



Market Readiness Proposals (MRP) Presentation

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

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- ◆ 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:

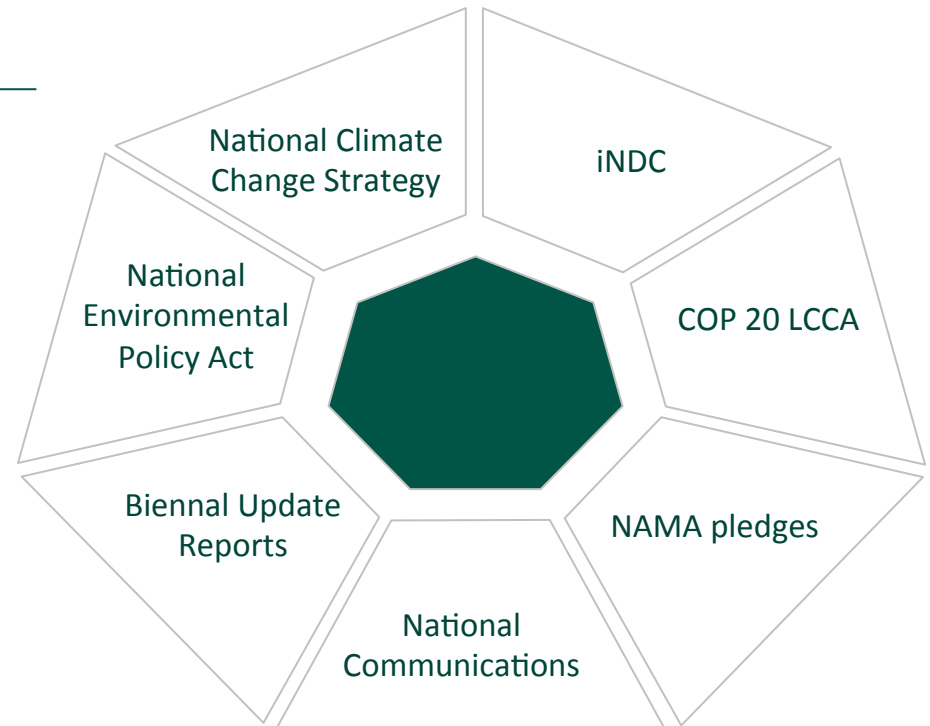
- An extended explanation of the RBB module and its integrated relation with the MAMS was made in section 3.3, describing its relevance in the prioritization of mitigation actions, regarding the accomplishment of specific and measurable goals on priority target mitigation actions for the socioeconomic 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.



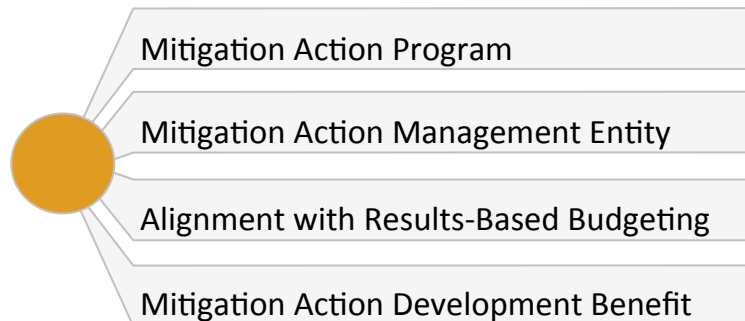
Energy Profile and tendencies

- 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

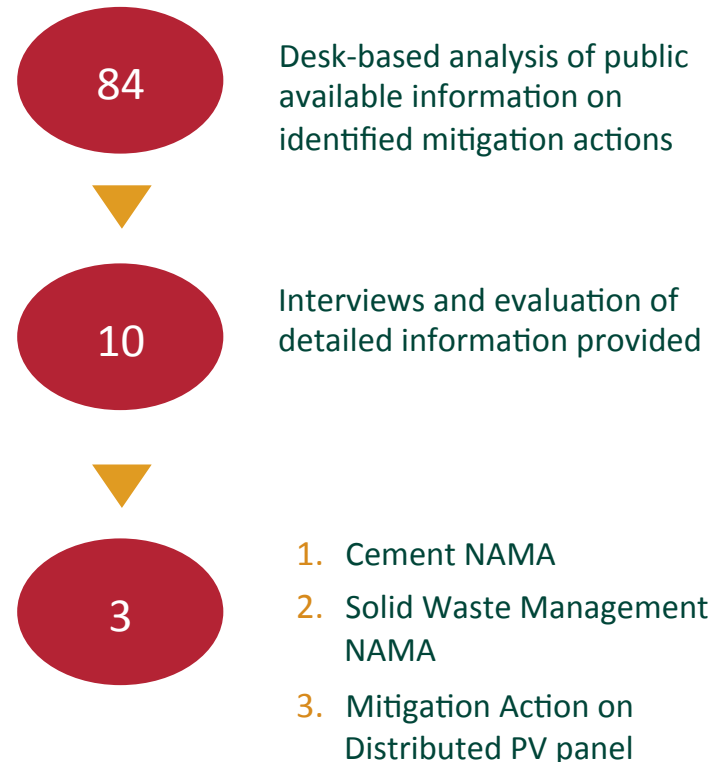
Peru Mitigation Action Evaluation Framework

