



ADAPTATION FUND

AFB/PPRC.29/31
9 March, 2022

Adaptation Fund Board
Project and Programme Review Committee
Twenty-ninth Meeting
Bonn, Germany (hybrid meeting), 5-6 April 2022

Agenda Item 8 a)

PROPOSAL FOR ENHANCED DIRECT ACCESS PROJECT FOR PERU

Background

1. At its thirtieth meeting, having considered document AFB/B.30/5/Rev.1, the Adaptation Fund Board decided:

- (a) *To adopt the medium-term strategy as amended by the Board, as contained in the Annex 1 of the document AFB/B.30/5/Rev.1 (the MTS); and*
- (b) *To request the secretariat:*
 - (i) *To broadly disseminate the MTS and work with key stakeholders to build understanding and support;*
 - (ii) *To prepare, under the supervision of the MTS task force, a draft implementation plan for operationalizing the MTS, containing a draft budget and addressing key assumptions and risks, including but not limited to funding and political risks, for consideration by the Board at its thirty-first meeting; and*
 - (iii) *To draft, as part of the implementation plan, the updates/modifications to the operational policies and guidelines of the Adaptation Fund needed to facilitate implementation of the MTS, for consideration by the Board at its thirty-first meeting.*

(Decision B.30/42)

2. Pursuant to decision B.30/42, subparagraph (b) (ii), the secretariat prepared a draft implementation plan for the MTS, including an assessment of assumptions and risks. The secretariat shared a version of the draft with the MTS task force for comments.

3. The draft implementation plan also contains suggestions for specific funding windows that might be opened under the MTS in complement of the Fund's existing funding windows for single-country and regional adaptation projects and readiness support projects. Following the approval of the implementation plan, the secretariat would present specific proposed details for each new funding window at subsequent meetings of the Board for its consideration, in accordance with the timeline contained in the implementation plan.

4. At its thirty-first meeting, the Adaptation Fund Board discussed the draft implementation plan for the MTS, and members of the Board proposed amendments to the document. The secretariat then presented a revised draft, in document AFB/B.31/5/Rev.1. Having considered that document, the Board decided:

- (a) *To approve the implementation plan for the medium-term strategy for the Fund for 2018–2022 contained in the Annex I to document AFB/B.31/5/Rev.1 (the plan);*
- (b) *To request the secretariat:*

[...]

- (iii) *To prepare, for each proposed new type of grant and funding window, a specific document containing objectives, review criteria, expected grant*

sizes, implementation modalities, review process and other relevant features and submit it to the Board for its consideration in accordance with the tentative timeline contained in Annex I to document AFB/B.31/5/Rev.1, with input from the Board's committees;

- (iv) Following consideration of the new types of support mentioned in subparagraph (b)(iii), to propose, as necessary, amendments to the Fund's operational policies and guidelines Fund to better facilitate the implementation of such new types of support; and*

[...]

(Decision B.31/32)

5. Having recognized that there was a high level of interest among the Fund's stakeholders on Enhanced Direct Access (EDA), a specific funding window on EDA was included in the MTS implementation plan to complement the Fund's existing funding window for single-country projects.

6. At the second session of its thirty-fifth meeting, the Board considered the document AFB/PPRC.26.b/18, Window for Enhanced Direct Access under the MTS and the Board decided:

(a) To approve the pilot for projects submitted through the window for enhanced direct access (EDA) to promote EDA and further promote locally led adaptation under the Fund;

(b) That the pilot window to promote EDA projects/programmes shall be available to national implementing entities (NIEs) only, in the form of a grant up to a maximum of US\$5 million per country;

(c) That the window for EDA will not count against what the country could access under the country cap established by the Board for regular concrete projects/programmes;

(d) That the execution costs for proposals submitted under the EDA window should be up to a maximum of 12 per cent of the total project/programme budget requested before the implementing entity fees, and should not exceed 1.5 per cent in cases where the Implementing Entity has also taken on the role of Execution Entity for the proposed project/programme activities, and that the implementing entity fee should be up to a maximum of 10 per cent of the total project costs;

(e) That NIEs submitting proposals through the EDA window should do so using the existing approved proposal template and guideline materials for regular concrete projects/programmes nonetheless taking note of the project fees in subparagraph (d) and that EDA proposals submitted through the two-step project approval process are eligible for the project formulation grant and project formulation assistance grant as per the approved criteria by the Board for those grants;

(f) That the review cycle and approval of projects/programmes submitted through the EDA window shall follow the review and approval process as well as reporting requirements for regular projects/programmes under the Fund notwithstanding adherence to subparagraph where it concerns the review and approval of project fees; and

(g) To request the secretariat to present to the PPRC at its twenty-eighth meeting, an analysis of the project review cycle for EDA projects including an update on the implementation status of the EDA window.

(Decision B.35.b/10)

7. Having considered the recommendation of the Project and Programme Review Committee, the Board decided to include in its work programme for fiscal year 2022 a provision for an amount of US\$ 20.2 million, to be provisionally set aside as follows:

(a) Up to US\$ 20 million for the funding of Enhanced Direct Access projects;

(b) Up to US\$ 200,000 for the funding of project formulation and project formulation assistance grant requests for preparing Enhanced Direct Access fully-developed project documents.

(Decision B.36/2)

8. Subsequently the first call for project and programme proposals under the indicative set amount of US\$ 20 million was issued to eligible Parties to submit Enhanced Direct Access project and programme proposals to the Fund through accredited NIEs.

9. The following project concept document titled “Fund for innovative solutions in adaptation in Peru” was submitted for Peru by the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), which is a National Implementing Entity of the Adaptation Fund.

