prepared by municipal governments throughout the country. The Lima Metropolitan Municipality has approved the first of these action plans, for 2021–2030.
Indigenous Climate Platform	Created, 2020	The Indigenous Peoples' Platform for Climate Change is a space that manages, articulates, disseminates and monitors IP's proposals for adaptation and mitigation measures in the face of climate change, valuing their traditional and ancestral knowledge and practices. It consists of representatives of each of the seven national organizations representing IP, two representatives of MINAM and two representatives of the Ministry of Culture.

c. Institutional roles and responsibilities for climate change

Peru has several institutions that interact with, develop and monitor the protection of environmental resources and the implementation of sustainable projects.

In 2019, Peru passed its Framework Law on Climate Change, which established MINAM as the national authority for climate change management. MINAM is also the focal point for the UNFCCC through its Vice Minister of Strategic Development of Natural Resources.

Several ministries and agencies are involved in the implementation of climate strategies across the country. Per the ENCC 2015, limiting deforestation and promoting forest conservation are key climate change related challenges for Peru. Key actors in this area include the Ministry of Agriculture Development and its National Forest and Wildlife Service, and MINAM through its programme on forest conservation.

The National Agreement Forum (*Acuerdo Nacional*) involves several government and nongovernment stakeholders to build long-term state policies through dialogue and consensus. National policies 10 and 19 of the *Acuerdo Nacional* include climate change considerations.

Peru's National Commission on Climate Change was established in 1993 and involves governmental and non-governmental representatives from 33 institutions. The Commission observes ENCC 2015 implementation and also informs a multisectoral High-level Climate Change Commission to promote adaptation and mitigation measures, incorporating climate change actions into development planning. This Commission is responsible for preparing five-yearly reports to the UNFCCC.

The National Centre for Strategic Planning leads the joint planning framework at the three levels of government and incorporated climate change criteria into planning and decision-making, including the 2021 National Strategic Development Plan.

3. CLIMATE FINANCE CONTEXT

a. Support for readiness

In 2022, Peru sits in the lower half of the country ranking with respect to readiness for climate finance. Its ND-Gain index score is 48.6, ranking it 86th out of 182 countries, and it ranks 93rd for vulnerability and 98th for readiness (University of Notre Dame, 2022).

Peru joined the NDC Partnership in 2017 and has received a range of support from bilateral and multilateral donors. These donors include the Government of Germany's Ministry of the Environment, Nature Conservation and Nuclear Safety (through *Deutsche Gesellschaft für Internationale Zusammenarbeit*, commonly known as GIZ), which supported the development of Peru's Framework Law on Climate Change. Another donor was the United Nations Development Programme's NDC Support Programme, which helped to accelerate Peru's NDC implementation by generating capacities for updating, financing, implementing and monitoring.

b. Climate investment

The development finance commitment targeting climate change totalled USD 1.805 billion for Peru between 2016 and 2019. The GCF adaptation and mitigation portfolio for Peru amounts to USD 61.2 million.

Adaptation. Development finance commitments targeting climate adaptation totalled USD 925 million from 2016 to 2019 (see Table 3).

TOP DONORS		TOP SECTORS		TOP INSTRUMENTS	
Name	USD (M)	Name	Share (%)	Name	Share (%)
Development Bank of Latin America	474	Banking and financial services	33.2	Multilateral development bank loans	75.5
Inter-American Development Bank	120	Unallocated/ unspecified	18	Official development assistance grants	15.7
World Bank	106	Agriculture, forestry, fishing	14.2	Official development assistance loans	8.6
France	62	Water supply and sanitation	13.6	Multilateral development bank grants	0.22
Germany	46.5	Other multi- sector/cross-cutting	11.3	Private development finance	< 0.001

 Table 3.
 Top donors, sectors and instruments for adaptation investments in Peru (2016–2019)

Source: Stockholm Environment Institute (2022). Aid Atlas.

Mitigation. Development finance commitments targeting climate mitigation totalled USD 880 million from 2016 to 2019 (see Table 4). The total amount of GCF investment in mitigation in Peru amounts to USD 62.1 million.

Table 4.	Top donors, sectors an	d instruments for a	mitigation investments	in Peru	(2016–2019)
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TOP DONORS		TOP SECTORS		TOP INSTRUMENTS	
Name	USD (M)	Name	Share (%)	Name	Share (%)
Development Bank of Latin America	238	Energy	29.2	Multilateral development bank loans	57.6
Germany	152	Water supply and sanitation	16.6	Official development assistance loans	23.2

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TOP DONORS		TOP SECTORS		TOP INSTRUMENTS	
European Investment Bank	146	Unallocated/ unspecified	15.6	Official development assistance grants	16.8
Inter-American Development Bank	108	Agriculture, forestry, fishing	14.9	Equity investment	2
France	62	General environmental protection	6.1	Multilateral development bank grants	0.29

Source: Stockholm Environment Institute (2022). Aid Atlas.

Additional funding was approved between 2019 and 2021, with grants for strengthening the NDC strategy and institutional capabilities (from Germany, USD 8.89 million; Italy, USD 2.27 million; the Global Environment Facility, USD 7.6 million), combating deforestation (from the Inter-American Development Bank, USD 41.3 million; World Bank, USD 12.2 million; Norway, USD 5.9 million; Canada, USD 0.9 million), and adaptation in Andean and Amazon communities and coastal areas (from the Global Environment Facility, USD 20.2 million; Germany, USD 5.6 million).

c. GCF portfolio

National designated authority (NDA). The NDA for Peru is located in the Ministry of Economy and Finance (MEF).

Accredited entities. In addition to international accredited entities (IAEs) and regional direct access entities (DAEs), Peru has access to one national DAE (Table 5).

Table 5.National DAEs for Peru

NAME OF DAE	DATE OF ACCREDITATION	ACCREDITATION LEVEL
Profonanpe – Peruvian Trust Fund for National Parks and Protected Areas	6 July 2017	National

Readiness and project preparation. Peru has received more readiness support from the GCF than other countries in the Latin America and the Caribbean region have received, on average.¹ Peru has received six Readiness and Preparatory Support Programme (RPSP) grants (see Table 6) for a total of USD 4.5 million, of which USD 3.1 million has been disbursed.

Peru has strengthened its institutional architecture and capacities for climate planning and programming; developed its GCF country programme (CP) (which is still in the approval process); approved its NAP; and approved a comprehensive operation manual on the GCF (Peru, *Ministerio de Economía y Finanzas*, 2020). The country has established a core structure for revising projects and preparing no-objection letters within the NDA – with several projects targeting paradigm shift progressing in their approval process – and it has strengthened the capacities of its only national DAE (Profonanpe).

As of early 2022, Peru has not received support from the Project Preparation Facility.

