

PMR PROJECT IMPLEMENTATION STATUS REPORT (ISR)

The PMR Project Implementation Status Report should be prepared by the Implementing Country or Technical Partner, with the support of the Delivery Partner and/or the PMR Secretariat. For any questions related to the preparation of the PMR Project Implementation Status Report, please contact the PMR Secretariat at: pmrsecretariat@worldbank.org.

1. SUMMARY INFORMATION

Implementing Partner:	Country/Technical	Peru
Reporting Period:		From 01/10/2017 to 30/09/2018
Report Date:		30/09/2018
Implementing Agency:		General Directorate of Climate Change and Desertification (GDCCD) of the Ministry of Environment (MINAM)
Contact Person:		Rosa Morales Saravia, General Director of Climate Change and Desertification / Laura Secada Daly, Director of Greenhouse Gases Mitigation / Lorenzo Eguren, Project Coordinator

Grant Executed By:	World Bank / United Nations Development Programme
Grant Effectiveness and Closing Dates:	02/2017-02/2020
Grant Amount (USD):	USD 3,000,000
Funding Mobilized (USD):	USD 200,000 of government co-financing
Funding Committed (USD):	USD

2. OVERVIEW

As explained in the first annual report, The PMR project in Peru is supporting the implementation process of the Nationally Determined Contributions (NDC) and its Measurement, Reporting, and Verification (MRV) scheme by establishing a solid Monitoring Platform for the NDC on Mitigation (MPNM)¹ under Peru's enhanced transparency framework for accounting emission reductions, whether to be used to fulfil NDC, to be creditable and transferred to other country, or to be used for Results-

¹ The Monitoring Platform for the NDC on Mitigation is proposed in the Regulation of the Framework Law on Climate Change and includes the National Registry for Mitigation Measures (that will include carbon market initiatives), the National Inventories management by Infocarbono and the National Carbon Footprint Registry. Hence, the mentioned Platform could be consider as the Mitigation Action Management System (MAMS) mentioned in the PMR Project Prodoc document.

Based Climate Finance programs ("no-regret" approach). The Project is implemented by the General Directorate of Climate Change and Desertification (GDCCD) of the Ministry of Environment (MINAM) through its Directorate of Greenhouse Gases Mitigation (DGHGM).

During the last year, (between 01/10/2017 and 09/30/2018), the Partnership for Market Readiness project (PMR Project) in Peru has made significant progress. This progress took advantage of the ongoing processes related to the implementation of the NDC and the establishment of the legal framework related to public management in climate change.

In this regard, the Multisector Working Group established for the preparation and implementation of Peru's Nationally Determined Contributions (MWG-NDC), which started in February 2017 and is about to end in October 2018, was supported by the PMR project because eventually most of the identified mitigation measures in the MWG - NDC will be registered and monitored through the MPNM, including the mitigation actions selected to pilot the MPNM, which are energy, industrial processes, and solid waste.

On the other hand, in April 2018, the Peruvian congress approved the Framework Law on Climate Change that will strengthen the management of climate change and make binding the responsibilities for the implementation of the NDC including the monitoring and evaluation of its progress. This context has given the opportunity to incorporate the MRV framework of Peru where MPNM is included in the the regulation of the Law. The MPNM is composed mainly by a national registry of mitigation measures and its associated procedure, and the Register of Organizational GHG Inventories. The process of elaboration of the regulation of the Law is expected to end on April 2019.

On the following paragraphs we will summarize the progress up to the date:

1. Progress regarding Result 1, implementation of Mitigation Action Management System (MAMS):

- Regulatory and institutional framework for the national MRV and associated MAMS: The enactment by Congress of the Framework Law for Climate Change in April 2018, has given the opportunity to introduce the national MRV framework in the regulatory process which includes the tools associated to the MAMS (Now MPNM), now mentioned as MPNM, such as the National Registry for Mitigation Measures and the Register of Organizational GHG Inventories (Peruvian carbon footprint).
- Creation of a list of independent verifiers for the MAMS: Which is coordinated with the National Institute of Quality (INACAL) to establish a process of accreditation, by sectors of the IPCC, for national verifiers under ISO 14065 which has a duration up to year 2019.
- Design and implementation of the National Registry of Mitigation Measures: After a process of evaluation and international competition for the selection of a registry service supplier, MINAM along with the PMR team finally decided on the option of Software as a service (SaaS) with the contracting of an internationally recognized firm. We are currently designing the contents and registration procedure in conjunction with the registry supplier.
- Peruvian Carbon Footprint: During this period, a Peruvian carbon footprint tool and a register have been developed to measure GHG emissions for private and public organizations with the objective of promoting the participation of organizations in the management of GHG emissions, which also contribute to the fulfilment of the NDC.