10. This is the first submission of the proposal, using the two-step submission process.

11. The current submission was received by the secretariat in time to be considered in the thirty-eighth Board meeting. The secretariat carried out a technical review of the project proposal, assigned it the diary number AF00000283, and completed a review sheet.

12. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with PROFONANPE, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

13. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25/15, the proposal is submitted with changes between the initial submission and the revised version highlighted or with track changes.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: EDA - Regular-sized Project Concept

Country/Region:	Peru	
Project Title:	Fund for innovative solutions in adaptation in Peru	
Thematic Focal Area:	Multisector project	
Implementing Entity:	Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	
Executing Entities:	Profonanpe	
AF Project ID:	AF00000283	
IE Project ID:		Requested Financing from Adaptation Fund (US Dollars): 5,000,000
Reviewer and contact person:	Cristina Dengel	Co-reviewer(s): Ishani Debnath
IE Contact Person:		

Technical Summary

The EDA project “Fund for innovative solutions in adaptation in Peru” aims to increase the population's capacity to adapt to climate change through the financing of adaptation measures prioritised in the NDCs in the areas of water, forests and agriculture.

Project/Programme Background and Context:

Component 1: Training and technical advice for the development of proposals and project management (USD 277,250.00)

Component 2: Review and approval of proposals under EDA guidelines (USD 83,260)

Component 3: Management of EDA grants (USD 4,179,682).

Requested financing overview:

Project/Programme Execution Cost: USD 68,102.88

Total Project/Programme Cost: USD 4,608,294.88

Implementing Fee: USD 391,705.06

Financing Requested: USD 5,000,000.00

	<p>The proposal does not include a request for a project formulation grant and/or project formulation assistance grant.</p> <p>The initial technical review raises some issues, such as the adaptation objective, EDA rational in addressing the identified capacity gaps in the targeted communities and concreteness of proposed activities, cost effectiveness, adequate stakeholder consultations, identification, screening and addressing of environmental and social risks in line with the Adaptation Fund ESP, gender considerations and exceeding the limit of the project cap funding under the EDA window as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.</p> <p>The final technical review finds that the proposal has not adequately addressed the majority of the CR and CAR requests raised at initial technical review. Namely, the articulation of the EDA rationale and the expected targeted communities, equitable distribution of project benefits, adequate cost effectiveness analysis, adequate stakeholder consultation, adequate risk screening focusing on the risk of negative impacts and unwanted negative impacts. Furthermore, the initial gender assessment presented is at the national level and doesn't include the vulnerability of women, youth and other vulnerable groups in the target area.</p> <p>The concept note is not recommended for endorsement.</p>
Date:	14 February 2022

Review Criteria	Questions	Comments Initial Technical Review	Comments Final Technical Review
Country Eligibility	1. Is the country party to the Kyoto Protocol?	Yes	-
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	Yes. The Andean ecosystems of Peru and the population who live there are highly vulnerable to the climate change, particularly to drought (Central and Southern Andes), threats to the communities' productive systems linked to agriculture and livestock. (pages 1-5)	-

Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	Yes , as seen in the LoE signed Jan 10, 2022.	-
	2. Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	Yes . The length of the proposal is 21 pages, including Annexes and LoE.	-
	3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	<p>Not clear.</p> <p>The project does not describe concrete characteristics of activities that could be funded or funding windows that may be financed through the EDA mechanism. The EDA mechanism that will be employed under each component how the funds will flow, who the exact target groups (vulnerable groups, CSOs, etc.) are unclear.</p> <p>CR1: Please provide specifics on the target areas, including actual and projected climate impact in the target areas and location specific vulnerabilities.</p> <p>CR2: Please explain the EDA rationale in relation to the climate scenario outlined in the background section of the proposal</p>	<p>CR1: Cleared. On pages 9-14, table 1 describes the concrete characteristics of activities to be funded through the EDA mechanism.</p> <p>CR2: Not Clear.</p> <p>While an explanation of the EDA rationale has been provided in the response to the initial technical reviews, it is still unclear in the concept note. The response to the initial technical review notes that the EDA mechanism will improve the capacity in identifying and understanding the impacts of climate change on the livelihoods of the targeted communities and address the enabling condition of the lack of financial mechanisms for the implementation of innovative solutions.</p>