¹ On average, Latin America and the Caribbean countries have received USD 0.7 million in GCF financing. Source: IEU DataLab, RPSP grants approved for 2015 to 2022.

RPSP GRANT NAME	DELIVERY PARTNER	Approval date	OUTCOME AREAS
Direct Access Entity Support	PricewaterhouseCoopers	31 October 2016	Support for DAEs
Strengthening institutional capacities of Profonanpe as GCF's National Implementing Entity in Peru	Profonanpe	18 December 2017	Support for DAEs
Peru – NDA Strengthening + Country Programming	GIZ	29 January 2018	NDA strengthening, including country programming
Increasing Profonanpe's capacities as DAE of Peru – Stage II	Profonanpe	22 December 2018	Support for DAEs
National Adaptation Planning in Peru	Fundación Avina	25 October 2019	Adaptation planning
Peru – Actions towards accessing different GCF funding modalities in Peru	Profonanpe	6 December 2019	Support for DAEs

Table 6.**RPSP** grants to Peru

Source: IEU DataLab

Funding proposals (FPs). Peru has received less GCF financing than other countries in the Latin America and the Caribbean region have received, on average.² Five projects have been approved for Peru (see Table 7), for a total of USD 61.2 million in GCF financing. Two of these are single-country projects and three are multi-country projects. The single-country projects are FP193 (Peruvian Amazon Eco Bio Business Facility (Amazon EBBF)) and FP001 (Building the Resilience of Wetlands in the Province of *Datem del Marañón* Province, Peru). The latter was one of the earliest GCF applications and was approved in 2015. This project, with Profonanpe as the DAE, began implementation in 2017 and is currently the only GCF project under implementation in Peru. The project aims to improve the resilience capacities of indigenous communities living in wetland ecosystems rich in carbon stocks in *Datem del Marañón* Province, in the Loreto Region. FP193 and the three multi-country projects have not yet started operations on the ground.

Peru has six concept notes (CNs) (two of which are submitted under the simplified approval process), one RPSP grant and four FPs in the pipeline.

FP	NAME	Single/ multi- country	Public/ private	ADAPTATION/ MITIGATION	AE	Approval date
FP001	Building the Resilience of Wetlands in the Province of Datem del Marañón, Peru	S	Public	Cross-cutting	Profonanpe	5 November 2015

Table 7. Funded activity portfolio

² On average, Latin America and the Caribbean countries have received USD 90.0 million in GCF financing. Source: IEU DataLab, finance by results area for 2015 to 2022.

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FP	NAME	Single/ multi- country	Public/ private	ADAPTATION/ MITIGATION	AE	Approval date
FP128	Arbaro Fund – Sustainable Forestry Fund	М	Private	Mitigation	MUFG Bank, Ltd.	12 March 2020
FP149	Green Climate Financing Facility for Local Financial Institutions in Latin America	Μ	Private	Mitigation	Development Bank of Latin America	13 November 2020
FP173	The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon	Μ	Public	Cross-cutting	Inter- American Development Bank	7 October 2021
FP193	Peruvian Amazon Eco Bio-Business Facility (Amazon EBBF)	S	Public	Mitigation	Profonanpe	20 October 2022

Source: IEU DataLab

C. KEY FINDINGS

1. COUNTRY NEEDS, OWNERSHIP AND STRATEGY

a. Links of GCF programming to broader climate strategy and finance

Currently, GCF programming is adequately linked to the broader climate strategy in Peru but is not yet linked to the country's finance processes. Peru's CP and the ENCC 2050 are still in the preparation process, the first led by MEF (as the NDA) and the second led by MINAM. The GCF has supported MEF in CP preparation and alignment with GCF programming; CP content follows the country's NDC and contains an overall strategy and thematic prioritization for GCF funded projects only. MINAM also ensures alignment of Peru's CP with its NDC.

Peru does not have a current national climate finance strategy, although one is in process. The CP would serve as the country's GCF-oriented climate finance strategy. According to MEF, the CP identifies thematic components to be financed in the short and medium term on the basis of criteria that were established for an initial prioritization of sectors in terms of impact and need. It provides priority areas and criteria against which to assess proposals (for both projects and readiness).

In term of future opportunities for readiness and country needs support, the GCF could provide a closer accompaniment to the climate finance strategy by promoting a stronger integration of MEF and MINAM and ensuring the participation of strategic sectors such as forestry and agriculture, through the Ministry of Agriculture Development, and energy, through MINAM. The policies and programmes of these ministries are extremely relevant to the Peru NDC. The ENCC 2015 and the future CP will provide updated thematic and sector priorities; however, there is a gap in climate action projects, and the full potential for climate financing is not being exploited. The GCF could potentially also provide support to proactively structure a strategic project portfolio integrating international, regional and national accredited entities (AEs), promoting private sector participation

and ensuring civil society organization involvement. Creating a Climate Projects Portfolio and Finance Committee at the ministerial level, with the participation of the GCF and other funders, has been suggested as a mechanism for better planning, leverage and articulation among key stakeholders.

The GCF Secretariat has primarily played a reactive role in Peru with respect to the upstream programming process and aligning GCF partners and programmes with national and/or country strategy objectives. The GCF Secretariat reviewed the CP prepared by MEF, which had to be adjusted and has not yet been approved by the Secretariat. The NDA states there is a need for more information on programming to match the country and GCF objectives and address them more efficiently. Sustained accompaniment and regular meetings have been suggested by both the NDA and MINAM.

All GCF partners in Peru state that they receive timely and appropriate feedback from the Secretariat when they ask for support for CN development, but direct engagement for pipeline development or planning is not evident. Indeed, regional and national stakeholders agreed that they expected and needed greater support from and involvement of the GCF at these planning and programming stages. Both DAEs and IAEs are driving the pipeline according to their capacities, interests or projects but do seek alignment to the broader GCF strategy.

Peru's GCF portfolio shows only limited evidence of complementarity with other climate finance channels. A couple of FPs have built upon Global Environment Facility projects approved or under implementation as sequenced finance. According to interviewees, there is intense competition among green and climate funds for projects because there is little national capability to develop project proposals and create a sizeable portfolio. Peru could benefit from mechanisms, potentially supported by the GCF or AEs, to better structure the financing – for example, through setting up a coalition of funders or an investors' roundtable for climate projects so that they understand Peru's priorities, improve the efficiency of their support to the country and better organize themselves. This could also allow for an exchange of successful regional experiences from which to learn.

b. Perceived comparative advantage of the GCF in country

Compared to other climate finance channels, stakeholders in Peru report that the comparative advantages of the GCF are as follows:

- Its climate change focus and specificity mean the GCF is perceived to be the specialized finance entity for climate change actions. As one interviewee said, "It makes actors prepare projects with climate change at the core of their proposals."
- The greater size and scale of GCF-supported projects encourage tackling climate change challenges at larger scale and with a longer-term view.
- There is the opportunity to deliver on high-risk issues/areas where other financing facilities are not willing to invest, such as land degradation.
- The joint adaptation and mitigation window is perceived as innovative and important.
- An approach stressing the need for paradigm shift makes the GCF an extremely relevant and credible partner for the needed ecological transition. It is perceived that "Transformational changes can be made with GCF if it is used well."
- **Support, through readiness**, is available to develop "enabling conditions" through co-design processes involving various actors.