- 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



- Short version available for Mitigation Actions on early stages
- Provides input for the future Mitigation Action Registry

Evaluation Process



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

Summary of BB 2 Assessment and rationale for focusing on priority target actions – Cement NAMA

General Description

- Aims at developing a framework that reduces emissions and increases the sector's competitiveness, simultaneously

Mitigation Potential

- Large subset of potential mitigation actions with varying emissions reduction potential in the sector

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

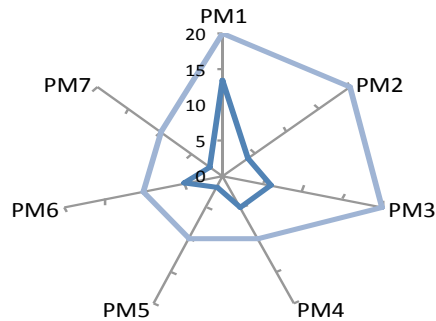
Existing support

- Funding from UNDP's "Low Emission Capacity Building Programme" for the design stage
- Donor support from MRP would primarily be needed for MRV

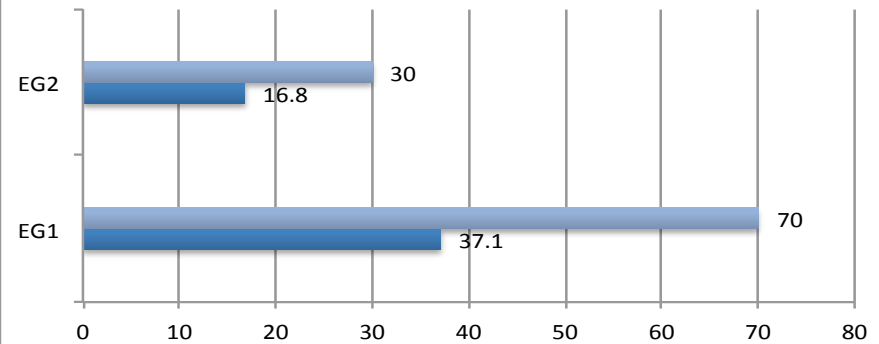


Summary of BB 2 Assessment and rationale for focusing on priority target actions – Cement NAMA

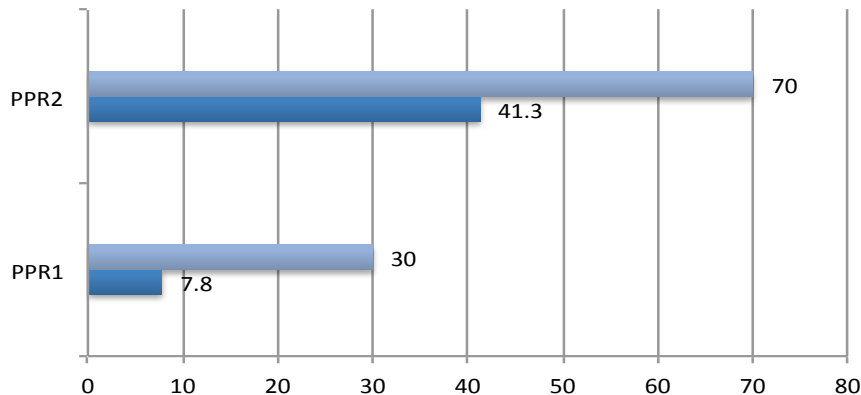
Módulo: Programa de la Medida de Mitigación