Furthermore, this tool will also generate information that allows to improve the quality of the data for the elaboration of the national GHG inventory. Eventually, the tool would mobilize private investment to mitigation measures by promoting a domestic voluntary carbon market to neutralize GHG emissions. Currently, the software of the tool is finished and is entering in a testing phase that includes a capacity building process for its use with selected private and public entities.

2. Progress regarding Result 2, piloting the Mitigation Action Management System (MAMS):

- Selection of mitigation actions to pilot the MAMS (MPNM): The MWG-NDC process has been supported by the project with technical assistance to facilitate that the measures identified by the government will be incorporated into the national registry for mitigation initiatives, which is part of the national MRV system. Specifically, for the sectors addressed by the PMR project, 35 measures have been identified, having 07 for industrial processes, 3 of them are associated with the Cement NAMA, 22 for Energy, of which 05 are related to renewable energies and 06 are related to solid waste management. In this sense, at least three measures would be selected to pilot the national registry of mitigation initiatives.
- MRV for mitigation initiatives: On regard of the MRV framework, the development of a standardized baseline for renewable energy projects and energy efficiency has been supported by the PMR Project team. In addition, the information system for the solid waste management (SIGERSOL) has been linked to the MRV of the sector and finally, through the coordination with the Association of Cement Companies of Peru (ASOCEM), most of the cement companies in Peru has adopted the MRV system proposed by the Cement Sustainable Initiative of the World Business Council For Sustainable Development (WBCSD).

3. Progress regarding Result 3, increased awareness, understanding, and interest on stakeholder regarding the MAMS:

This component includes all the necessary communicational elements to achieve the objective of the project. Its activities are oriented to highlight the importance of the MPNM for the NDC of Peru and its implementation. In 2018 Communication Strategy of the PMR Project was designed in coordination with the communication team of the GDCCD. Thus, this instrument is aligned with the different communication processes that the GDCCD are implementing or planning. The Communication Strategy defines the stakeholder involved in the Project activities, the key messages according with the different type of public, as well as activities to achieve each specific communicational objective established according with the Project objective. During 2018 some of the communicational activities carried out, which included the elaboration of advertising documents, are the following:

- Technical mission focused on supporting the NAMA of Solid Waste in the framework of the Project "Enabling conditions to invest in the transition to a low carbon society in Latin America"
- Mission of the Nordic Cooperation for the NAMA of Solid Waste
- Multisectoral Dialogue for the Implementation of the Cement Industry NAMA within the framework of the NDC.
- Participatory process for the preparation of the Regulations of the Framework Law on Climate Change and related events.

4. IMPLEMENTATION REPORT BY COMPONENT

Differences between the Objectives/Activities in the Market Readiness Proposal and the Grant Agreement

<p>Are there any important and material differences between the objectives/activities proposed in the Market Readiness Proposal and endorsed by the Partnership Assembly of the PMR and those agreed to in the Grant Agreement with the Delivery Partner and described in the Project's Results Framework?</p>	<p>No</p>
--	-----------

Implementation Progress by Component

<p>A. Component 1: <i>Design and Implementation of Mitigation Action Management System (MAMS)</i></p>	
<p>Status:</p>	<p>Under implementation</p>
	<p>1. Designing and implementation of the National Registry of Mitigation and Emission Reduction Actions</p> <p>After a market study, conducted by the PMR Project and UNDP, on companies available for the provision of the expected service, the administration of the Project made a call through the web page of the MINAM for proposal for a consultancy service to the design the platform of the registry. The consultancy was awarded to IHS Markit, a well-known registry supplier, in order to start the service by September for a 09 months period.</p> <p>The preparation of the ToRs took in account experiences shared by different process such as dialogues with country members of the PMR specially from those members of the Pacific Alliance, information gathered from PMR workshops, the negotiations to implement the Article 6 of the Paris Agreement, and the guidance documents provided by the PMR, specifically the one referred to registries called "<i>Emission Trading Registries: Guidance on Regulation, Development and Administration</i>".</p> <p>The registry supplier offers an outsourced service as "<i>Software as a Service (SaaS)</i>". Among the main reasons for the selection of the supplier was because of its previous experience in the preparation of a national registry for Peru (REED +), the predictable and reasonable cost, that specific experience of the country in registries was not require, that it could be operational in the short term with low workload from the national team, the capability to generate clearly defined units (vintage, serial number,</p>

etc.) and that has the capacity to allow emission reduction to be transferred and tracked in a credible and reliable way.