- The GCF has high standards in relation to expected outputs and impacts related to climate change, which facilitates the development of skills and a body of knowledge on the matter (this is also considered a disadvantage; see below).
- There is a unique window for investment in forest conservation and deforestation control in many countries, including Peru (although there is concern that forest funding is stalling).
- **Consistent funding** is available for project structuring and preparation.
- **Concessional interest rates** are provided (for loans).

The GCF is perceived as less well positioned in Peru in the following areas:

- It has low visibility, especially with strategic private actors.
- Long, complex and cumbersome accreditation processes create obstacles to having a strong, proactive, aligned and complementary group of AEs.
- Long, complex and costly FP preparation, appraisal and approval processes constitute a disincentive to access and leverage GCF funding, especially for national entities and the private sector.
- The GCF has high standards in relation to expected outputs and impacts related to climate change, which requires the development of baseline studies and indicators that entail substantial investment and for which the country is not prepared.

These dynamics create challenges for private sector engagement.

c. Effectiveness of the NDA, Secretariat and AE roles and relationship at the country level

NDA staffing and technical capacity in Peru has stayed the same since the initial resource mobilization period; overall capacity is moderate. One of the major strengths is that official instruments have been produced and approved, specifically the CP (under approval) and the GCF operations manual (approved). The latter is considered key to ensuring a predictable and transparent process of project assessment by both IAEs and DAEs. One of the major weaknesses is the small NDA team and the frequent change in its composition, which is related to government instability. As a result, information and knowledge transfer remains a challenge. A stable GCF–Peru counterpart team is seen as necessary to sustain an institutional "memory" between the GCF and the NDA.

The NDA's working relationship with the Secretariat has stayed the same since the initial resource mobilization period. The NDA has fluid communication with the Secretariat via email; however, the Secretariat's advice seems to be reactive rather than proactive, and review processes are seen as too slow. There is no consistent or regular contact with the GCF. Doubts remain about contact points, as GCF team composition also changes often. The GCF feedback is technical and programmatic, but the NDA would need more manuals to guide processes in more detail (e.g., a manual to update the CP, guidance on how to generate synergies with other entities).

AEs engage occasionally with the NDA. In general, all AEs engage with the NDA for specific project consultation, but the NDA is perceived as working more as a "CN/FP filter" than as a strategic partner. DAEs and IAEs, both public and private, stated that they have fluid communication with the NDA. The NDA does not get involved in the implementation or monitoring of GCF funded activities and does not know their status or results. AEs' relationships with the Secretariat are described, without exception, as fluid, open, transparent, and relevant, but also slow and sometimes interrupted.

2. IMPROVING ACCESS TO THE GCF

a. Access to AEs that cover country programming priorities for the GCF

Peru currently has insufficient access to AEs to cover its programming priorities for the GCF. The country needs more AEs. There is not a large demand for becoming a DAE as the process is complex. When the GCF's steps and requirements are explained to interested stakeholders, they generally do not continue the process. The delay in approving accreditation is a critical factor. Other major gaps include the following:

- Lack of a critical mass of national DAEs with the capacity to design, develop and implement strategic projects on the ground, especially those involving the participation of regional and local actors. Only one national DAE is accredited, and another is in the process of accreditation. There are entities in the pipeline that are facing delays in accreditation, reportedly as a result of the GCF Secretariat currently prioritizing reaccreditation applications. Stakeholders requested differentiated rules for small, large, national and supranational organizations in relation to accreditation standards.
- **Minimal private sector involvement**. A nominated entity has great potential for leveraging private sector involvement, and specific IAE projects currently in the pipeline will have too, but more private sector engagement is needed to cover Peru's priorities.
- Lack of support for both mitigation and adaptation actions. Peru's top priorities are focused on the adaptation agenda, but support for actions is still lacking. The approved NAP is an opportunity for the development of a strong project portfolio focused on adaptation.
- **Insufficient coverage for deforestation and land-use change actions.** Deforestation and land use are the biggest contributors to GHG emissions in Peru and are also critical issues to be tackled in building resilience. The forest conservation / deforestation control agenda needs to be continuously strengthened, and there is a current worry among country stakeholders that "the forest funding window has been closed."

Peru currently has no strategy to align its country programming objectives with its DAE nomination/accreditation plans. With only a small NDA team, Peru is prioritizing the approval of its CP and the accreditation of the Development Bank of Peru (COFIDE). The NDA considers that it would be useful to know how much funding is available per period, to feed into the prioritization process. Also, clearer timelines and review deadlines would be useful for better programming.

b. Meeting DAEs' needs for capacity-building to access the GCF

In Peru, potential national DAEs' needs for capacity-building to access the GCF are being partially met through GCF support. The only national DAE (Profonanpe) has received consistent support through different readiness programmes. Nevertheless, capacity-building is urgently needed to increase the number of DAEs in Peru, as national entities are seen as being able to develop richer projects in a more articulated and efficient manner. Support is needed both for accreditation and FP development. Since there is a dearth of DAEs in Peru, Profonanpe currently plays many different roles, not only implementing projects but also providing readiness and informal support in different capacities to different entities (the NDA and the entities in the pipeline).

3. PROGRAMMING AND IMPLEMENTATION

a. Meeting country programming needs through GCF readiness support

Peru has engaged with the GCF's RPSP and/or ad hoc support for country readiness in several ways. Meaningful support from the GCF includes feedback on the CP, regional dialogues on green funds, ad hoc support for baseline development, and other on-demand support through the GCF's Community of Practice. The ideas for RPSP grant requests are primarily being driven by the DAE, international actors and MINAM, not the NDA.

Peru's needs are also partially met through the Global Environment Facility, the Adaptation Fund, the NAP Global Network (funded by the US government), GIZ and other European funds and international conservation organizations (e.g. World Wildlife Fund (WWF), Conservation International). The NAP Global Network support, for example, was important for the development of Peru's NAP, specifically its participatory workshops and the Indigenous Peoples Platform, but GCF readiness support was considered key for NAP development and approval. Readiness support has also been very important to strengthen the DAE's (i.e. Profonanpe) institutional policies and capacities.

There are currently three RPSP grant requests in the pipeline. These requests aim to strengthen the capacity of the private sector and regional banks to access GCF funding and to improve the post–COVID-19 recovery for food, health and water security.