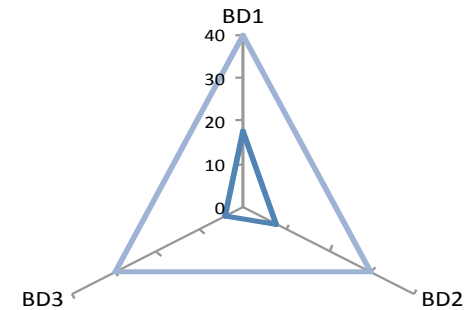
Módulo: Entidad Gestora



Módulo: Alineación PPR



Módulo: Contribución Desarrollo Sostenible



Summary of BB 2 Assessment and rationale for focusing on priority target actions – Solid Waste Management NAMA



General Description

- 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.

Mitigation Potential

- 8,341,649 tCO₂e over 15 years, assuming the use of three technologies, and 10,013,446 tCO₂e, assuming the use of four technologies

Institutional organization

- Managed by MINAM
- It can build on existing infrastructure within SIGERSOL

MRV and MBIs experience

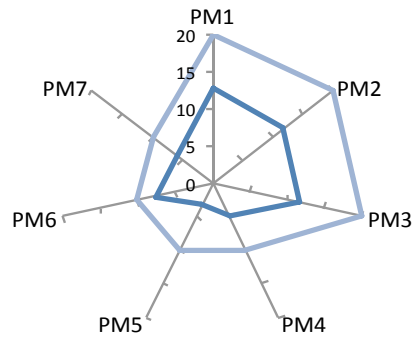
- SIGERSOL can provide important information on existing waste management patterns
- Four registered CDMs that focus on reducing the emissions of solid waste emissions
- Strong alignment with an existing RBB mechanism

Existing support

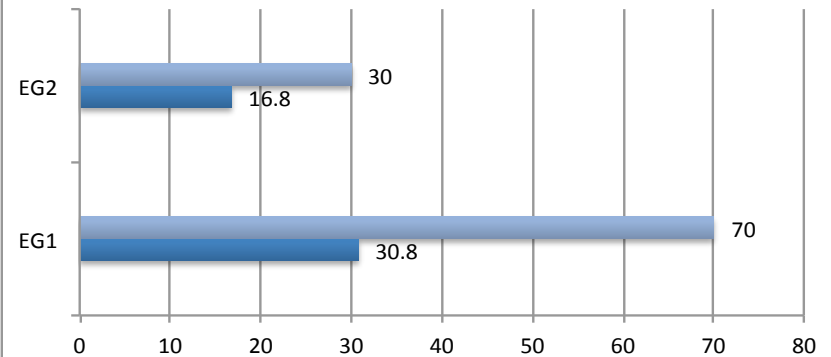
- A 2-year program supported by NEFCO and NOAK “Programme for supporting up-scaled mitigation action in Peru’s waste sector under the Nordic Partnership Initiative”.
- Potential synergies with IDB/JICA “Project for the Development of Solid Waste Management Systems in Priority Areas”.
- Potential synergies 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

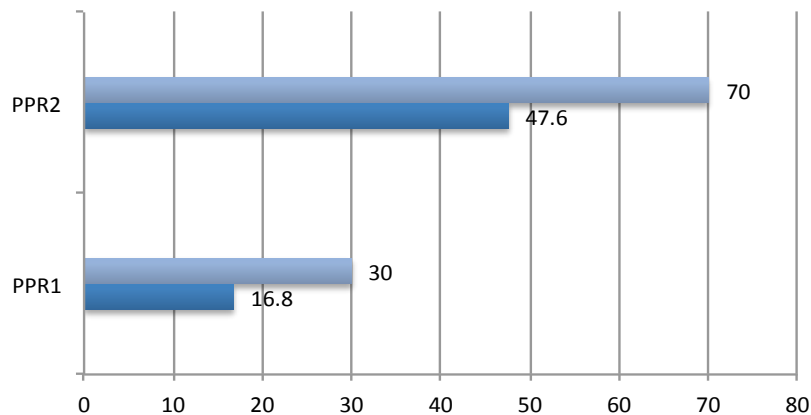
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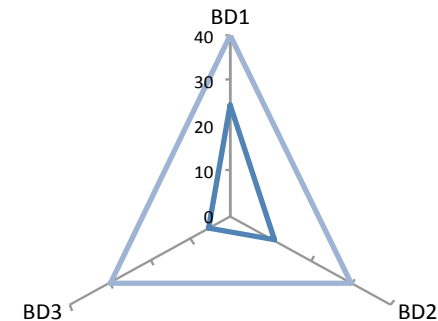
Módulo: Entidad Gestora



Módulo: Alineación PPR



Módulo: Contribución Desarrollo Sostenible



Summary of BB 2 Assessment and rationale for focusing on priority target actions – Distributed PV Panel

General Description

- Proposes distributed PV as an alternative energy supply for rural areas and isolated communities, which cannot be supplied with energy from conventional grid systems.