In a complementary way, during this period, a Peruvian carbon footprint tool and its registry have been developed to measure GHG emissions for private and public organizations with the objective of promoting private and public action towards emission reductions and to improve the information for the elaboration of national GHG inventories. Eventually, the tool would promote a voluntary carbon market to mobilize private investment to mitigation measures by buying offsets to neutralize emissions. Currently the software is designed and it is going to begin a testing phase with selected private and public entities. The tool is composed by the following components:

- a) A free calculator: to measure the emissions of Greenhouse Gases (GHG) based on the international standard ISO 14064-1.
- b) A recognition mechanism: mechanism by which the degree of ambition in the management of GHG emissions can be increased and recognized. The degree of ambition starts with the action of measuring the GHG of the organization, then increases if the results are verified by a third party next it is deepened if there are emission reductions and at last it is maximized if emissions are neutralized.
- c) A register of participants where the results, reports and evidence are published.

2. Definition and development of a regulatory and institutional framework for MAMS.

At the formulation of the PMR project was considered to create a specific regulation to formalize the framework for the MAMS; in that sense, the approval of the on Framework Law on Climate Change in April 2018 provided effective and clear duties to monitor, report and communicate the progress on mitigation actions under the NDC implementation.

According to article 14° of the Framework Law on Climate Change, the MINAM is responsible for the monitoring and evaluation of the Nationally Determined Contributions. Based on that mandate, the GDCCD of MINAM, with the support of the PMR project and other international cooperation initiatives, formulates rules for the MPNM in the regulation to Framework Law on Climate Change which includes the National Registry for Mitigation Measures and the Peruvian Carbon Footprint tools.

The enacting of that rules will be given through the regulation to the Act, specifically in the chapter related to the Nationally Determined Contributions Monitoring Platform. The project is supporting through providing an expert lawyer that leads the process of the regulation of the Law, an expert of participatory process and gender, and local experts on MRV. The process of regulation is expected to be finished by the

	<p>second quarter of 2019, considering a public consultation process and a prior consent by indigenous people.</p> <p>The MRV framework in the regulation to the law defines two levels, one linked to the estimation of GHG emissions and another related to emissions reductions. The first level takes in account the National GHG Inventories which is managed by INFOCARBONO and the organizational GHG inventories that is managed by the Peruvian Carbon Footprint. The second level is linked to the National Registry of Mitigation Measures which is the core tool of the MPNM. As it is mentioned, the Peruvian carbon footprint and the national registry of mitigation measures are supported by the PMR project.</p> <p>The progress of the NDC will be monitored by using the National Inventories of Greenhouse Gases managed by INFOCARBONO and will be complemented by the MPNM. In this way, the INFOCARBONO enable the Country to measure the NDC progress, while the registry will allow to measure the target of national mitigation actions to the NDC. The registry gives the aggregate data of the emissions reduction and of the increase of removal by sink initiatives and the individual contribution of them to the total.</p> <p>Moreover, the MRV framework would also allow to track finance flows, letting the Country to focus the resources and invest in priority climate change measures and make it consistent with the reduction of greenhouse gas emissions in the long term.</p> <p>One of the advantages of Peru is that the MRV governance is led by MINAM which allows us to establish clearly and robust MRV provisions and standards.</p> <p>3. Creation of a list of independent verifiers for the MAMS (MPNM):</p> <p>In relation to the institutional arrangements that are being made to establish an accreditation process for national verifiers, for both mitigation measures of the National Registry of Mitigation Measures and initiatives part of the Peru Carbon Footprint. This work is being done in conjunction with the Peruvian National Institute of Quality (INACAL) to be able to carry out a joint work for the elaboration of an official list of national verifiers.</p> <p>INACAL is coordinating the Project "Strengthening the National Quality Infrastructure to Support the Management of Natural Resources and the Monitoring of Environmental and Climatic Parameters", which has resources from the Physikalisch-Technische Bundesanstalt (PTB) of Germany. In the short term, in the framework of this project, INACAL with the PMR project team are establishing a process of</p>
--	--