Future strategic readiness support could target the development of a critical mass of national DAEs; structure the development of a comprehensive adaptation project portfolio aligned to the NAP; prepare for REDD+, including tools for monitoring, baseline development including data on land degradation and sustainable forest management; prepare the country for carbon markets linked to Article 6 of the Paris Agreement;³ and align national alternative energy policies to GCF standards. For example, Peru will soon launch four renewable energy auctions, and bids could include GCF minimum conditions so that all awarded projects could be financed by the GCF.

RPSP grant support has been accessible, but the main reason for not seeking more grants or support is the long process of GCF RPSP approval.

Other reasons for not engaging with the GCF further on readiness include limited in-country capacities to formulate support requests; substantial barriers to meeting GCF requirements; and long approval processes that disincentivize RPSP preparation. According to one respondent, "to be more effective, readiness should shorten approval processes."

b. Effectiveness of processes for funding proposal origination, development and appraisal to meet country needs

Peru was the very first country with an FP approved by the GCF (FP001). Since then, however, its GCF project portfolio has not developed sufficiently. There are three approved multi-country projects that have not yet begun implementation. With only one national DAE, Peru relies on a few IAEs to develop a handful of FPs and is lagging in submitting CNs/FPs relative to its needs. Recent submissions are primarily lodged under the simplified approval process.

Project concepts are mainly originated by IAEs and there is no strategic lead by the NDA, MINAM or other key ministries based upon country priorities. These concepts can be considered opportunistic since they are based on perceptions of GCF priorities or regional "trending topics" (e.g., electric mobility, green hydrogen).

More FPs do not reach the GCF Board because of a combination of internal country dynamics (small, changing teams; lack of clear country strategy; low articulation between ministries and of

³ Peru is the first country in the world that has approved a piece of legislation to regulate procedures for carbon markets (pre-published on 2 August 2022); procedures development, tools for carbon markets and capacity-building for specific sectors are still needed (government interviewee, July 2022).

these with other stakeholders); perceptions of extremely high GCF standards, especially for climate baseline information; and long and interrupted assessment and approval processes by the GCF.

Stakeholders consider the GCF's new formats and Programming Manual to be a significant improvement. However, they state that the GCF Board should approve differentiated requirements and standards for small, intermediate and big AEs; do specific training on measuring and reporting climate impact indicators and develop guides for it; and simplify guidelines while making them more practical (e.g., theory of change in practice).

The overall experience with submitting CNs/FPs has reportedly become more consistent and structured (with some divergences: some stakeholders affirm it is more predictable, others state it is not) but more cumbersome and less accessible over time. As one informant stated, "GCF needs to be more realistic than what is expected from a CN or Funding Proposal and could learn from Global Environment Facility and the Adaptation Fund."

Peru is not seeking Project Preparation Facility support for FP development, due to a lack of familiarity and the cumbersome nature of the process.

Currently, stakeholders find the submission through appraisal process cumbersome but possible. Significant systematic roadblocks are the development of baselines and measurement of climate change impacts (expectations on evidence for climate rationale are considered unrealistic), which are very costly, sometimes impossible to develop and disincentivize FP preparation. Another roadblock is that new GCF policies are constantly updated, and proposals must be adapted retroactively.

The country stakeholders' feedback on the approval to funded activity agreement stage for both public and private sector submissions is that it is more cumbersome than previous experiences. Environmental and social safeguards requirements are considered advanced and necessary, but stakeholders want differentiated and progressive standards according to the size and scope of the AE and its history with the GCF. Both public and private sector stakeholders state that GCF consultants need to better know/understand the country needs and context.

Many stakeholders urge the GCF to have a regional presence to (1) communicate directly with Peru and other Latin American and Caribbean countries through a regional office or team, (2) allow collaborative work, (3) build linkages, and (4) improve the GCF staff's grasp of the regional and national context.

c. Sufficiency of funded activity implementation and supervision processes

The DAE does not have processes for regular, structured supervision of its GCF projects that would be comparable to those in public international entities.

The GCF has had limited engagement with the DAE during implementation to identify and manage risks and results. The pandemic significantly reduced the opportunity for sustained monitoring and fieldwork, and constant team changes limited supervision missions to critically assess implementation performance, review results or address risks and environmental and social safeguards.

The Secretariat has been involved in very specific tasks, such as revising bio-business plans. The platform where information is uploaded by the DAE for monitoring and tracking is considered a great improvement; however, stakeholders report that the GCF spends too much time on the micromanagement of very specific issues (e.g. long and detailed review of business plans), and this causes project delays. One of the risks of such delays is that local teams and counterparts lose momentum and trust.

For small projects (e.g., up to USD 10 million), stakeholders suggest the GCF should implement a supervision model like that of the Adaptation Fund, with simpler mechanisms and higher efficiency.

Stakeholders also want the GCF to develop differentiated standards for monitoring and supervision according to the type of organization (private, public) and the size of the project.

For the Datem project (FP001), the DAE does have the capacity to provide a structured oversight of GCF investments, and this capacity has improved recently. The project team described a number of accountability systems in Profonanpe for tracking results and identifying and addressing risks in the project in a timely manner. Oversight mechanisms for this ongoing project include (1) a Project Steering Committee with its director systematically visiting the field; (2) a Technical Steering Committee with a local team and consultation mechanisms with multiple stakeholders, including IP organizations and the local government; (3) regular reports on implementation progress and financial compliance to the monitoring department within Profonanpe (every 3 months); and (4) audits commissioned by Profonanpe. Oversight is facilitated by special tools for project monitoring such as an ad hoc Project Control Panel.

In addition, several tools have been developed for risk management, including the screening tool to evaluate the risks of bio-businesses, the Grievance Redress Mechanism, the Stakeholder Mapping, the Stakeholder Engagement Plan, and the Environmental and Social Management Plan. By bolstering the local team and enhancing internal and external communication channels with beneficiaries and key stakeholders, the DAE's implementation capacities have also increased. Risks related to IP participation in project design and decision-making, for example, were managed by improving the transparency of information and the communication channels with IP organizations, as well as structuring an IP area within the DAE organizational structure. Complaints about reduced funding by a GCF co-financer, due to part of it being channelled to the COVID-19 emergency, have been tackled by identifying and leveraging complementary funding sources.

Stakeholders report that it is important for the GCF to accompany project implementation more closely, to learn lessons in the field that could also provide significant inputs for future FP design and assessment.

Figure 1. Interviewing women on charapi turtle eggs cultivation in Musa Karusa Tribe, Datem Del Marañón province, Peru



Photo credit: Profonange team member

4. PROGRESS TOWARDS RESULTS AND IMPACT OF GCF INVESTMENTS

a. Evidence that intended outputs and outcomes have been achieved/are likely to be achieved

GCF funded activities are on track to deliver expected results in Peru, although there are some delays, mainly due to the pandemic affecting fieldwork and the difficulty in establishing a clear methodology for quantifying carbon stocks. Results reported to date are reasonable given the status of implementation and expectations in the results framework, but they are limited as they belong to one project only (FP001).