Mitigation Potential

- 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.
- Great social and economic impact (co-benefits) mainly in base of pyramid population.
- Aligned with national (poverty reduction) and sectoral (energy access) priorities.
- Has its own RBB that allows to contemplate implementation in the short term.
- Meaningful scalability through a diverse set of small-scale distributed mitigation actions.

Institutional organization

- The regulatory framework for the mitigation action is well established as it is already under implementation

MRV and MBIs experience

- CDM efforts have provided methodologies for the different technologies applied in the distributed PV mitigation action

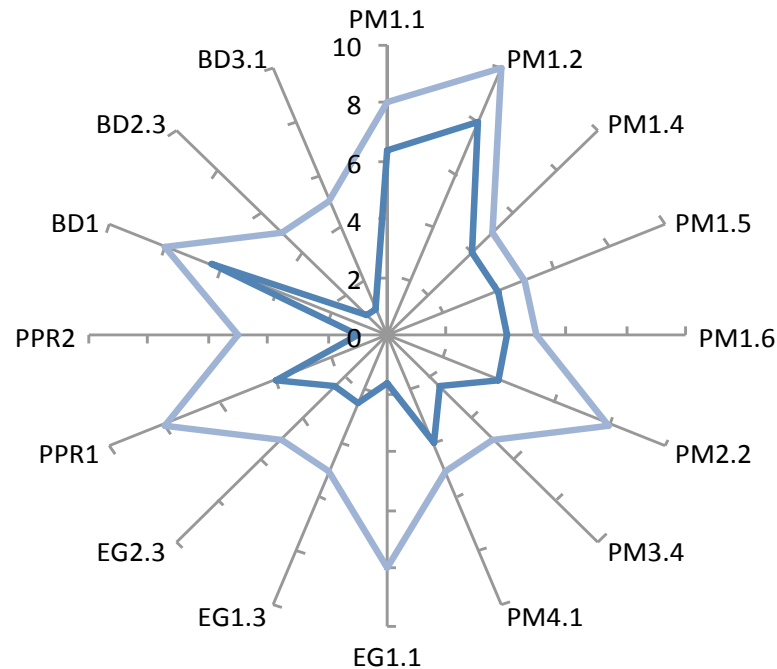
Existing support

- MINEM has signed an investment contract over the installment of 150,000 PV systems and its operation and maintenance for 15 years
- No donor support



Summary of BB 2 Assessment and rationale for focusing on priority target actions – Distributed PV Panel

Puntaje Máximo y Obtenido por Indicador Clave



Summary of BB 3 Market readiness components for Peru to develop potentially Crediting Mitigation Actions