		<p>CR3: Please clearly identify the target communities and explain the specific adaptation challenges faced by the target communities. Please also clarify how the EDA mechanism will lead to increased resilience and reduced vulnerability of the target group</p> <p>CR4: Please provide an explanation and description of why an EDA mechanism would be best in addressing the adaptation challenges and needs identified in the proposal.</p> <p>CR5: Please provide details on the funding model and how will it work - process for developing specific funding requests and proposals made by local beneficiaries at the subnational level, including the review and decision-making process for those requests.</p> <p>CR6: Please clarify whether the EDA funding mechanism through PROFONANPE will be doing on-granting or loans or a mix.</p> <p>CR7: Since the project includes a funding mechanism for finding local projects, activities are unidentified at this stage. Therefore, please clarify (1) the process for grant selection, (2) the selection criteria, (3) how women, girls and youth and other vulnerable groups will be considered, (4) identify themes and characteristics of activities that</p>	<p>However only a general explanation has been provided for the EDA rational on table 1 in pages 9-14.</p> <p>CR3: Not Cleared. It is understood that only a general target population and geographic scope have been identified at this point as noted on pages 9-14. However, at this stage it should be possible to broadly indicate the target population. The entity has proposed that the beneficiaries specifically will be identified once they are presented in the call for proposals, which is acceptable.</p> <p>CR4: Not Cleared.</p> <p>While additional information is provided in table 2 with eligibility criteria for projects financed by the EDA, the information provided does not include an explanation of why an EDA mechanism is best for addressing these challenges.</p> <p>CR5: Cleared, as noted on pages 17-8, and the flow of funds, including the review and decision-making process have been noted on pages 21-23.</p> <p>CR6: Cleared, as noted on page 22. The EDA funding mechanism through PROFONANPE will be doing on-granting.</p>
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		could be funded through the mechanism the EDA mechanism.	<p>CR7: Not Cleared. While the process of grant selection and the selection criteria have been explained on pages 17-18, description of how youth and other vulnerable groups will be considered is not clear. The themes and characteristics of activities that could be funded through the EDA mechanism is noted in table 1 on pages 9-14.</p> <p>Please provide clarification on how women, girls and youth and other vulnerable groups will be considered.</p>
	4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<p>Not clear.</p> <p>Target beneficiaries, presence of vulnerable and marginalized group including gender disaggregated data has not been provided.</p> <p>CR8: provide information on the expected beneficiaries of the project, with particular reference to the equitable distribution of benefits to vulnerable communities, households, and individuals. In meeting this requirement, the project should demonstrate compliance with the environmental and social principles as outlined in the Adaptation Fund Environmental and Social Policy. It</p>	<p>CR8: Not Cleared. The entity has proposed that the beneficiaries will be identified once they are presented in the call for proposals. At this stage, only a general description of the expected beneficiaries has been provided in Table 1 on pages 9-14. Page 30 demonstrates how the project is in compliance with the environmental and social principles as outlined in the Adaptation Fund Environmental and Social Policy.</p> <p>Please provide information on the expected beneficiaries of the EDA programme, with particular reference to the equitable distribution of benefits to vulnerable communities, households,</p>

		<p>should also demonstrate compliance with the Fund's Gender Policy.</p> <p>CAR1: Please include an initial gender analysis and/or assessment to determine the different needs, capabilities, roles and knowledge resources of women and men, and/or identify how changing gender dynamics might drive lasting change.</p>	<p>and individuals, particularly to vulnerable communities</p> <p>CAR 1:Not Cleared.While an initial gender assessment at the national level is included on pg. 24-26, at concept stage the gender assessment needs to be narrowed down to the impacted communities and vulnerable groups the interventions are aimed at.</p> <p>Please include an initial gender assessment clearly including the impacts on the targeted communities.</p>
	5. Is the project / programme cost effective?	<p>Not clear, needs more elaboration.</p> <p>The project does not provide a clear description of the alternative options to the proposed measures.</p> <p>CR9: Please provide a clear description of alternative options to the proposed measures that would receive the same outcome, including how proposed cost effectiveness is ideal from a sustainability point of view.</p>	<p>CR9: Not Cleared. The entity has proposed to present the detailed solutions to the thematic areas to be analysed in the technical assessment phase of the grant appraisal procedure.</p> <p>There is no description of how the adaptation objectives of the EDA approach could have been reached using alternative approaches. Please provide a clear description of alternative options to the proposed measures, that includes comparison to other possible interventions that could have taken place to help adapt and build resilience of the target beneficiaries and provide quantitative estimates where feasible and useful.</p>

	6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	<p>Not clear.</p> <p>However, it has not been described in detail how it is consistent with any of them; they are simply listed.</p> <p>CR10: Please provide more detailed explanation of how the project is consistent with the other identified policies and strategies</p>	CR 10: Cleared , as per details on pages 27-29. More details have been provided explaining alignment with Peru's national and sub-national plans and strategies.
	7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	<p>Not clear.</p> <p>CR11: Please explain in detail how compliance with relevant technical standards will be met, for example, to address environmental assessments, or land use or tenure regulations, as required by national or sector specific regulations.</p>	CR 11: Cleared , as per details on pages 29-30.
	8. Is there duplication of project / programme with other funding sources?	<p>Not clear. There is some discussion on pg. 16 but it is incomplete.</p> <p>CR12: Please include a clear presentation of the location of the conservation areas for projects under 1. and 2. to ensure no overlap.</p>	CR12: Cleared.
	9. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	<p>Yes, as described on pg. 16</p> <p>At the full proposal stage, please include a knowledge dissemination strategy for the vulnerable communities in the affected area as well.</p>	-

	<p>10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>Not clear. As described on pgs. 16 and 17, a preliminary consultation has taken place with Profonanpe, MINAM and SERNANP. However, a comprehensive, gender-responsive consultative process must be undertaken, and must involve all direct and indirect stakeholders of the project, including vulnerable groups and taking into account gender considerations. Please ensure that all the stakeholders involved in the consultation process are identified in the project proposal with attention to minority groups, marginalized and vulnerable groups, and indigenous people in the project target areas, where relevant.</p> <p>CAR2: Please identify all stakeholders involved in the projects and include a consultation report as an annex including the list of stakeholders already consulted (principles of choice, role ascription, date of consultation). A description of consultation techniques (tailored specifically per target group), key findings (in particular suggestions and concerns raised). Please also include under project implementation arrangements, a framework that allows for stakeholders' views to be heard during project implementation.</p>	<p>CAR 2: Not Cleared. The entity proposed that a detailed consultation process will be executed for the development of the Full Proposal including: MIDAGRI, ANA, Indigenous organizations, producer associations, unions, academia, and the private sector. At this stage, only consultations with MINAM have been made.</p>
	<p>11. Is the requested financing justified on the basis of full cost of adaptation reasoning?</p>	<p>Not clear.</p> <p>CR12: Please provide a clear description of how proposed activities</p>	<p>CR 12: Not Cleared. While the future benefits are listed on page 32, no description has been provided in the concept note of how the proposed</p>