The Datem project (FP001) seeks to enhance the climate resilience and livelihoods of indigenous wetlands communities in Datem del Marañón, in the Amazon basin, while reducing GHG emissions from deforestation. The Datem swamps hold a total carbon stock estimated at around 3.78 billion tons of carbon dioxide equivalent (CO2 eq). The project is expected to avoid the deforestation of an estimated 4,861 hectares of palm swamp and terra firma forests over a 10-year period and enhance resilience and conservation of 343,000 hectares of peatlands and forest.

The project supports local stakeholders to develop a better land-use planning and management of the region's wetlands, while strengthening sustainable, commercial bio-businesses of non-timber forest products like cocoa, aguaje and ungurahuy fruits, fish and turtle eggs (see Box 1 and Box 2). It empowers indigenous communities with the management of resources, improves their livelihoods and empowers women in the decision-making processes. Outcomes against the GCF categories are summarized in Table 8.

OUTCOMES	EVIDENCE FROM GCF FUNDED ACTIVITIES
Reduced GHG emissions	Between 2017 and 2019, avoided deforestation reached 45 per cent compared to the annual deforestation rate before the project (Profonanpe, 2022). Calculations on avoided emissions are lagging because a methodology for quantifying Amazon wetlands carbon stocks has not been agreed yet. Different academic bodies have been involved, and carbon stocks assessment should start before the end of 2022. During the project timeline, an estimated 7t CO ₂ eq in the Datem Province has been avoided according to a recent consultant report (Profonanpe, 2022)
Increased resilience*	A total of 9,120 IP community members are benefiting from bio-businesses, economic clusters and corridors (compared to a midterm goal of 5,000 people), and 240,000 ha of natural land is protected under different regimes (80 per cent of the final goal). Ten economic corridors with clusters of bio-businesses and community suppliers are working to utilize six natural resources – Amazonian fish, aguaje fruit, ungurahui fruit, native cacao, guayusa and taricaya turtle – benefiting 73 indigenous communities. Bio-businesses infrastructure has been implemented, with an estimated investment value of USD 1.7 million (Profonanpe, 2022).
Enabling environment**	IP bio-business value chains are functioning with the participation of 130 partners (23 of them women). Bio-business business plans have been prepared and four aguaje management declarations (DEMAs) and three fisheries management programmes (PROMAPEs) have been prepared in a participatory manner with associations and approved by the government official bodies for fishing and forest conservation. Such plans cover approximately 33,000 ha. A provincial ordinance on ethnozonification has been approved and is expected to be ratified by the regional government, which oversees land economic–ecologic zonification, introducing a new approach to zonification aligned to IP's uses and values of landscapes.
	Municipal and regional governments approved protocols and incentives for the

Table 8. Summary of evidence of outcomes

EVIDENCE FROM GCF FUNDED ACTIVITIES		
sustainable harvest of aguaje, which include reductions in payments for forest harvest rights and simplified procedures for the approval of management plans.		
IP's organizations and leadership have also been strengthened. Profonance reports that 12 associations and communities are formally registered in the public and taxpayer registries, an unusual achievement in a national context defined by high levels of economic informality (up to 73 per cent).		
Identity cards have been provided to members of remote IP communities that are so remote that government agencies do not even reach out to them.		
Aguaje collectors have improved their health and safety through new means of fruit harvesting.		
In all, 272 jobs have been created through the different value chains, enhancing the income of IP community members, including women.		
Forest and wetlands biodiversity are being protected due to more sustainable forest harvesting, agricultural and fishing practices.		
The technical commission formed to promote the ethno-territorial zoning in the Datem Province is empowering local IP and enabling greater control over resources and illegal activities in the territory. A cadastre system for land registration, managed by IP communities, is being developed to strengthen land property and use rights.		
Two environmental conservation areas covering approx. 240,000 ha have been formally created by the local government, with prior informed consent by IP.		
e (2020); Profonanpe (2022); SPR field visit, 2022		
number of beneficiaries, value of physical assets, hectare of natural resource areas/land.		
strengthened institutional and regulatory frameworks, technology		
ent/transformation at sectoral, local or national level.		

The key drivers influencing the achievement of the intended project-level outputs and outcomes for FP001 are as follows.

- The promotion of beneficiaries' participation and consultation through a technically strong and committed team leading the project, developing ties and trustworthy relationships with indigenous communities and local/regional authorities.
- Direct, technical assistance by Profonanpe team experts who are living on-site with indigenous communities, providing daily technical assistance for bio-business development, co-design and the deployment of management plans.
- A project approach with a strong capacity-building component, whose purpose is to train and empower local communities – including women – to manage infrastructure, sustain organization for a bio-business's functioning and ensure its institutional and economic sustainability once project assistance comes to an end.
- A market-oriented approach, including bio-businesses' business plans, providing clear strategies for bio-business development.

In addition, several supportive factors were frequently mentioned by interviewees for achieving results in the Datem project. These factors included building on previous, partially built bio-business infrastructure; learning from previous projects (e.g. the taricaya turtle project, which started with WWF in 2004, or the cocoa production cooperative, which received initial support from Salesians); embedding projects in local structures and systems (which is especially relevant in IP communities and organizations); and getting support from local authorities and officials (especially for natural resource exploitation permits and management plans, but also for ethnozonifications).

The remoteness of the project area and the COVID-19 pandemic, with its associated government restrictions on work and travel, as well as indigenous populations' voluntarily isolation in their

territories, slowed the project pace and limited achievements somewhat during the 2020–2021 period.

No unintended consequences associated with GCF funded activities were identified in Peru.

Box 1. Sustainable harvest of the aguaje palm fruit

Within the scope of FP001, Profonanpe has developed a model of arbour climbing for harvesting aguaje fruit (from the palm tree *Mauritia flexuosa*) that avoids cutting the forest. IP groups have changed to a sustainable way of collecting local aguaje, climbing instead of cutting down the female aguaje palm trees. The usual practice of cutting down the trees makes the forest "sterile". Sustainable aguaje harvesting also ensures that 20 per cent of the fruit is left on the tree to sustain the tropical rainforest chain, as it is an important food for animals such as the peccary, sachavaca, monkey and majaz, as well as bird and fish species.

The GCF funded Profonance project provides high-quality equipment and training to climb trees safely and collect the fruit, thus protecting both the lives of collectors and the trees. Productivity in fruit harvesting has increased 300 per cent. Men are usually the climbers, while women select, clean and pack the fruit for transport to a processing plant. Experienced tree climbers train and empower younger climbers from nearby communities. For the new harvesting trend to change substantially, sustainably harvested fruits need to gain higher market value, for which establishing traceability and recognition mechanisms is of crucial importance. The project supported the APUAPISEM Association, of the Awajún people, to obtain international organic certification for aguaje oil production.