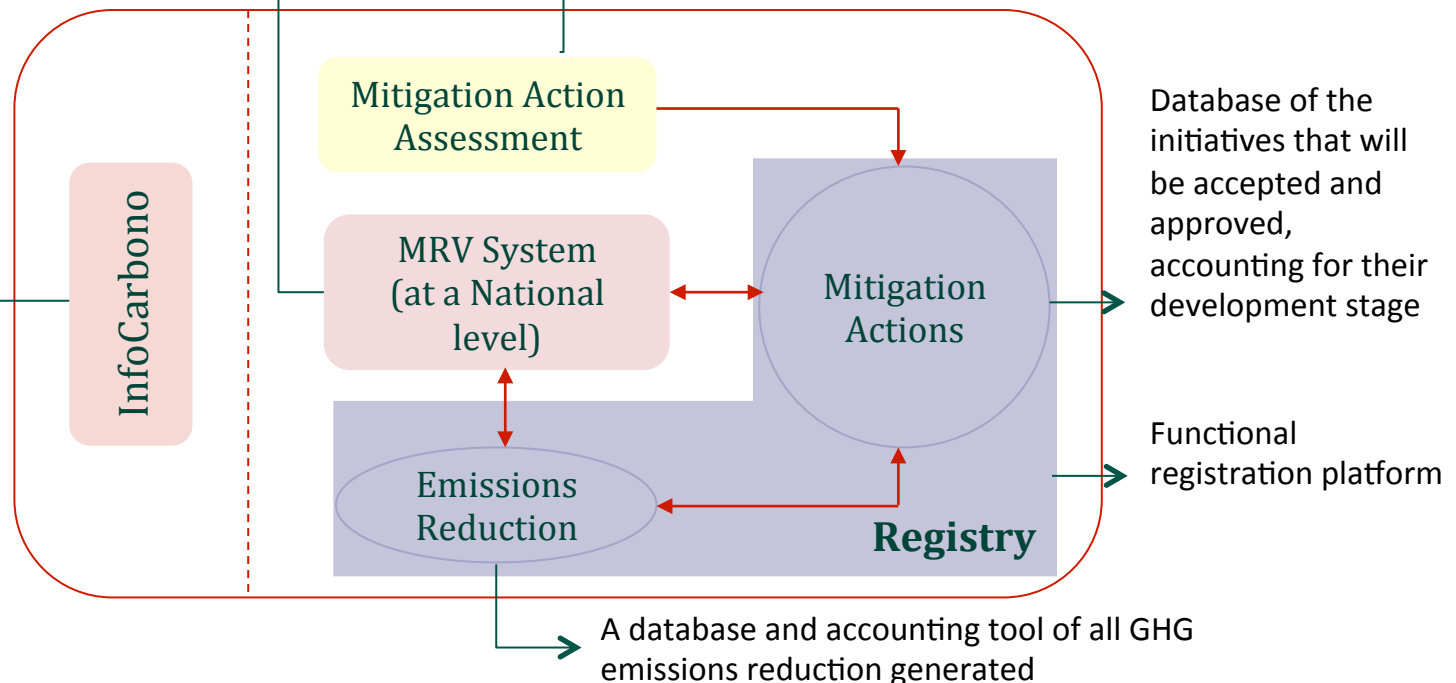
Objective: identify and promote high quality mitigation actions and keep an accurate account of all individual tons of GHG emission reductions that are the result those activities, whether to be used to fulfill national commitments or to