	accreditation by IPCC sectors for national verifiers under ISO 14065 until the end of 2019.
B. Component 2: <i>Piloting the Mitigation Action Management System (MAMS)</i>	
Status:	Under implementation
	<p>1. Selection of three mitigation actions to pilot the MAMS</p> <p>As it was mentioned, the PMR project took advantage of the establishment of the Multisector Working Group for the preparation and implementation of Peru's Nationally Determined Contributions (MWG-NDC), created by Supreme Resolution N° 005-2016-MINAM, which has resulted in the identification of 61 mitigation measures described in road maps documents that include information about the scope, potential emission reductions, MRV, enabling conditions, stakeholders, economic evaluation, among other topics. The PMR project has supported this process because most of the identified measures will be eventually registered and monitored through the MPNM. In the short term, the idea is to obtain from the MWG-NDC the mitigation measures to pilot the MPNM of the prioritized sectors identified in the PRODOC of the PMR Project, which are Energy, Solid Waste, and industrial processes.</p> <p>In that sense, the PMR has supported the MWG-NDC process in these three sectors, which has resulted in 35 mitigation measures road map documents. From them, 07 are for industrial processes, 3 of them associated with the Cement NAMA, 22 are for Energy, of which 5 are related to renewable energies and 6 measures are related to solid waste management. At least three of them will be selected to pilot the national registry of mitigation initiatives.</p> <p>The PMR project has contributed with technical assistance for the MWG-NDC in two ways. First by providing technical assistance from the project staff to the ministries and second through hiring specialists as liaisons (In-house consultants) in the Ministries of energy, industry and the Directorate of solid waste of MINAM to elaborate the road maps for the mitigation measures. The project has also provided technical assistance through hiring a specialist on gender to ensure the effective inclusion of the gender approach in the elaboration of road maps. In the case of the Ministry of Production (PRODUCE), in addition to the liaison specialist (In-house consultants), the Project support the sector by hiring a NAMA coordinator, a senior consultant expert in the cement industry and a MRV specialist; this staff were part of the implementation of the Agreement for Inter-institutional Cooperation between MINAM and PRODUCE for the implementation of the NAMA for the cement industry.</p> <p>2. Strengthening of baselines and MRV of selected measures</p> <p>With respect to the work done for the baseline and MRV for the measures associated with Solid Waste Management, several coordination meetings have been held, convened by the liaison specialist (In-house consultant), with the participation of the PMR Project team and the officials of the General Directorate of Solid Waste of</p>

	<p>MINAM in charge of defining the measures for the MWG-NDC. Among the aspects defined, highlights the use of the Information System platform for Solid Waste Management (SIGERSOL) as a source of information for the estimation of GHG emissions. The SIGERSOL was created by MINAM in 2008 with the purpose that provincial and district municipalities could register information of solid waste management in a practical and efficient manner. Thus, this platform has relevant information and will contribute to the MRV of the NAMA measures. The SIGERSOL is under a redesigning process with the assistance of the PMR Project team in order to enhance its utility to generate information relevant for the MRV of the mitigation measures.</p> <p>For its part, for the baseline and MRV of the NAMA for the Cement Industry a group was conformed to support the updating process of this baseline; thus the liaison specialist (In-house consultant), together with the officials of PRODUCE in charge of preparing the road maps of the mitigation measures, the NAMA working team supported by the PMR and the PMR Project staff worked together to generate information for the NAMA. In addition, thanks to the coordination with the Association of Cement Companies of Peru (ASOCEM), most of the cement companies in Peru have adopted the MRV system proposed by the Cement Sustainable Initiative of the WBCSD,</p> <p>Regarding the energy sector, nowadays a standardized baseline for renewable energy generation connected to the national grid and for energy efficiency has been elaborated and it is built on the basis of the determination of the emission factor of the grid. The PMR Project has brought support to the Ministry of Energy to the process of recognition of the standardized baseline by the UNFCCC through its Regional Collaboration Centre (RCC) located in Panama. The standardized baseline has already gotten the validation of a Designated Operational Entity, AENOR, and the documentation is ready to be submitted to the RCC by MINAM, as focal point of the convention and DNA.</p>
<p>C. Component 3: <i>Increasing awareness, understanding, and interest on stakeholder regarding the MAMS</i></p>	
<p>Status:</p>	<p>Under implementation</p>
<p>Comments:</p>	<p>1. Communications Strategy of the project</p> <p>The PMR Project counts with a Communication Strategy which was prepared in coordination with the communication team of the GDCCD. Thus this instrument is aligned with the different communication processes that the GDCCD have under implementation and planning. The Communication Strategy defines the stakeholder involved in the Project activities, the key messages according with the different kind of public, as well as activities to achieve each specific communicational objective established according with the Project objective.</p>

2. Activities for outreaching and engagement

In relation to the outreaching and engagement activities of the project, the following events for the year 2018 have been identified so far:

- Technical mission focused on supporting the NAMA of Solid Waste in the framework of the Project "Enabling conditions to invest in the transition to a low carbon society in Latin America" and the International Climate Initiative (IKI), in collaboration with the PMR Project staff.

The above mentioned Project counts with funds from IKI and its implemented in Peru by PricewaterhouseCoopers company, and the technical mission had as objective to define an agenda to clarify the support of the IKI Project for the involvement of the private sector in the implementation of the NDC in the solid waste sector. The PMR Project staff contributed in the conceptualization of the mission and in the definition of activities for the agenda that will be implemented.

- Mission of the Nordic Cooperation for the NAMA of Solid Waste

The PMR Project staff contributed with the definition of the measures and the generation of information associated with the NAMA of Solid Waste, which has the support of the Nordic cooperation (NEFCO and NPI). In this context, the mission of the mentioned cooperation was take in place in the city of Lima from May 28th to 31th of 2018. One of the objectives of the mission was to share the results of the consultancy service to evaluate the implementation of Article 6 of the Paris Agreement for the solid waste sector. It's important to note that the PMR Project staff has participated in this consultancy service on behalf of GDCCD and the DMGHG in coordination with the General Directorate of Solid Waste Management of MINAM.