		<p>are relevant in addressing the project's adaptation objectives and that, taken solely, without additional leveraged funding from the targeted beneficiaries the proposed activities would help achieve project objectives. In doing this, please clearly describe how Adaptation Fund project will deliver its outcomes and outputs regardless of the requirement for finance leveraged from other sources.</p>	<p>activities are relevant in addressing the project's adaptation objectives. However, the entity explained the rationale and provided a brief description in the response to the initial technical review. The entity noted the following:</p> <p>The proposed activities of the EDA are expected to promote decision-making in the programming of internationally allocated funds to the national and sub-national levels. The screening, review and selection of projects will be done by Profonanpe, as national implementing entity and the key multisector stakeholders involved in the prioritized adaptation measures implementation.</p> <p>The EDA activities include capacity building for local organizations to develop robust proposals for adaptation solutions, as well as dissemination of sub-project results and shared lessons learned on EDA.</p> <p>In addition, the project will strengthen capacity of Profonanpe to review and approve proposals under EDA as well as will increase readiness and capacity to directly access and programme adaptation finance. The latter will promote the investment in evidence-based and prioritized adaptation measures for the country in the thematic areas of water, forests and</p>
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			<p>agriculture that will reduce exposure and vulnerability of water supply or agricultural emergencies.</p> <p>The sub grants delivered by the EDA will finance the proposed activities by local organizations evaluated according to the EDA grant appraisal process, even without the potential leveraged expected for the sub projects, The Adaptation Fund resources will deliver the outcomes and outputs of the proposal.</p> <p>Please link expected project outcomes to the adaptation objectives of the EDA model and approach, and clearly articulate how outcomes will be achieved regardless of the requirement for finance leveraged from other sources.</p>
	12. Is the project / program aligned with AF's results framework?	<p>Not clear.</p> <p>CAR3: Please include alignment with the AF Strategic Results Framework in the description of components.</p>	CAR 3: Cleared. The project is aligned with outcome 2. (page 23).
	13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	Not clear. Some details are provided with regard to local communities' sustainability, sustainability at the sub-national and national level and participation of academia and research centers.	CR 13: Not Cleared. Whilst a brief description has been provided in the response to the initial technical review on how built capacity will remain beyond the project lifespan, it is not clearly explained in the concept note. (pages 32-33)

		<p>CR13: Please provide a clear description of how the adaptation benefits achieved with the help of the project can be sustained after its end, and possibly enable replication and scaling up with other funds after its end. Please explain the arrangements through which this would be achieved, considering sustainability of any proposed interventions.</p> <p>CR14: Please clearly describe and address all key areas of sustainability, including but not limited to economic, social, environmental, institutional, and financial sustainability.</p>	<p>Please revise the section and provide a clear description of the arrangements through which adaptation benefits beyond the project lifespan would be achieved, considering sustainability of any proposed interventions.</p> <p>CR14: Cleared, as described in page 33.</p>
	<p>14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>Not clear. A checklist of environmental and social principles is included in on pages 18. However, risk finding are not evidence based, there is no description or initial assessment of gender considerations.</p> <p>CAR4: Please include the risk category (A, B or C).</p> <p>CAR5: Please revise the risk screening table such that the focus is on the risk of negative impacts, and not about the outcome of the balance of negative impacts and positive outcomes. The focus of the section of the proposal on environmental and social risks should be on the risks of unwanted negative impacts. Please do not weigh the risk of</p>	<p>CAR 4: Cleared. The proposal has been classified as Category B, as sub projects have been identified to have potential limited adverse environmental or social risks and/or impacts that can be readily addressed through mitigation measures. (Page 33)</p> <p>CAR 5: Not Cleared. The risk table still largely focuses on the balance of negative impacts and positive outcomes, instead of the risk of negative impacts or unwanted negative impacts. Please revise the risk screening table such that focus is on the risk of negative impacts, explaining in detail what the risks are, and assumptions in</p>

		<p>such negative impacts against the expected positive outcomes. This section needs to explain in detail what the risks are, and assumptions in the risk assessment need to be stated and justified. To the greatest extent possible, interpretation needs to be separate from the presentation of facts and data. Knowledge gaps should be identified, and where these prevent adequate risk assessment, an explanation should be included on how this was addressed.</p> <p>We suggest using the following guidance case studies to help complete this section. https://www.adaptation-fund.org/document/environmental-social-and-gender-policy-case-studies/</p> <p>Please note that <u>for the fully developed proposal</u>, an ESMP must be submitted that</p> <ul style="list-style-type: none"> - Provides a detailed description of the process that will be applied during project implementation to ensure that all USPs comply with the AF ESP. - Contains clearly allocated roles and responsibilities for its implementation, - Includes opportunities for consultation and adaptive management, clear 	<p>the risk assessment need to be stated and justified.</p>
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		<p>arrangements for the IE to supervise executing entities for implementation of the ESMP, a clear description of the grievance mechanism in place, mentioning all parts of the grievance process, including where grievances can be addressed and clear monitoring and evaluation arrangements for ESP compliance.</p> <p>Includes a budget provision for implementation of the ESMP should also be provided in the detailed budget section of the proposal.</p>	
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	<p>No. The requested funding is USD 5,465,145 which exceeds the project cap of USD 5 million for the EDA funding window.</p> <p>CAR6: Please revise the budget to fall in line with the country cap of USD 5 million for the EDA funding window. For more information, please see link attached: https://www.adaptation-fund.org/apply-funding/enhanced-direct-access-eda-grants/</p>	CAR 6: Cleared , as presented on page 6.
	2. Is the Implementing Entity Management Fee at or below 10 per cent of the total project/programme budget before the fee?	<p>Yes. The Implementing Entity fee is within the cap and is 8.5%.</p>	-