be creditable and sold, while avoiding double counting

Increased TRANSPARENCY

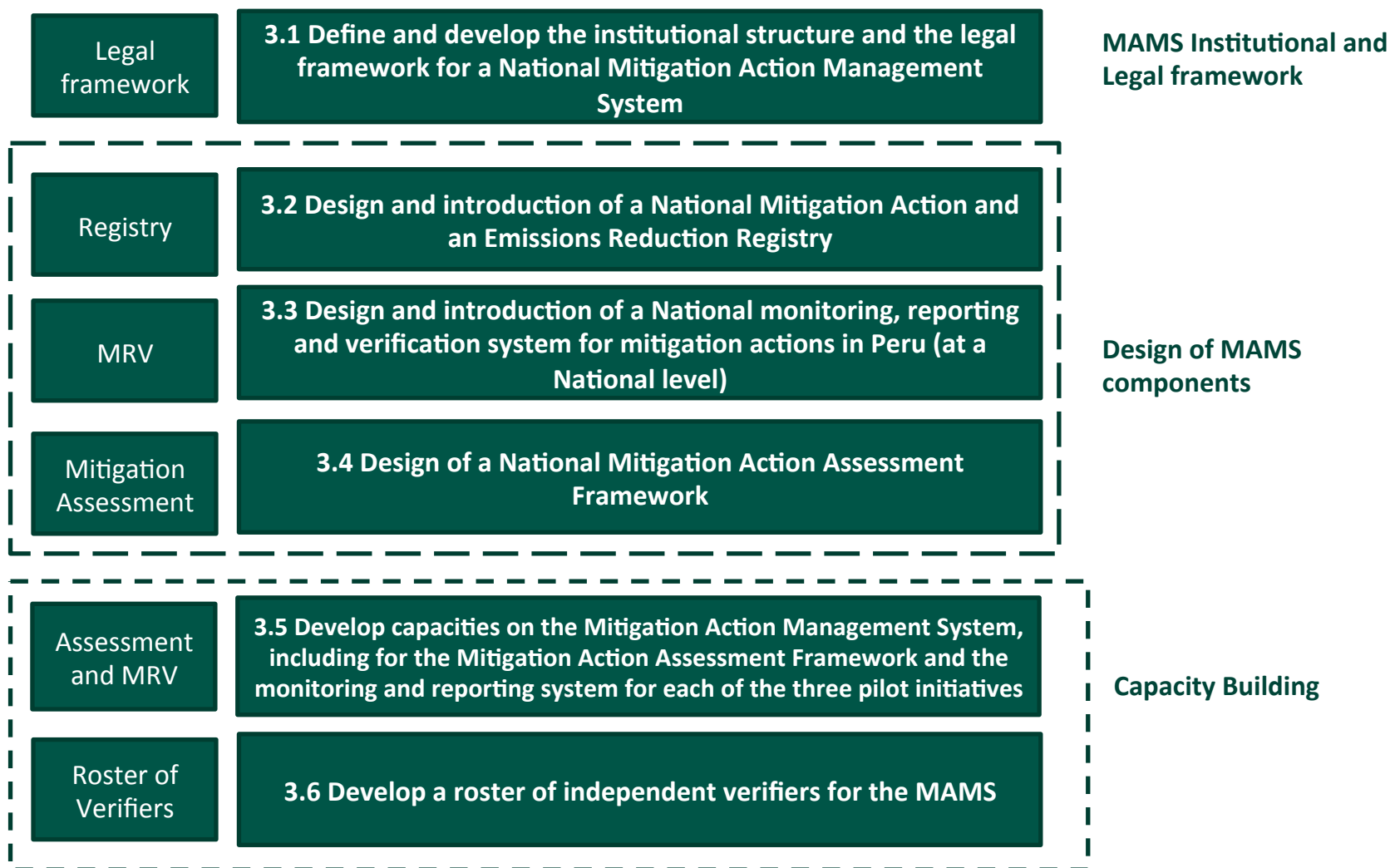
Instruments and procedures guaranteeing that the implementation of all mitigation activities and GHG emission reductions meets clear standards and regulations