- Multisectoral Dialogue for solid waste management towards climate change mitigation.

The MINAM is organizing thematic dialogues "Multisectoral Dialogues" on climate change (Dialoguemos in spanish), which is a fuller approach to engage civil society and non-governmental stakeholders in the climate change agenda towards NDC implementation.

One of these Multisectoral Dialogues sponsored by the PMR was held in the city of Trujillo in August 2018, which is the third largest city in Peru, but its solid waste management is in crisis, having an open dump as final destination for the solid waste disposal of the city. The workshop has the

	<p>objective to generate synergies and commitments around mitigation measures related to energy generation, valorisation and other technologies for the solid waste management.</p> <p>The PMR also supported the presence of an international expert in final solid waste management in the annual Meeting for the Integral Management of Municipal Solid Waste held in November 2017 in Cusco with more than 400 attendees from a large part of the municipalities of the country. The expert, who advised few years ago in the development the first LFG to energy project in Peru, which was a CDM project financed by the World Bank, talked about five technologies for reducing emissions in solid waste: Capture and flaring, LFG to energy project; semi aerobic; composting; and recycling.</p> <ul style="list-style-type: none"> ○ Multisectoral Dialogue for the Implementation of the Cement Industry NAMA within the framework of the NDC. <p>The main objective of the workshop, held in June 2018 in the Ministry of Production, was to establish an agreement between Produce and the cement companies to carry out the co-processing pilot project considered in the NAMA. The event was organized by Produce in conjunction with MINAM considering their role in the implementation of the NAMA and according with the Framework Agreement between those institutions for that purpose.</p> <p>The target of the event were public officials with competences in the evaluation and supervision in the areas of the cement industry and solid waste management, representatives of the guild of cement companies, and representatives of private companies that use clinker kilns. Thus, the number of attendees was around 30 persons; of which, 18% were female and 82% male.</p> <ul style="list-style-type: none"> ○ Participatory process for the preparation of the regulation of the Framework Law on Climate Change and related events. <p>The PMR Project contributed with MINAM for the participatory process for the Regulation of the Climate Change Law; in that sense the project staff participated in the elaboration of the content of the first version of the Regulation document, which includes the MRV components. Moreover the Project also collaborated with logistical aspects related to the realization of diffusion spaces and events.</p> <p>Among the mentioned events highlights the kick-off event of the process that took in place in Lima at the La Molina Agrarian University (UNALM) on May 14th 2018 and which included the participation of the Minister of the Environment, Mrs. Fabiola Muñoz, and the Director of the Graduate</p>
--	---

	<p>School of UNALM, Dr. Américo Guevara, between other authorities involve in climate change aspects. Below are some links that show what was presented in the aforementioned event:</p> <p> http://www.minam.gob.pe/cambio-climatico-peru/2018/05/10/minam-desarrollara-un-proceso-inclusivo-en-la-elaboracion-del-reglamento-de-ley-marco-sobre-cambio-climatico/ http://www.lamolina.edu.pe/Gaceta/edicion2018/notas/nota084.htm </p> <p>The schedule for the events of the participatory process for the preparation of the Regulations of the Framework Law on Climate Change, where the PMR Project Staff is involved in, could be found in the link below: http://www.minam.gob.pe/cambioclimatico/dialoguemos-reglamento-lmcc/ </p> <ul style="list-style-type: none"> ○ Elaboration of communication material related to mitigation of GHG emissions and national MRV framework. The PMR Project hired a communication specialist that gave support to the communication team of the GDCCD of MINAM and contributed to the elaboration of the following materials: <ul style="list-style-type: none"> - Communication plan for the participatory process for the Regulation of the Framework Law on Climate Change. - Actualization of the mini-site for information about the participatory process for the Regulation of the Framework Law on Climate Change: www.minam.gob.pe/cambioclimatico - Elaboration of informative toolkit for social media from MINAM (Facebook and Twitter) to be used for participatory events denominated Multisectoral Dialogues. - Design of the pocket version for diffusion of the Framework Law on Climate Change in Spanish and Quechua. - Communication material related to mitigation measures developed under the MWG-NDC process. <p>The communicational elements for the next year will be focused on highlight the importance of the MPNM for the NDC and its implementation. Therefore, there will be activities related to engage stakeholders to the National registry of mitigation measures and to the Peruvian carbon footprint.</p>
--	---

If necessary, please add components in the table above.