	3. Are the Project/Programme Execution Costs at or below 12 per cent of the total project/programme budget (including the fee)?	<p>Yes. The Executing Entity is different from the IE and the fee is 8.67%.</p> <p>CAR7: Kindly justify HELVETAS Swiss Intercooperation as the executing entity. Please confirm/clarify whether the proposed executing entity has a country office in Peru which has the capacity to execute the project.</p>	CAR 7: Cleared. The entity has requested the Secretariat to review the CAR that the executing entity is the same as the Implementing Entity, which is Profonanpe. However, it must be noted that in the previously submitted concept note, the entity had mentioned HELVETAS as the executing entity.
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	Yes.	
Implementation Arrangements	1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?	n/a at concept stage	
	2. Are there measures for financial and project/programme risk management?	n/a at concept stage	
	3. Are there measures in place for the management of for	n/a at concept stage	

	environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?		
	4. Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage	
	5. Is an explanation and a breakdown of the execution costs included?	n/a at concept stage	
	6. Is a detailed budget including budget notes included?	n/a at concept stage	
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	n/a at concept stage	
	8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage	
	9. Does the project/programme's	n/a at concept stage	

	results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?		
	10. Is a disbursement schedule with time-bound milestones included?	n/a at concept stage	



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: EDA - Regular-sized Project Concept

Country/Region:	Peru
Project Title:	Fund for innovative solutions in adaptation in Peru
Thematic Focal Area:	Multisector project
Implementing Entity:	Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)
Executing Entities:	Profonanpe
AF Project ID:	
IE Project ID:	
Requested Financing from Adaptation Fund (US Dollars):	5,000,000
Reviewer and contact person:	Cristina Dengel
Co-reviewer(s):	Ishani Debnath
IE Contact Person:	

Technical Summary

The EDA project “Fund for innovative solutions in adaptation in Peru” aims to increase the population's capacity to adapt to climate change through the financing of adaptation measures prioritised in the NDCs in the areas of water, forests and agriculture.

Project/Programme Background and Context:

Component 1: Training and technical advice for the development of proposals and project management. (USD 277,250.00)

Component 2: Review and approval of proposals under EDA guidelines. (USD 83,260.00)

Component 3: Management of EDA grants (USD 4,179,682).

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	<p>The proposal does not include a request for a project formulation grant and/or project formulation assistance grant.</p> <p>The initial technical review raises some issues, such as the adaptation objective, EDA rational in addressing the identified capacity gaps in the targeted communities and concreteness of proposed activities, cost effectiveness, adequate stakeholder consultations, identification, screening and addressing of environmental and social risks in line with the Adaptation Fund ESP, gender considerations and exceeding the limit of the project cap funding under the EDA window as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.</p>
Date:	25 January 2022

Review Criteria	Questions	Comments	Response
Country Eligibility	3. Is the country party to the Kyoto Protocol?	Yes	NA.
	4. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	Yes. The Andean ecosystems of Peru and the population who live there are highly vulnerable to the climate change, particularly to drought (Central and Southern Andes), threats to the communities' productive systems linked to agriculture and livestock. (pages 1-5)	NA.
Project Eligibility	15. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	Yes , as seen in the LoE signed Jan 10, 2022.	NA.
	16. Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	Yes. The length of the proposal is 21 pages, including Annexes and LoE.	NA.

