Country: Peru
Responsible agency: Ministry of Economy and Finance (MEF) & Ministry of Environment (MINAM)
Date of submission: April, 2016
Outline

MRP Objectives and Focus

Market Readiness Proposal Summary
MRP objectives and focus
MRP Objectives and Focus

- Development of a country-specific NAMA evaluation framework, ensuring consistency with Peru’s development, climate and fiscal policy objectives.

- Assessment of the current national pipeline of NAMA proposals/concepts and other prioritized sector mitigation initiatives against this evaluation framework, and identification of a subset of NAMAs with highest potential for GHG emissions reductions crediting.

- Elaboration of the draft MRP for Peru, describing:
  - Proposed core market readiness activities at the national level and
  - Proposed NAMAs and corresponding approaches for crediting, for further assessment and design during the implementation phase
MRP Review Process
**MRP Review Process**

**Feedback**
Analysis of feedback by Focal Points and PMR team

**Consultations**
Coordination meetings with relevant actors
Focal Points meetings with PMR team

**Final MRP**
MRP reviewed and approved by Focal Points
Specific feedback and comment from PA13:

Choice of sectors for pilot credited mitigation actions

Actions taken:

In section 2.2.:

• The description of the Peru Mitigation Action Framework was extended decisively to facilitate the understanding of the underlying selection process
• The output of the Peru Mitigation Action was described in more detail for each of the selection actions, facilitating the readers understanding of the selection and the areas in which the three mitigation actions excel
• Given its relevance as part of the Peruvian ‘no-regret’ approach, the mitigation actions’ alignment with with RBB framework was highlighted.
• In consideration of the reduced direct mitigation potential of the mitigation action on Solar PV, Peru has elaborated more on the indirect mitigation potential as well as other relevant factors that justify the action’s selection.

In section 4.:

• In response to the Japanese comment, Peru expanded on how the three selected actions will pave the way towards the enhanced scaled-up crediting programs, emphasizing the need for road-testing of a complex system like the MAMS through suitable measures.
Specific feedback and comment from PA13:

*Overall consistency of Readiness Roadmap*

Actions taken:

- Overall revision of document in particular focusing on activities and budget
Specific feedback and comment from PA13:

*Review and update post-Paris of country context*

Actions taken:

- The Climate related Policy on section 1.2 was updated with the inclusion of Peru’s vision for market mechanisms both pre-2020 and post-2020 under the Paris Agreement, and its relation with the PMR.
Specific feedback and comment from PA13:  

**Clarifications on proposed Mitigation Action Management System (MAMS)**

Actions taken:

- A complete description of the MAMS components and their respective objectives was extended, considering also the process and overall objective description of the MAMS itself. This was done with coherency across the document where the MAMS is mentioned:
  - Executive summary
  - Section 1.1
  - Introduction to section 2
  - Section 3.3
  - Section 4.1
Specific feedback and comment from PA13:

*Linkages of the MAMS with the RBB*

Actions taken:
- An extended explanation of the RBB module and its integrated relation with the MAMS was made in section 3.3, describing its relevance in the prioritization of mitigation actions, regarding the accomplishment of specific and measurable goals on priority target mitigation actions for the socioeconomic development. This was also resumed in sections where the MAMS is mentioned.
Market Readiness Proposal Summary
Summary of BB 1 Country context - Peru

Economic development and Policy

- “El Perú hacia el 2021”: A highly competitive economy has to be reliant on structures that integrate it successfully into global value chains, so that sustainable economic growth rates can be maintained over time.
- Projected GDP per capita growth from USD 9,870 in 2014 to 14,201 by 2021.
- Results based budgeting (RBB) as a public management strategy that links the budget allocation to measurable products and results that favor development.

Energy Profile and tendencies

- The final energy consumption is still projected to increase by nearly 70% in the next 10 years.
- The energy matrix has become increasingly reliant on fossil fuels because of natural gas (67% in 2000 to 80% in 2013, and is projected to fall just slightly to 76% by 2025).
- Hydroelectricity will regain a part of its share as of 2018 and the share of non-conventional renewable energy sources will increase to 5%.
Summary of BB 2 Assessment and rationale for focusing on priority target actions

Peru Mitigation Action Evaluation Framework

- Based on the adaptation of the Evaluation Framework of Mitigation Actions developed by the Task Force to Catalyze Climate Action led by the World Bank

- Mitigation Action Program
- Mitigation Action Management Entity
- Alignment with Results-Based Budgeting
- Mitigation Action Development Benefit

Evaluation Process

1. Desk-based analysis of public available information on identified mitigation actions
2. Interviews and evaluation of detailed information provided
3. 1. Cement NAMA
   2. Solid Waste Management NAMA
   3. Mitigation Action on Distributed PV panel

The PMR will facilitate the creation of capacities that will foster the sector’s MRV system and set the ground for an additional source of potential funding

- Short version available for Mitigation Actions on early stages
- Provides input for the future Mitigation Action Registry
## Summary of BB 2 Assessment and rationale for focusing on priority target actions – Cement NAMA