Forest conservation and increasing the value of products harvested from uncut, preserved forests are key strategies of the Peru NDC. This project is a concrete example of their application for the aguaje palm value chain. The initiative has an enormous potential impact: there are 6.5 million hectares of aguaje forest in Peru, and 3.5 million of them (more than 50 per cent) are in the Datem del Marañón Region of Loreto in Peru.

Source: ICF field visit 2022





Photo credit: IEU field trip team.

b. Progress of funded activities towards paradigm shift

GCF funded activities in Peru show emerging⁴ **signals of paradigm shift.** The Datem project has an innovative approach to reduce GHGs and improve the livelihoods of IP based on bio-businesses that depend on the sustainable management of natural resources within a territorial unit managed by an association. The bio-business approach sees an anchor or cluster bio-business located strategically and serving secondary bio-business units from multiple communities (suppliers), benefiting the whole value chain and sharing risks among communities. The bio-business approach has a strong scaling and replicability potential (Table 9), although it is not being deployed yet.

The establishment of cluster bio-businesses depends on IP's access to and management of the territory. To create and sustain bio-businesses, the project invests in infrastructure and supports the formalization and strengthening of associations. It also facilitates the participatory preparation of management plans (DEMAs and PROMAPEs) for resource management required by the forestry and fishing authorities. These plans ensure conservation of biodiversity in wetlands and other ecosystems by safeguarding the continuity of the resource for future generations and the permanence of the standing forest. Regional authorities' collaboration has been key for the approval of management plans and for constructing a shared vision on the importance of the Amazon wetlands. An ordinance has been approved declaring the sustainable use of aguaje to be of regional interest, and it will contribute to its sustainable use and serve as a precedent for sustainable aguaje harvesting in other Amazonian regions (Provincia Loreto, 2021).

The ethnozonification methodology and process⁵ is being conducted with different IP communities, and the provincial government has approved an ordinance for the development of the provincial land-use plan, with Profonance chairing its Technical Committee. Recognition of the ethnozonification process by the regional and national governments is also being promoted (Provincia Datem del Marañón, 2021). This includes an IP land cadastre managed by IP associations, currently under implementation.

⁴ Emerging signals are those that suggest that paradigm-shifting processes are underway but where outcomes may only be visible yet at lower-level systems (e.g., micro/individual/communities, or demonstrations/subnational). To be an "emerging" signal, there must still be a clear line of sight to connecting lower- and higher-level systems (e.g., sectors, national).

⁵ According to the Datem project team, ethnozonification is a methodology for land zoning that has been adopted by the project and that considers IP's perspectives and values associated with land use, in contrast to the official methodology based on the ecological and economic functions of land.

DIMENSION		EVIDENCE FROM GCF FUNDED ACTIVITIES			
Scale* and replicability**		Wetlands and other ecosystems are sustainably managed by implementing bio-business approaches. These approaches are based on resource management plans anchored in multiple communities' bio-businesses, which act as suppliers in the value chains of 10 different types of Amazon products.			
The ethnozonification process resource management decision officially recognized by a prov territories.		The ethnozonification process is under construction and will enable future landscape and resource management decisions to be made according to IP's vision; the process has been officially recognized by a provincial ordinance and can be replicable in other IP territories.			
Sustainability		Bio-businesses operate according to business plans and management plans (DEMAs and PROMAPEs) that have been prepared in co-design processes with communities.			
Source:	ource: Projects annual performance reports 2019-2020				
Note:	lote: *Scale: Degree to which there has been a significant increase in quantifiable results within an beyond the scope of the intervention. This could include a situation where the GCF is scaling earlier demonstrations or a GCF project will be scaled up outside project bounds. **Replicable				

Table 9. Summary of evidence of dimensions of paradigm shift

c. Women and other vulnerable populations, including indigenous peoples

Degree to which the GCF investments exported key structural elements of the proposed programme or project elsewhere within the same sector, as well as to other sectors, regions or countries.

GCF funded activities under implementation in Peru are specifically targeted to vulnerable populations, specifically IP, women and youths (see Table 8 above). The Datem project works with 120 indigenous communities from seven different ethnic groups (Awajn, Achuar, Chapra, Kandozi, Kichwa, Wampis and Shawi), each of which has its own distinct territory, culture and language and is led by a local leader or *apu*. The communities rely on wetlands and forest habitats for survival and live in isolated, rich carbon-stock environments in the Pastaza and Marañón-Morona Basins. Mestizo (mixed race) population growth in the province is outpacing that of indigenous populations, raising concerns over access to land and natural resources, particularly those related to forestry and fishing, but also mining and oil exploitation. Climate change is also expected to have profound impacts on forest and swamp ecosystems, with more frequent droughts and changes in primary productivity.

Through Profonanpe, the Datem project has reached more than 9,000 IP community members so far, enhancing their quality of life and strengthening their resilience while halting deforestation. Three main strategies are being put into action: (1) the development of participatory land-use and natural resource management plans; (2) entrusting and empowering indigenous communities with the responsibility of managing natural resources while increasing the participation of women in decision-making; and (3) the creation of sustainable, economically viable non-timber forest product bio-businesses.

Through the GCF funded project, one of Profonanpe's key partners in Datem, the Regional Coordinator of Indigenous Peoples of Datem del Marañón (CORPI), is enhancing its infrastructure, capabilities and influence. Ethnozonification has been formally endorsed by the Datem Municipality and is one of the key instruments the Datem project is creating alongside CORPI and other local partners. In order to define typologies and categories of land use, this approach takes into account the cosmovision and extensive forest knowledge of IP. CORPI fully supports and actively participates in the ethnozonification initiative that was started under Profonanpe's supervision and views it, along with the property cadastre, as one of the major tools to boost IP involvement in decision-making over their land.

Through CORPI, *Federación de la Nacionalidad Achuar del Perú* (FENAP) and other community associations, IP can meaningfully contribute to project programming, decision-making and

implementation. Through investments in infrastructure, equipment and capacity-building, they are also directly gaining from GCF funded operations. This covers women who participate in decision-making, training and benefit sharing. Women, for instance, take part in decision-making through the vice-presidency in CORPI, work as associates or lead specific bio-businesses, and collaborate with male members of the group in a number of value chains, including the manufacturing of chocolate made from harvested cocoa, aguaje pulp and oil, and sustainable fish captures. Turtle egg production is a women-only bio-business (Box 2).