	<p>17. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?</p>	<p>Not clear.</p> <p>The project does not describe concrete characteristics of activities that could be funded or funding windows that may be financed through the EDA mechanism. The EDA mechanism that will be employed under each component how the funds will flow, who the exact target groups (vulnerable groups, CSOs, etc.) are unclear.</p> <p>CR1: Please provide specifics on the target areas, including actual and projected climate impact in the target areas and location specific vulnerabilities.</p> <p>CR2: Please explain the EDA rationale in relation to the climate scenario outlined in the background section of the proposal</p> <p>CR3: Please clearly identify the target communities and explain the specific adaptation challenges faced by the target communities. Please also clarify how the EDA mechanism will lead to increased resilience and reduced vulnerability of the target group</p> <p>CR4: Please provide an explanation and description of why an EDA mechanism would be best in addressing</p>	<p>CR1: Table 1 has been added with Measure's climate characteristic to be financed by the EDA mechanism</p> <p>CR2: The implementation of the EDA mechanism will make possible the reduction of population's vulnerability due to the increase in their capacity to identify and understand the impacts of climate change on their livelihoods, and consequently to design and implement innovative adaptation solutions to increase the available water supply affected in recent decades due to the increase in temperature, as well as improving agricultural and livestock productivity that has been and will continue to be affected by the droughts and heavy rains. The main vulnerable populations exposed to climate change are women, girls, boys and adults who belong to small-scale agriculture. Likewise, the implementation of the EDA seeks to address the enabling condition of the lack of financial mechanisms for the implementation of innovative solutions.</p> <p>CR3: At this level, under the EDA modality, a general target population and geographic scope have been identified in table 1, since the</p>
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		<p>the adaptation challenges and needs identified in the proposal.</p> <p>CR5: Please provide details on the funding model and how will it work - process for developing specific funding requests and proposals made by local beneficiaries at the subnational level, including the review and decision-making process for those requests.</p> <p>CR6: Please clarify whether the EDA funding mechanism through PROFONANPE will be doing on-granting or loans or a mix.</p> <p>CR7: Since the project includes a funding mechanism for finding local projects, activities are unidentified at this stage. Therefore, please clarify (1) the process for grant selection, (2) the selection criteria, (3) how women, girls and youth and other vulnerable groups will be considered, (4) identify themes and characteristics of activities that could be funded through the mechanism the EDA mechanism.</p>	<p>mechanism will identify beneficiaries once they are presented in the call for proposals. The adaptation challenges faced are described in Table 1.</p> <p>CR4: The EDA mechanism is the best option to address the barriers identified (enabling conditions) in the National Adaptation Plan of Peru because it provides a flow of local financing for adaptation, as well as technical assistance and training for the identification of the impacts of the climate change and the reduction of the vulnerability of local populations, mainly women and indigenous communities through the implementation of strategic production chains in peasant and native communities, implementation of adaptive technological innovation services in agricultural value chains, improvement of provision of water service and water security in hydrographic basins vulnerable to climate change.</p> <p>CR5: The EDA Grant Appraisal Procedure has been added in Component 1 description and the flow of funds scheme has been included in Component 3 description.</p> <p>CR6: The EDA funding mechanism will be doing on-granting.</p>
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			<p>CR7: (1) the process for grant selection has been described in figure 1. (2) The selection criteria is described in table 2 (3) project beneficiaries include a target of at least 30% women; gender responsive design will be incorporated in trainings and technical assistance and the sub-projects will be directly addressing identified gender barriers by supporting improved participation and decision-making for women in forest value chain, agricultural emergencies, access to, ownership, and maintenance of new assets that can increase water security and decrease collection times and associated risks for women and vulnerable groups. (4) themes and characteristics of activities that could be funded through the mechanism the EDA mechanism are described in literal A. output 1.1. and table 1.</p>
	<p>18. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and</p>	<p>Not clear.</p> <p>Target beneficiaries, presence of vulnerable and marginalized group including gender disaggregated data has not been provided.</p> <p>CR8: provide information on the expected beneficiaries of the project, with particular reference to the equitable distribution of benefits to vulnerable communities, households, and individuals. In meeting this requirement,</p>	<p>CR8: As mentioned before, the expected beneficiaries, in general terms, are described in table 1, since the mechanism will identify beneficiaries once they are presented in the call for proposals.</p> <p>As described in the background section and the initial gender analysis, women and vulnerable populations are the main affected by the climate change impacts,</p>

	<p>Gender Policy of the Fund?</p>	<p>the project should demonstrate compliance with the environmental and social principles as outlined in the Adaptation Fund Environmental and Social Policy. It should also demonstrate compliance with the Fund's Gender Policy.</p> <p>CAR1: Please include an initial gender analysis and/or assessment to determine the different needs, capabilities, roles and knowledge resources of women and men, and/or identify how changing gender dynamics might drive lasting change.</p>	<p>so the activities to be financed by the EDA will address this issue.</p> <p>Likewise, the activities of the subprojects will promote the participation of women in all aspects that entail their implementation, generating equal opportunities and equitable power relations that shorten social gender gaps.</p> <p>The subprojects will comply with the unrestricted respect for the existing environmental, social and labour regulations in the country, as well as the specific regulations related to their intervention activities. Likewise, they will respect human rights, with special attention to the rights of children and adolescents.</p> <p>None of the sub-projects managed by the EDA can violate the environmental, social, labour, human rights requirements, or the regulations binding on the specificity of the activity.</p> <p>They will be selected according to established criteria so that they meet minimum environmental, technical and social standards that will be aligned to the Social and Environmental Safeguards Policy of Profonampe and the Environmental and Social Policy of the Adaptation Fund.</p>
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			CAR 1: An initial gender analysis has been added in literal B.
	19. Is the project / programme cost effective?	<p>Not clear, needs more elaboration.</p> <p>The project does not provide a clear description of the alternative options to the proposed measures.</p> <p>CR9: Please provide a clear description of alternative options to the proposed measures that would receive the same outcome, including how proposed cost effectiveness is ideal from a sustainability point of view.</p>	<p>CR9: The EDA mechanism will deliver grants to sub projects through a call for proposals. So, the detailed solutions for the thematic areas proposed will be analysed in the technical assessment phase of the grant appraisal procedure. We have added as a criteria of evaluation the cost-effective approach of the subprojects presented to the EDA in order to approve activities that will be the better option to address adaptation solutions.</p>
	20. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	<p>Not clear.</p> <p>However, it has not been described in detail how it is consistent with any of them; they are simply listed.</p> <p>CR10: Please provide more detailed explanation of how the project is consistent with the other identified policies and strategies</p>	<p>CR 10: A detailed explanation has been added in literal D, part II.</p>