5. PROGRESS, CHALLENGES, AND LESSONS LEARNED

Important policy or regulatory developments related to the Grant’s objectives and activities:

Progress and challenges:

There are two crucial aspects that facilitate the progress of the PMR Project activities but also represent big challenges for the staff and their relation with the priorities of MINAM. The first aspect is the technical assistance provided by MINAM to other sectors for the definition of mitigation measures, this process is under in the framework of the MWG-NDC, where the PMR Project has a main role in it by hiring in-house consultants that work along with the sector, the DMGHG and the PMR Project staff. This approach, described in the previous sections of this document, allows to align the activities of the Project such as the definition of MRV at the national level and its impact in the definition of measures and the emission reduction scenarios, but also implies to handle with the procedures of the public sector and related formalities that take more time to define actions, however it gives more sustainability as guaranties the effective inclusion of the outcomes of the project to governmental agenda.

The second aspect that have had an important impact in the Project objectives is the promulgation of the Framework Law on Climate Change. As was defined in the PRODOC of the Project, one of the main activities is to contribute to the definition of the MRV system at a national level, the regulation to formalize it and the necessities tools to register and quantify emissions from measures and projects as part of the institutional framework for the NDC monitoring and access to carbon markets (MPNM). In this context, it was approved the Climate Change Law by the Parliament in April 2018, so the strategy of the project to define legal instruments to stablish the national MRV system, was adapted to include these aspects in the regulation of the mentioned Law. Similar to the previous theme, the process of regulation of the Law depends on different factors that could take time to approve it such as the required participatory process with civil society for its elaboration and the formal consultation with other sectors and indigenous organizations. However, regarding the time that will take, the document for the regulation of the Climate Change Law will give the major legal status for the definition of the MRV system allowing to achieve the Project goals.

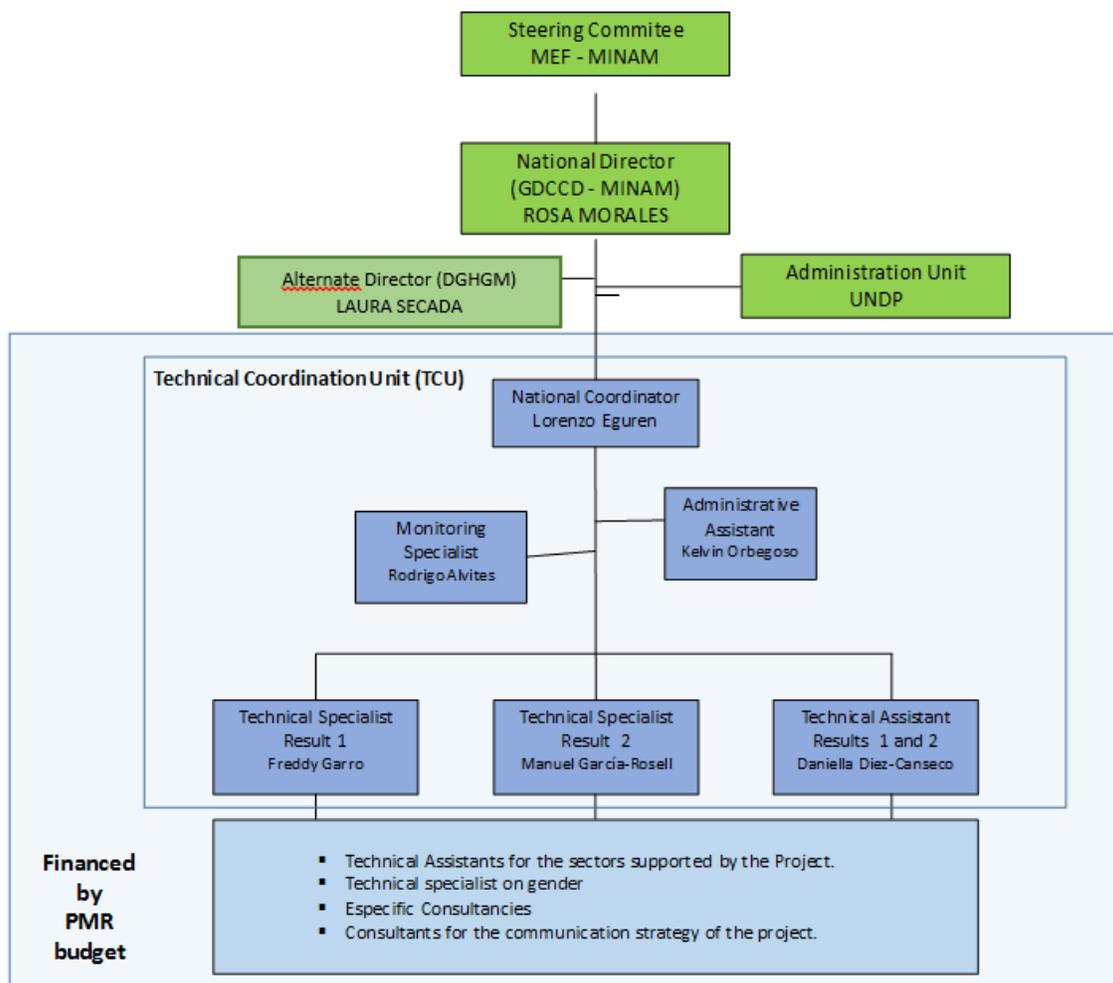
Lessons learned: To ensure the sustainability of some activities and the consecution of objectives for international cooperation projects working along with the government, it is important to introduce those activities in the priorities of public institutions, including the elaboration of planning instruments or legal documents, with a complementary approach. Thereby, even if the procedures and schedules of the public sectors are complex and could take more time than the planned, by including the main objectives of the project on those procedures will highly increase the probabilities of success of any activity.