Box 2. Turtle egg production: a women-only bio-business

Balbina Sundi Akumbari is the head of the Charapi Women's Association, which produces taricaya turtle eggs in the patriarchal Kandosi tribe. With support of the GCF Datem project, women in the Musa Karusha Candoshi community collect taricaya eggs on the shores of Lake Rimachi, located a few minutes by river from their community. They then take them to the 20 artificial beaches they have built in their village, bury them and take care of the incubated nests for about 70 days, until hatching time. Once hatched, half the turtles are sold to formal traders, and the other half are returned to the lake to promote the repopulation and conservation of this aquatic chelonian, according to a Taricaya Turtle Management Plan. The most recent harvest saw a boost in egg production of about 40,000 units, compared to uncontrolled harvests in the past.

The 17-woman association is now expanding by integrating 10 younger girls, who are learning the fundamentals of turtle egg farming, bio-business management and financial literacy, while simultaneously generating an income to support their fuel, food and provisions. The activity is especially important for Kandoshi widows and orphans who do not have support from male members of the community.

Balbina is a model for other women in her community and in nearby villages, as she is the first woman to lead an association in this area of the Peruvian jungle, where historically women have played a role with little prominence. Communities nearby are now eager to establish other women-only, nature-based businesses like turtle eggs, bio-jewellery and honey production in an effort to follow in the footsteps of the Charapi Association.



Figure 3. Artificial beaches for turtle eggs in Musa Karusha Candoshi community

Photo credit: IEU field trip team.

The Datem project has also developed a Gender and Climate Change Adaptation Plan from the perspective of the indigenous communities of six ethnic groups in the Datem Province, and actions will be further strengthened to reduce gender gaps regarding participation in bio-businesses and environmental conservation area (ACA) management and management plans, among others. The

plan will also serve as a reference to prepare and update the provincial and regional climate change strategies. CORPI has also conducted a gender assessment of its member communities and, under the leadership of its female vice-president (the first woman to hold such a position in an IP organization), is developing a women's empowerment strategy as part of its agenda.

In terms of non-state actors' participation in the GCF portfolio and/or individual projects in Peru, their voice is not yet present. MINAM does have a strong participatory policy and practice in its climate planning strategy through extensive consultation processes for the NAP, the new ENCC 2050 and the innovative Indigenous Platform.⁶ However, this is not yet reflected in a structured national GCF project portfolio. MEF has not yet implemented mechanisms for non-state actors' participation in the GCF CP and portfolio, although they are planning to implement GCF citizens' participation policies soon, adapting them to the Peruvian context.

A grievance in relation to the Datem project received by the GCF's Independent Redress Mechanism (IRM) in 2019 received a prompt response. In a relatively short time frame, significant institutional and project-level improvements were made based on the IRM's recommendations, thus avoiding a potential conflict and reputational risk for the GCF. The IRM investigation led to the subscription of four commitments, three of which have been completed: (1) the issuance of guidelines on free, prior and informed consent requirements, (2) a risk categorization for projects involving IP, and (3) the completion of a legal assessment examining the potential impacts of ACAs on the collective land rights of IP who are part of the Datem project. The DAE has been managing the ACAs' establishment process in accordance with the GCF guidance and legal assessment recommendations. The IRM continues to monitor the fourth commitment, which is for the GCF Secretariat to ensure that the ACA consent documentation submitted by Profonanpe is complete and complies with the guideline.

d. Catalysing public and private finance

The Datem project was designed with co-financing by the Korea International Cooperation Agency, but this co-financing was partially withdrawn to address the COVID-19 emergency.⁷ Additional state funding has recently been mobilized through the Ministry of Production, Peru's National Programme for Innovation in Fisheries and Aquaculture Project (two small grants approved), which will be managed directly by bio-business associations, and additional funds are being leveraged for complementary infrastructure through the International Renewable Energy Agency.

The country needs to structure a project portfolio aligned to the CP to become more proactive in mobilizing and leveraging private finance. Peruvian stakeholders had high hopes for the GCF's Private Sector Facility, but it has not been successful in effectively including the private sector. Different actors expressed interest but were unable to capitalize on it because they were "frightened" by the lengthy processes, intricate details and demands.

It is important to note that FP001 is producing significant outcomes, and both Profonanpe and indigenous communities agree that the project should move into a second, more ambitious phase in order to sustain, reproduce and scale what has been accomplished thus far. Profonanpe is considering requesting more GCF funding, but it is also considering other sources in case procedures become too onerous. The GCF could think about anticipatorily planning a second phase for projects like FP001 to capitalize on lessons learned and benefits made.

⁶ The Government of Peru has highlighted the relevance of stakeholder engagement to the success of the update to the ENCC 2015. A very intense participatory consultation process is being developed for the ENCC 2050, involving women, youth, IP and Afro-Peruvian populations, academia, professional bodies, the private sector and trade unions.

⁷ According to Profonanpe, until September 2022, only two of the six planned solar power plants have been implemented due to funding withdrawal.

e. Knowledge management and learning efforts within GCF funded activities

GCF funded activities under implementation show substantial evidence of knowledge management and learning efforts. This is explicit through different readiness projects, but also through project implementation. Profonance will soon produce a case study of its reaccreditation process, which will provide substantial information for other potential DAEs.

Through the Datem project, national and international professionals have developed training workshops for bio-business development specifically targeted at indigenous communities. These workshops have covered subjects as diverse as tree climbing techniques or the "ABC of finances and accountancy." The DAE also produced several educational documents, manuals and policy guidelines, which are especially relevant for the Datem provincial and Loreto regional governments but can also be inputs for improving national policies, specifically those related to conservation and sustainable use of Amazon ecosystems. This documentation includes the following:

- Assessment of social and environmental aspects of bio-businesses of the project "Building the Resilience of Wetlands in the Province of Datem del Marañón in Peru"
- Environmental and social management system of the financial facility for Amazon biobusinesses, 2021
- The ecosystems of the province of Datem del Marañón, 2022
- Sustainable Management Plan of the ACA Wetlands Conservation Area Bajo Marañón y Pastaza, 2022
- Building resilience in the wetlands of Datem del Marañón Province, Peru, Policy Paper, 2022
- The aguaje: Amazonian superfood and the benefits of "aguajales" management and conservation for Amazonian regional development, 2021
- Fisheries for life, 2022
- Manual for the production of fishing ice, with the artisanal fishing associations Kachizpani y Katinbaschi, 2022

These tools strengthen local and national learning efforts and support information for future scaling and replication of the bio-business experiences in the Amazon bioregion.

In September 2022, the Datem project won a national prize for its contribution to the country's prioritized Sustainable Development Goals, in the framework of the private "Sustainable Peru" Programme (Grupo de Perú Sostenible, 2022).