<table>
<thead>
<tr>
<th>General Description</th>
<th>Aims at developing a framework that reduces emissions and increases the sector’s competitiveness, simultaneously</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitigation Potential</td>
<td>Large subset of potential mitigation actions with varying emissions reduction potential in the sector</td>
</tr>
</tbody>
</table>
| Institutional organization | Highly regulated sector  
MINAM is promoting this NAMA with commitment from PRODUCE, ASOCEM (Private sector) and VIVIENDA |
| MRV and MBIs experience | Limited experience in MRV  
Sheets and manual guides developed by The Cement Sustainability Initiative (CSI) and includes the system Getting the Number Right (allows benchmark with companies from different countries)  
The sector have experience in employing a functioning RBB mechanism and is preparing to include the NAMA-related activities in a RBB |
| Existing support | Funding from UNDP’s “Low Emission Capacity Building Programme” for the design stage  
Donor support from MRP would primarily be needed for MRV |
Summary of BB 2 Assessment and rationale for focusing on priority target actions – Cement NAMA

Módulo: Programa de la Medida de Mitigación

Módulo: Entidad Gestora

Módulo: Alineación PPR

Módulo: Contribución Desarrollo Sostenible
### Summary of BB 2 Assessment and rationale for focusing on priority target actions – Solid Waste Management NAMA

<table>
<thead>
<tr>
<th>General Description</th>
<th>Aims at initiating and accelerating the sectoral uptake of technologies with large potential mitigation and sustainable development co-benefits in the solid waste management sector.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitigation Potential</td>
<td>• 8,341,649 tCO2e over 15 years, assuming the use of three technologies, and 10,013,446 tCO2e, assuming the use of four technologies</td>
</tr>
</tbody>
</table>
| Institutional organization | Managed by MINAM  
It can build on existing infrastructure within SIGERSOL |
| MRV and MBIs experience | SIGERSOL can provide important information on existing waste management patterns  
Four registered CDMs that focus on reducing the emissions of solid waste emissions  
Strong alignment with an existing RBB mechanism |
| Existing support | A 2-year program supported by NEFCO and NOAK “Programme for supporting up-scaled mitigation action in Peru’s waste sector under the Nordic Partnership Initiative”.
Potential synergies with IDB/JICA “Project for the Development of Solid Waste Management Systems in Priority Areas”.
Potential synergies with the Chiclayo project on the improvement and extension of the Integrated Solid Waste Management System financed by the Swiss Development Cooperation.
Potential synergies with projects in Arequipa, Pucallpa and Tacna financed by KfW |
Summary of BB 2 Assessment and rationale for focusing on priority target actions – Solid Waste Management NAMA
### Summary of BB 2 Assessment and rationale for focusing on priority target actions – Distributed PV Panel

<table>
<thead>
<tr>
<th>General Description</th>
<th>Proposes distributed PV as an alternative energy supply for rural areas and isolated communities, which cannot be supplied with energy from conventional grid systems.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitigation Potential</td>
<td>150,000 PV panels that will provide 410,000 household, 7,530 health centers, and 2,100 schools, resulting in a referential emission reduction per year of 0.046 MtCO2e.</td>
</tr>
<tr>
<td></td>
<td>Great social and economic impact (co-benefits) mainly in base of pyramid population.</td>
</tr>
<tr>
<td></td>
<td>Aligned with national (poverty reduction) and sectoral (energy access) priorities.</td>
</tr>
<tr>
<td></td>
<td>Has its own RBB that allows to contemplate implementation in the short term.</td>
</tr>
<tr>
<td></td>
<td>Meaningful scalability through a diverse set of small-scale distributed mitigation actions.</td>
</tr>
<tr>
<td>Institutional organization</td>
<td>The regulatory framework for the mitigation action is well established as it is already under implementation</td>
</tr>
<tr>
<td>MRV and MBIs experience</td>
<td>CDM efforts have provided methodologies for the different technologies applied in the distributed PV mitigation action</td>
</tr>
<tr>
<td>Existing support</td>
<td>MINEM has signed an investment contract over the installment of 150,000 PV systems and its operation and maintenance for 15 years</td>
</tr>
<tr>
<td></td>
<td>No donor support</td>
</tr>
</tbody>
</table>

**Peru's Market Readiness Proposal (MRP)**
PA14 – Lima – April 2016
Summary of BB 2 Assessment and rationale for focusing on priority target actions – Distributed PV Panel
Summary of BB 3 Market readiness components for Peru to develop potentially Crediting Mitigation Actions

Objective: identify and promote high quality mitigation actions and keep an accurate account of all individual tons of GHG emission reductions that are the result of those activities, whether to be used to fulfill national commitments or to be creditable and sold, while avoiding double counting

Increased TRANSPARENCY

Instruments and procedures guaranteeing that the implementation of all mitigation activities and GHG emission reductions meets clear standards and regulations

Quality assessment to ensure minimum requirements for proposed mitigation actions, based on the Evaluation Framework

Database of the initiatives that will be accepted and approved, accounting for their development stage