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

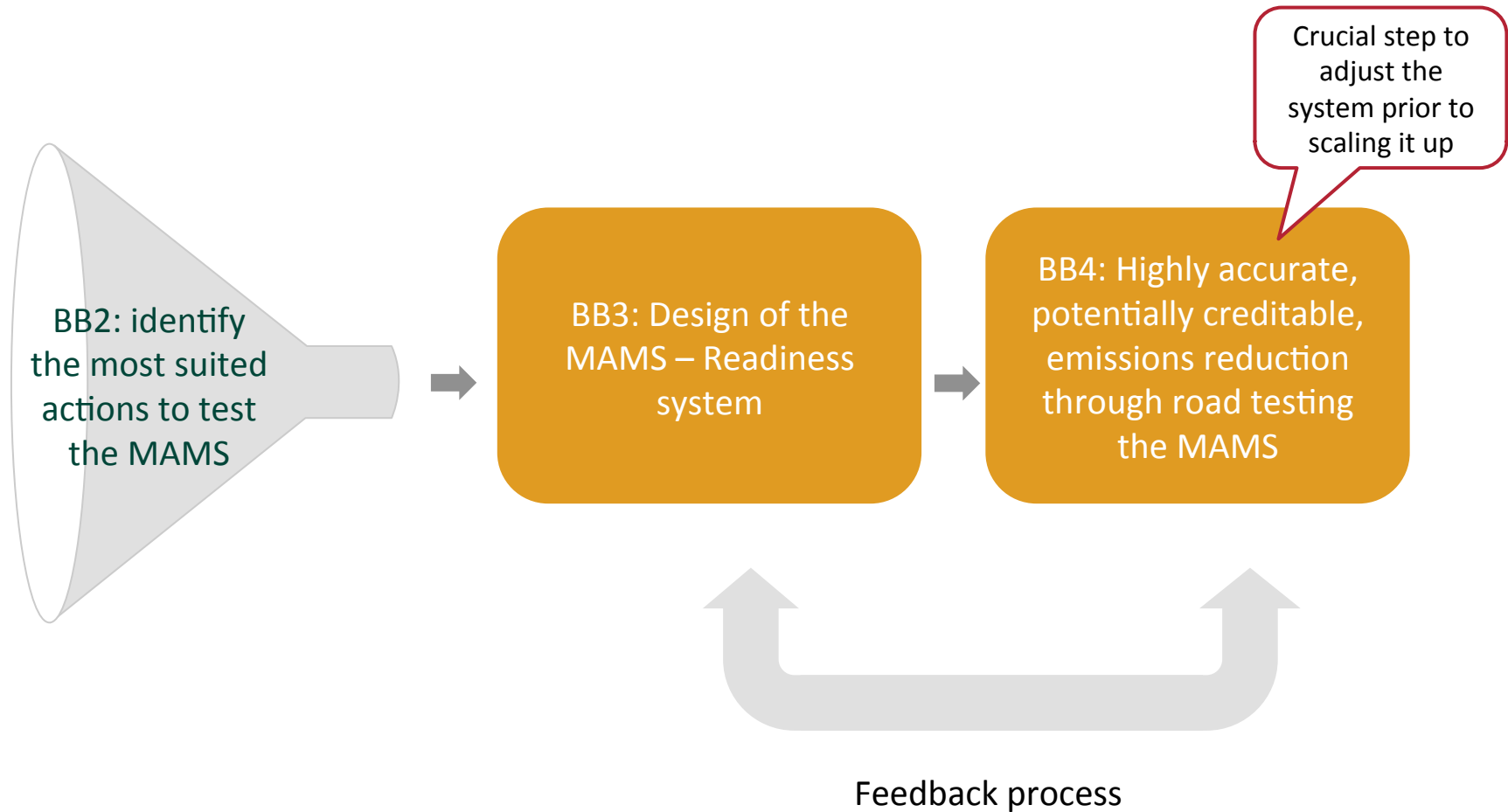
MAMS will have to coexist and feed other data management systems