D. EMERGING LESSONS FOR THE GCF

The following emerging lessons for the GCF can be drawn from the Peru case:

- The appropriate institutional architecture is important for Peru's potential to optimize GCF support. The GCF NDA (MEF) is not located in the authority responsible for national climate change policies.. An architecture that allows for a strong collaboration and integration between the NDA and the climate change authority (MINAM) could enable a faster alignment of policies, a leaner development of national strategies, common climate finance priorities and the interchange of knowledge and information.
- **Peru is lacking in sufficient DAEs to meet its needs**. Accreditation of national entities is important for developing the capacity of entities to successfully bring FPs to the GCF Board for GCF financing. However, this is not occurring in Peru due to limited national capacities,

institutional weaknesses and roadblocks related to the development of relevant and sound climate change information, among others. Stakeholders request faster accreditation processes using gradual and differentiated standards according to the potential AE size and type. Completing the accreditation of COFIDE as a private sector DAE and broadening the coverage of both public and private sector DAEs will be important to close access gaps in Peru.

- Peru's CP has not yet been approved, and a closer collaboration with the national government is required to structure an ambitious portfolio that is in line with the CP. When there is political uncertainty, as there is in Peru, it is critical for the country to receive support, such as was provided by the GCF, in developing a climate finance strategy, building national competencies with the public and private sectors, and fostering synergies with other sources of climate finance.
- The GCF has limited visibility with the private sector in Peru, limiting accreditation and project opportunities. Increased visibility with the private sector would incentivize its participation. The private sector is also more likely to engage if appraisal, approval and disbursement times are reduced.
- The GCF funded NAP was a key achievement in the development of climate change instruments in Peru. This involved using an RPSP grant, creating awareness and capacities in adaptation planning, and linking up with other adaptation platforms around the world. The NAP provides several areas of opportunity for GCF project portfolio development.
- GCF funded bio-businesses in the Amazon based on the "anchor+suppliers" model are highly innovative and are demonstrating that it is possible to promote local economic development with IP while ensuring forest and wetlands conservation, avoiding GHG emissions and improving the resilience of the most vulnerable populations. FP001 in Datem is a win–win–win project that has enormous potential for scale and replicability in Peru, other Amazon countries and other tropical forests of the world.
- Forest conservation and increasing the value of products harvested from uncut, preserved forests are key strategies of the Peru NDC and, indeed, of many Amazonian countries. The Datem project is a concrete example of their application for the aguaje palm value chain with indigenous communities. The initiative has an enormous potential impact: there are 6.5 million hectares of aguaje forest in Peru and 3.5 million of them (more than 50 per cent) are in the Datem del Marañón Region of Loreto in Peru.
- Through regional coordinating organizations or local IP groups, IP are actively involved in the Datem project. This participation is strong, involves women and occurs during the programming, decision-making and implementation phases. One of the major tools boosting IP involvement in decision-making over their land is the land-use planning termed ethnozonification, an approach for defining land use that takes into account the extensive forest knowledge of IP.
- **DAEs would benefit from further guidance on good practice standards and tools for project monitoring and supervision.** The accredited DAE in Peru, Profonanpe, implements the GCF funding activity appropriately, using local expertise and knowledge, and utilizing institutional management and accountability systems. However, the GCF has not yet developed comparable standards and tools for project monitoring and supervision that are good practice in many IAEs.
- The GCF should proactively develop exit or development strategies for projects that are approaching their completion date, such as FP001 (completion date: December 2023). Profonanpe and indigenous communities are starting to reap real benefits from FP001, and Profonanpe is interested in pursuing it further and securing additional funding. However,

doubts remain as whether it should be done via a second phase with the GCF or via other sources, as refinancing with the GCF is very cumbersome.

Appendix 1. LIST OF INTERVIEWEES

	NAME	Function	AFFILIATION	
1	José La Rosa Basurco	Director General for International Economic Affairs, Competitiveness and Productivity	Ministry of Economy and Finance	
2	Rafael Vera Tudela	Director of the Regulatory Efficiency for Productivity and Competition Directorate	-	
3	Juan José Morante	Specialist	-	
4	Gonzalo Rivera	Specialist	-	
5	Elizabeth Merino	Consultant	-	
6	Milagros Sandoval	Director, Directorate General of Climate Change and Desertification	Ministry of Environment	
7	Roberto Piselli	Advisor	_	
8	Anton Willems	Executive Director	Profonanpe	
9	Claudia Godfrey	Director of Innovation and Strategic Management and focal point of the project with GCF	_	
10	Omar Corilloclla	Director, M&E	_	
11	Patricia Balbuena	Director, Datem project	-	
12	Tomohiro Majima	Sustainable Forestry Dept	MUGF Bank, Japan	
13	Satoshi Oota	Sustainable Forestry Dept		
14	Patricia del Valle	Advisor, ARBARO Fund	-	
15	Alejandra Muñoz	NDA Support Team	GIZ	
16	Andrea Rodriguez	NAP Readiness	Fundación Avina	
17	Manuel José Malaret	Director	Development Bank	
18	Octavio Carrasquilla	Green Business Dept	of Latin America	
19	René Gómez García	Senior Sustainability and Climate Change Executive		
20	Freddy Hidalgo	Principal Executive, Private sector		
21	Cesar Vargas	PPA Executive		
22	Aimi Yamamura	Accreditation Team	Development Bank	
23	Eduardo Escobal	Accreditation Team	of Peru	
24	Jessica Cieza	Accreditation Team	_	
25	Diego Villanueva	Accreditation Team		
26	Kurt Holle	Executive Director	WWF Peru	
27	Claudia Yep	Conservation Finance Specialist		
28	Luis Espinel	Vice-President	Conservation International, Peru office	
29	Adelino Rivera	Mayor	Municipality of	

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	NAME	FUNCTION	AFFILIATION	
			Datem del Marañón	
30	Wilson Cachay Vargas	Technical team	Regional Coordinator	
31	Waldo Frank Rojas Flores	Administrative team	of Indigenous Peoples of Datem del	
32	Elaine Shajian Shawit	Vice-President	Marañón	
33	Achuar IP Leader	Leader of FENAP	FENAP	
34	Achuar IP leader	Leader of Shakaim Cooperative	Cooperativa Shakaim	
35	Leader of Candoshi Tribe	Leader+12 respondents	Musha Karusha	
36	Balbina Sundi Akumbari	Leader, Taricaya Turtles Associations	Community	
37	Leader of the Kandoshi Tribe	Kachizpani Association	Kandoshi Tribe San	
38	Kandoshi Tribe	President of the Community+12 respondents	Fernando	
39	Katinbaschi Association	Leader+5 respondents	Musha Karusha Lake	
40	Quechua IP	Leader of the Recreo Community +6 respondents	Recreo Community	
41	Quechua IP	Leader of the Pto Industrial Community +3 respondents	Puerto Industrial	
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Note: This list includes agencies who have applied for but not yet received accreditation but gave permission to be listed.

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