Important changes in the technical design or approach related to the Grant's activities:

Until now there are no major changes in the technical design or approach related to the Grant's activities

Key capacity issues (implementation, technical, financial management, procurement) related to the Grant's activities:

Developments: MINAM as the management entity, has established a coordination structure according with the Prodoc of the PMR Project and to fulfil the necessities to achieve its goals. In the figure bellow, it is showed the institutional arrangements already set.



As was mentioned above and in previous reports, the structure adopted by the PMR project responds to the technical assistance approach for the sectors of energy, cement and waste management, which are the priority sectors established in the Prodoc of the project. Then, the capacities of entities involved in the development of mitigation measures are being strength by counting with staff in-house focused on coordinate the generation of information and with external support, as part of the staff of the project and MINAM, to coordinate the design process of the measure and to align the information with the national MRV and regulatory aspects under development.

Moreover since 2017 the Regulation for Organization and Functions (ROF) of MINAM was modified. The ROF is a legal document for public institutions in Peru that defines the organization, areas and the general functions of the institution and the specific functions each of the areas. In this modified version of the ROF of MINAM was included the DGHGM as part of the GDCCD, so this new organic unit assumed all functions related to GHG mitigation. Considering the established functions for the DGHGM, the

Director of this unit is in charge of most of the projects of MINAM with mitigation components, in consequence the PMR Project is part of the DGHGM.

On the other hand, regarding the financial management of the project and considering the work of the previous years, the planned budget for 2018 of the project, the execution of the grant is around 60% of the total budget considered by the implementation period: 2017-2019.

In addition to the main organizational structure described above, during the evaluated period there were some services required to strength capacities in some ministries and MINAM in MRV and mitigation measures development. The list of additional services hired during 2018 are listed below:

Activity supported	Consultant / Consultant Firm	Service
Cement mitigation measures	Carlos Caceres Casaverde	Nama Cement Coordinator - PRODUCE
	Rocio Magaly Olaya Schreiber	GHG Specialist - PRODUCE
Advice in mitigation measures related to sanitation	Guillermo León Suematsu	Technical assistance to the Ministry of Housing to defines mitigation measures in the sanitation area and to pilot one of them in the MPNM
Solid Waste mitigation measures	Ines Mercedes Mendoza Camac	GHG Specialist -Solid Waste - MINAM
Energy mitigation measures	Juan Carlos More Cardenas	Economic Evaluation Specialist for energy measures - MINEM
	Vanessa Montesinos Rey	Economic Evaluation Specialist for energy measures - MINEM
Legal advice	Javier Galdos	Legal advice for regulating the Peruvian carbon footprint
Legal MRV aspects	María Angelica Rondon Mestanza	Legal Specialist on Climate Change
MRV tools	ALWA	Development of the Peruvian carbon footprint
	Kinryu S.A.C. (Atomikal)	Art Design of the Peruvian carbon footprint
	Markit Group Limited	Design of the National Registry of Mitigation Measures
Communication	Jorge Gabriel Luyo Pineda	Consultant for communication campaign for NDC implementation
	Gisella Milagros Basso de Amat	Specialist in graphic design

Challenges:

According to the period of execution, 2019 is the year in which the project ends and the goals must be met. In this sense, the activities of the Project require to reach a considerable impact in the sectors and MINAM in order to have the expected products. Thus, it is required that the capacities strengthened so

far by the project continue to ensure the sustainability of the mitigation measures and the MRV tools created.

Moreover, it will be crucial for the implementation of the NDC and the functioning of the MRV tools under development, to assure the availability of financial funds to continue with the technical assistance to public and private entities in charge of mitigation measures to develop enable conditions for their implementation, that will also include pilot initiatives for carbon markets. In that sense, it's necessary to explore alternatives to continue with the support of the PMR in Peru.