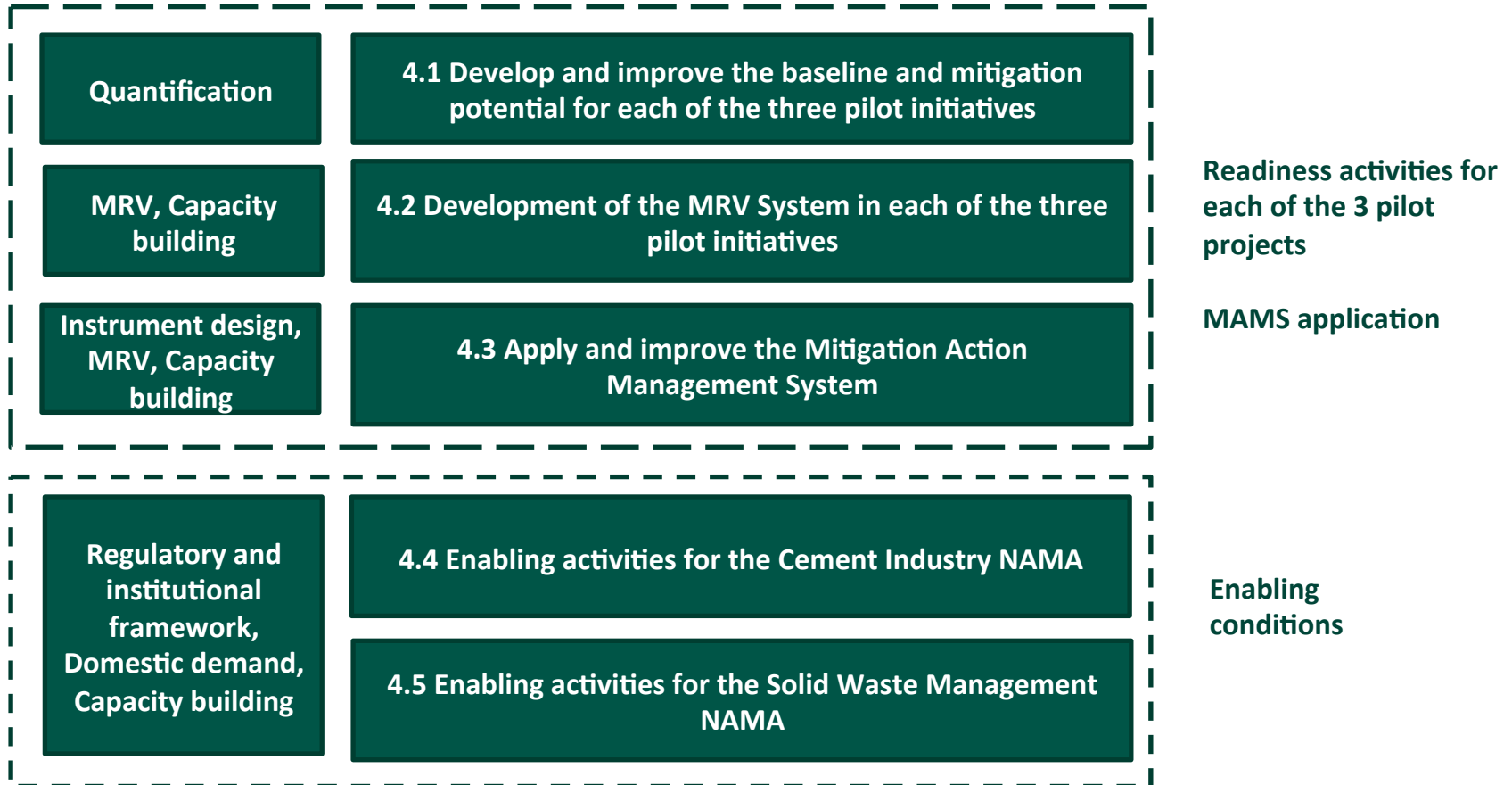
Summary of BB 3 Activities



Summary of BB 4 Planning for scaled-up GHG crediting

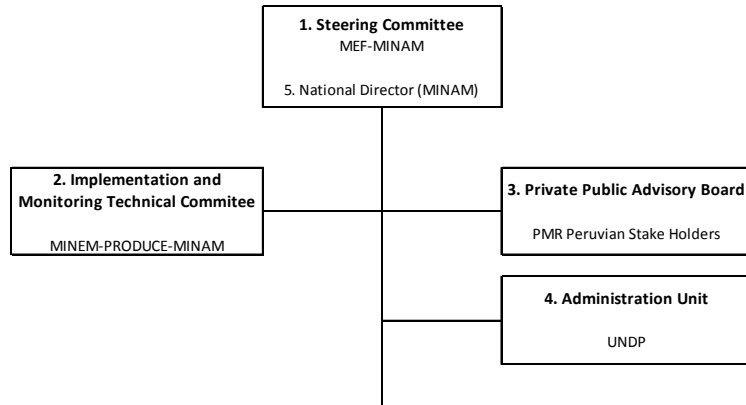


Summary of BB 4 Activities

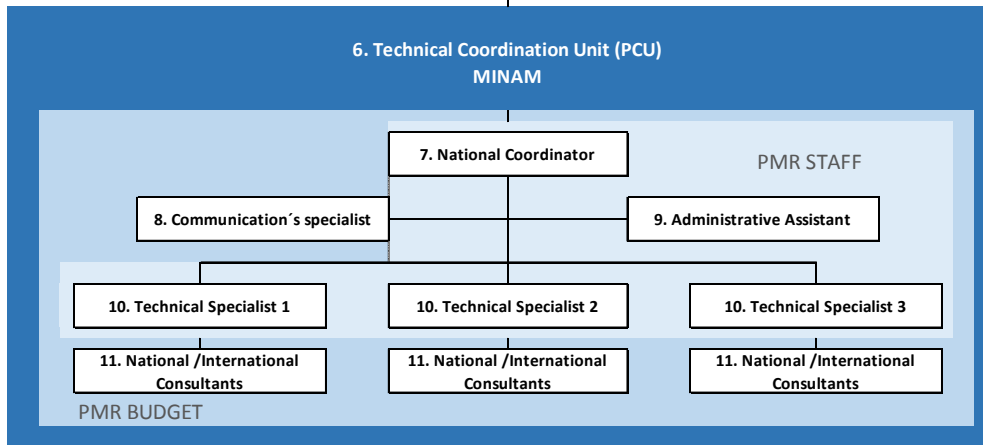


Summary of BB 5 Organization, Communication, Consultation and Engagement

Institutional structure of the implementation



Activities for BB5



Summary of BB 6 Schedule and Budget – phase 1

Building Block	Activity		Budget (US\$)	Quarter											
				Year 1				Year 2				Year 3			
				1	2	3	4	1	2	3	4	1	2	3	4
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	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				
	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
	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
	4.4	Enabling activities for the Cement Industry NAMA	120,000											x	x
	4.5	Enabling activities for the Solid Waste Management NAMA	120,000											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	x
	5.2	Define and implement the outreach and engagement process	200,000	x	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



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