	21. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	<p>Not clear.</p> <p>CR11: Please explain in detail how compliance with relevant technical standards will be met, for example, to address environmental assessments, or land use or tenure regulations, as required by national or sector specific regulations.</p>	CR 11: A detailed explanation has been added in literal E, part II.
	22. Is there duplication of project / programme with other funding sources?	<p>Not clear. There is some discussion on pg. 16 but it is incomplete.</p> <p>CR12: Please include a clear presentation of the location of the conservation areas for projects under 1. and 2. to ensure no overlap.</p>	CR12: We kindly ask AF Sec to review the Clarification Request since it seems to be for the other proposal presented by Profonanpe.
	23. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	<p>Yes, as described on pg. 16</p> <p>At the full proposal stage, please include a knowledge dissemination strategy for the vulnerable communities in the affected area as well.</p>	NA.
	24. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<p>Not clear. As described on pgs. 16 and 17, a preliminary consultation has taken place with Profonanpe, MINAM and SERNANP. However, a comprehensive, gender-responsive consultative process must be undertaken, and must involve all direct and indirect stakeholders of the project, including vulnerable groups and taking into account gender considerations. Please ensure that all the stakeholders involved in the consultation process are identified in the project proposal with attention to minority groups, marginalized and</p>	CAR 2: We kindly ask AF Sec to review the Corrective Action Request, since the EDA doesn't work with SERNANP. As mentioned in the proposal, the consultations with the technical team of MINAM's Directorate of Adaptation to Climate Change and Desertification have been made. A defined consultation process will be executed for the development of the Full Proposal considering actors like: MIDAGRI, ANA, Indigenous organizations, producer associations, unions, academia, and the private sector.

		<p>vulnerable groups, and indigenous people in the project target areas, where relevant.</p> <p>CAR2: Please identify all stakeholders involved in the projects and include a consultation report as an annex including the list of stakeholders already consulted (principles of choice, role ascription, date of consultation). A description of consultation techniques (tailored specifically per target group), key findings (in particular suggestions and concerns raised). Please also include under project implementation arrangements, a framework that allows for stakeholders' views to be heard during project implementation.</p>	
	<p>25. Is the requested financing justified on the basis of full cost of adaptation reasoning?</p>	<p>Not clear.</p> <p>CR12: Please provide a clear description of how proposed activities are relevant in addressing the project's adaptation objectives and that, taken solely, without additional leveraged funding from the targeted beneficiaries the proposed activities would help achieve project objectives. In doing this, please clearly describe how Adaptation Fund project will deliver its outcomes and outputs regardless of the requirement for finance leveraged from other sources.</p>	<p>CAR 12: The proposed activities of the EDA are expected to promote decision-making in the programming of internationally allocated funds to the national and sub-national levels. The screening, review and selection of projects will be done by Profonanpe, as national implementing entity and the key multisector stakeholders involved in the prioritized adaptation measures implementation.</p> <p>The EDA activities include capacity building for local organizations to develop robust proposals for adaptation solutions, as well as dissemination of</p>

			<p>sub-project results and shared lessons learned on EDA.</p> <p>In addition, the project will strength capacity of Profonanpe to review and approve proposals under EDA as well as will increase readiness and capacity to directly access and programme adaptation finance. The latter will promote the investment in evidence-based and prioritized adaptation measures for the country in the thematic areas of water, forests and agriculture that will reduce exposure and vulnerability of water supply or agricultural emergencies.</p> <p>The sub grants delivered by the EDA will financed the proposed activities by local organizations evaluated according to the EDA grant appraisal process, even without the potential leveraged expected for the sub projects, The Adaptation Fund resources will deliver the outcomes and outputs of the proposal.</p>
	26. Is the project / program aligned with AF's results framework?	<p>Not clear.</p> <p>CAR3: Please include alignment with the AF Strategic Results Framework in the description of components.</p>	CAR 3: The alignment table has been included in literal A. part II.
	27. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	Not clear. Some details are provided with regard to local communities' sustainability, sustainability at the sub-national and national level and	CR 13: Each sub-grant will have to include an exit strategy, to demonstrate the long-term sustainability of the proposed project intervention and how

		<p>participation of academia and research centers.</p> <p>CR13: Please provide a clear description of how the adaptation benefits achieved with the help of the project can be sustained after its end, and possibly enable replication and scaling up with other funds after its end. Please explain the arrangements through which this would be achieved, considering sustainability of any proposed interventions.</p> <p>CR14: Please clearly describe and address all key areas of sustainability, including but not limited to economic, social, environmental, institutional, and financial sustainability.</p>	<p>the project will provide long-term resilience to the identified beneficiaries.</p> <p>Also the exit strategy of the EDA will be achieved through identification and mobilization of additional resources during implementation, this can be resources leveraged to the EDA or through sub project level, according to its activities and stakeholders involved.</p> <p>As mentioned before, the prioritized measures in the thematic areas of water, forests and agricultural were defined by the government as the Paris Agreement commitment, consequently, one complementary source for the sub projects will be national budget and also resources from International Cooperation that will allow the sub projects to be sustainable in time.</p> <p>The results of the implemented NDC, financed by the EDA, will be reported national and international to the UNFCCC, and is expected that the ambition of the NDC will increased, so the subprojects financed by the Adaptation Fund will have potential to be replicable and scaled up, in order to achieve more results.</p> <p>Additionally, the EDA capacity building activities will promote local track record in development adaptation proposals capacities, that will allow local</p>
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			<p>organizations to scale up their interventions.</p> <p>Profonanpe, as the Peruvian environmental fund, will identified other financial mechanisms in the institution that can be similar or complementary to the EDA in order to potential its sustainability.</p> <p>CR14: Additional information has been added in literal J. section II.</p>
	<p>28. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>Not clear. A checklist of environmental and social principles is included in on pages 18. However, risk finding are not evidence based, there is no description or initial assessment of gender considerations.</p> <p>CAR4: Please include the risk category (A, B or C).</p> <p>CAR5: Please revise the risk screening table such that the focus is on the risk of negative impacts, and not about the outcome of the balance of negative impacts and positive outcomes. The focus of the section of the proposal on environmental and social risks should be on the risks of unwanted negative impacts. Please do not weigh the risk of such negative impacts against the expected positive outcomes. This section needs to explain in detail what the risks are, and assumptions in the risk assessment</p>	<p>CAR 4: It has been included in literal K. section II.</p> <p>CAR 5: The risk screening table has been updated.</p>