Functional registration platform

A database and accounting tool of all GHG emissions reduction generated

InfoCarbono

Mitigation Action Assessment

MRV System (at a National level)

Mitigation Actions

Registry

MAMS will have to coexist and feed other data management systems
Summary of BB 3 Activities

3.1 Define and develop the institutional structure and the legal framework for a National Mitigation Action Management System

3.2 Design and introduction of a National Mitigation Action and an Emissions Reduction Registry

3.3 Design and introduction of a National monitoring, reporting and verification system for mitigation actions in Peru (at a National level)

3.4 Design of a National Mitigation Action Assessment Framework

3.5 Develop capacities on the Mitigation Action Management System, including for the Mitigation Action Assessment Framework and the monitoring and reporting system for each of the three pilot initiatives

3.6 Develop a roster of independent verifiers for the MAMS

MAMS Institutional and Legal framework

Design of MAMS components

Capacity Building
Summary of BB 4 Planning for scaled-up GHG crediting

**BB2:** identify the most suited actions to test the MAMS

**BB3:** Design of the MAMS – Readiness system

**BB4:** Highly accurate, potentially creditable, emissions reduction through road testing the MAMS

Crucial step to adjust the system prior to scaling it up

Feedback process
Summary of BB 4 Activities

- **Quantification**
  - 4.1 Develop and improve the baseline and mitigation potential for each of the three pilot initiatives

- **MRV, Capacity building**
  - 4.2 Development of the MRV System in each of the three pilot initiatives

- **Instrument design, MRV, Capacity building**
  - 4.3 Apply and improve the Mitigation Action Management System

- **Regulatory and institutional framework, Domestic demand, Capacity building**
  - 4.4 Enabling activities for the Cement Industry NAMA
  - 4.5 Enabling activities for the Solid Waste Management NAMA

**Readiness activities for each of the 3 pilot projects**

**MAMS application**

**Enabling conditions**
Summary of BB 5 Organization, Communication, Consultation and Engagement

Institutional structure of the implementation

1. Steering Committee
   MEF-MINAM
2. Implementation and Monitoring Technical Committee
   MINEM-PRODUCE-MINAM
3. Private Public Advisory Board
   PMR Peruvian Stake Holders
4. Administration Unit
   UNDP
5. National Director (MINAM)

Activities for BB5

Implementation

1. Steering Committee
2. Implementation and Monitoring Technical Committee
3. Private Public Advisory Board
4. Administration Unit
5. National Director (MINAM)

Engagement process

1. Steering Committee
2. Implementation and Monitoring Technical Committee
3. Private Public Advisory Board
4. Administration Unit
5. National Director (MINAM)

Define and implement the outreach and engagement process
# Summary of BB 6 Schedule and Budget – phase 1

| Building Block | Activity                                                                 | Budget (US$) | Quarter | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 | Year 23 | Year 24 | Year 25 | Year 26 | Year 27 | Year 28 | Year 29 | Year 30 | Year 31 | Year 32 | Year 33 | Year 34 | Year 35 | Year 36 | Year 37 | Year 38 | Year 39 | Year 40 |
|----------------|---------------------------------------------------------------------------|--------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BB3 | 3.1 Define and develop the institutional structure and the legal framework for a National Mitigation Action Management System | 250,000 | x x x x x x x x x x x |
| | 3.2 Design and introduction of a National Mitigation Actions and Emission reductions Registry | 350,000 | x x x x x x x | |
| | 3.3 Design and introduction of a National monitoring, reporting and verification system for mitigation actions in Peru (at a National level) | 200,000 | x x x x x x x | |
| | 3.4 Design of a National Mitigation Action Assessment | 100,000 | x x x x |
| | 3.5 Develop capacities on the Mitigation Action Management System, including for the Mitigation Action Assessment and monitoring and reporting for each of the three pilot projects | 200,000 | x x x x x |
| | 3.6 Develop a roster of independent verifiers for the MAMS | 60,000 | x x x x |
| BB4 | 4.1 Develop and improve the baseline and mitigation potential for each of the three pilot initiatives | 200,000 | x x x x |
| | 4.2 Development of the MRV System in each of the three pilot initiatives | 300,000 | x x x x x x | |
| | 4.3 Apply and improve the Mitigation Action Management System | 300,000 | x x x x x x | |
| | 4.4 Enabling activities for the Cement Industry NAMA | 120,000 | x x x x x | |
| | 4.5 Enabling activities for the Solid Waste Management NAMA | 120,000 | x x x x x | |
| BB5 | 5.1 Establishment and operation of the Technical Coordination Unit | 600,000 | x x x x x x x x x x x | |
| | 5.2 Define and implement the outreach and engagement process | 200,000 | x x x x x x x x x x x | |

**TOTAL PMR funding request**: 3,000,000

The Peruvian Government will complement the PMR funding with an in-kind contribution of US$ 200,000
Market Readiness Proposals (MRP) Presentation

Country: Peru
Responsible agency: Ministry of Economy and Finance (MEF) & Ministry of Environment (MINAM)
Date of submission: April, 2016