Coordination with other carbon pricing initiatives, including those funded by other donors:

Five main activities have been developed in this period related to carbon pricing.

- I. Peru signed the Declaration of Cali, as part of the Pacific Alliance, which is a commercial alliance between Chile, Mexico, Colombia and Peru. In its paragraph 5, it is declared that the Pacific Alliance *"will intensify the efforts of our countries in the measurement, reporting and verification of CO2 and other greenhouse gas emissions with a view to identifying possible voluntary market mechanisms between the countries of the region"*. In this framework, and with the cooperation of the PMR and the government of Canada, the Pacific Alliance has been developing a road map in year 2018 for the next three years on MRV that includes issues related to carbon pricing such as tax and market tools, methodologies, impact of carbon pricing in emission reductions, integration of carbon pricing to MRV systems and technology. The Peruvian technical staff of the PMR in Peru, is part of the technical team to develop this road map.
- II. In the framework of the MWG-NDC, it has been established to consider the Social Price of carbon dioxide for the social economic evaluation of the mitigation measures promoted by the government for the NDC. The Ministry of Economy and Finances of Peru established it in US \$ 7.17 per tonne of CO2.
- III. The Peruvian carbon footprint will offer the opportunity to develop a domestic voluntary market for offsets to neutralize emissions of national private and public organizations while contributing to the NDC.
- IV. In the framework of the consultancy supported by NEFCO called "Opportunities for the implementation of Article 6 of the Paris Agreement in the solid waste sector in Peru", the PMR project staff provided technical inputs on a pilot proposal that includes a cooperative agreement with the aim of generating a useful experience for Peru with a view to its preparation for the implementation of Article 6 and at the same time to promote the implementation of the National Mitigation Actions for solid waste management for the NDC. This consultancy also allowed several exchanges within the DGCCD regarding the structure of a potential transaction and the procedural implications that will improve the performance of the national registry and the accounting of emission reduction.
- V. A formal dialogue will be initiated with the Switzerland Government to explore the possibility of signing an agreement between countries to negotiate emission reductions related to a pilot project of improved stoves. This exercise aims to develop capabilities, identify needs and also explore the implications of a potential transaction between countries, under Article 6 of the Paris Agreement. In this context, the DGCCD and PMR Project staff is directly involved through the preparation of technical inputs that nurture the discussion, especially on issues

related to governance and procedures for an eventual transaction of emissions reduction considering the achievement of the NDC goals and to avoid double accounting.

Stakeholder engagement related to the Grant's activities:

Developments: As explained in the first progress report, the project has applied a strategy of hiring consultants to provide technical assistance to the institutions involved in the outcomes of the project and place them as an integral part of their staff. Thus, the specialists in the project are not only integrated with the staff of the GDCCD of MINAM in charge of executing the project, but also in the entities that are supporting the initiatives that are going to pilot the MPNM. And as mentioned before, two process have contributed to facilitate the integration of the project outcomes into the public management system related to climate change in Peru: the Multisector Working Group established for the preparation and implementation of Peru's Nationally Determined Contributions (MWG-NDC) and the promulgation of the Framework Law of climate change in April 2018. The technical assistance of the project complemented those processes, with the MWG-NDC to obtain the initiatives for piloting the MPNM and with the Law to formalize the tools of the MPNM (The national registry for emission reduction initiatives and the Peruvian carbon footprint registry).

On the other hand, the carbon footprint has served as a catalyst to collect the request of the private sector to register and recognize their effort that is being made in mitigating climate change. Thus, there is already a lot of expectation to participate in the training workshops that will be carried out.

Challenges: The challenge remains in the low articulation and commitment of the different sectors to implement the climate change agenda related to the NDC. This falls into two reasons, 1) that it is yet not incorporated into budget or operational public plans; and 2) that it requires coordination between various actors, from public and private arena.

However, the idea of putting in-house consultants has reinforced the institutionally on climate change of the involved ministries. On this regard, at the highest level of the public management, mitigation measures are already in the process of being incorporated into their plans which includes the process of hiring employees for that. For example, in the Ministry of Production, in addition to having the inter-institutional cooperation agreement with MINAM for the implementation of the NAMA for the cement industry, they have hired an officer to be in charge of climate change topics. In the energy and the solid waste sectors, their public employees already devote part of their time to the definition of mitigation measures. Besides that, the support to the MWG - NDC process has allowed for the first time to have an official list of mitigation measures for NDC compliance and that serves as the basis data for the national registry of mitigation measures supported by the PMR.

Lessons learned: It is reaffirmed that permanent in-house consultants providing technical assistance and working as liaisons between the project and key entities are useful for the implementation of the MRV system in Peru and to achieve the PMR project outcomes. It is also crucial to fit to the national agenda on climate change to facilitate the engagement of the outcomes of projects with the government priorities.