		<p>need to be stated and justified. To the greatest extent possible, interpretation needs to be separate from the presentation of facts and data. Knowledge gaps should be identified, and where these prevent adequate risk assessment, an explanation should be included on how this was addressed.</p> <p>We suggest using the following guidance case studies to help complete this section. https://www.adaptation-fund.org/document/environmental-social-and-gender-policy-case-studies/</p> <p>Please note that <u>for the fully developed proposal</u>, an ESMP must be submitted that</p> <ul style="list-style-type: none"> - Provides a detailed description of the process that will be applied during project implementation to ensure that all USPs comply with the AF ESP. - Contains clearly allocated roles and responsibilities for its implementation, - Includes opportunities for consultation and adaptive management, clear arrangements for the IE to supervise executing entities for implementation of the ESMP, a clear description of the grievance mechanism in place, 	
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		<p>mentioning all parts of the grievance process, including where grievances can be addressed and clear monitoring and evaluation arrangements for ESP compliance.</p> <p>Includes a budget provision for implementation of the ESMP should also be provided in the detailed budget section of the proposal.</p>	
Resource Availability	4. Is the requested project / programme funding within the cap of the country?	<p>No. The requested funding is USD 5,465,145 which exceeds the project cap of USD 5 million for the EDA funding window.</p> <p>CAR6: Please revise the budget to fall in line with the country cap of USD 5 million for the EDA funding window. For more information, please see link attached: https://www.adaptation-fund.org/apply-funding/enhanced-direct-access-eda-grants/</p>	<p>CAR 6: The amount of financing requested was USD 5,000,000 as presented in page 6. We kindly ask the AF Sec to review the Corrective Action Request, since the amount of USD 5,465,145 belongs to the other proposal presented by Profonanpe.</p>
	5. Is the Implementing Entity Management Fee at or below 10 per cent of the total project/programme budget before the fee?	<p>Yes. The Implementing Entity fee is within the cap and is 8.5%.</p>	
	6. Are the Project/Programme Execution Costs at or below 12 per cent of the total project/programme	<p>Yes. The Executing Entity is different from the IE and the fee is 8.67%.</p>	<p>The executing entity is the same as the Implementing Entity, in this case is Profonanpe.</p>

	budget (including the fee)?	CAR7: Kindly justify HELVETAS Swiss Intercooperation as the executing entity. Please confirm/clarify whether the proposed executing entity has a country office in Peru which has the capacity to execute the project.	CAR 7: We kindly ask the AF Sec to review the Corrective Action Request, since in this projects there is no participation of HELVETAS.
Eligibility of IE	2. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	Yes.	
Implementation Arrangements	11. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?	n/a at concept stage	
	12. Are there measures for financial and project/programme risk management?	n/a at concept stage	
	13. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and	n/a at concept stage	

	Gender Policy of the Fund?		
	14. Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage	
	15. Is an explanation and a breakdown of the execution costs included?	n/a at concept stage	
	16. Is a detailed budget including budget notes included?	n/a at concept stage	
	17. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	n/a at concept stage	
	18. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage	
	19. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core	n/a at concept stage	

	outcome indicator from the Fund's results framework?		
	20. Is a disbursement schedule with time-bound milestones included?	n/a at concept stage	



PROJECT/PROGRAMME PROPOSAL TO THE ADAPTATION FUND

PART I: PROJECT/PROGRAMME INFORMATION

Project/Programme Category: Enhanced Direct Access Regular Project

Country/ies: Peru

Title of Project/Programme: Fund for innovative solutions in adaptation in Peru

Type of Implementing Entity: National

Implementing Entity: Profonampe

Executing Entity/ies: Profonampe

Amount of Financing Requested: USD 5 million (in U.S Dollars Equivalent)

Project / Programme Background and Context:

Provide brief information on the problem the proposed project/programme is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.

According to the National Climate Change Strategy (ENCC for its acronym in Spanish), Peru has seven of the nine characteristics recognized by the United Nations Framework Convention on Climate Change (UNFCCC) to qualify countries as particularly vulnerable to climate change: (i) low-lying coastal areas; (ii) arid and semi-arid areas; (iii) areas exposed to floods, droughts and desertification; (iv) fragile mountain ecosystems; (v) disaster-prone areas; (vi) areas with high urban air pollution; and, (vii) areas that present an economy dependent on income generated by the production and use of fossil fuels.

The multiple effects of climate change impact populations, economic activities and ecosystems and their services in the short and long term, generating a deterioration in the quality of life and well-being of the population and ecosystems. That is why the State, at its different levels of government, establishes policies and measures to reduce the impacts of these effects, avoiding or reducing the damages and consequent current

and future losses generated by the hazards associated with climate change. It also establishes measures to promote adaptation and take advantage of the opportunities that this offers (MINAM, 2021).

In this context, Peru approved the Framework Law on Climate Change (Law N° 30754) in 2018 and its Regulation in 2019. Likewise, it elaborated the Nationally Determined Contributions that were submitted to the UNFCCC, which were developed through a participatory and multisectoral process, being the Final Report of the Multisectoral Working Group of a temporary nature in charge with generating technical information to guide the implementation of the Nationally Determined Contributions (GTM-NDC), the guiding document for the implementation of the Contributions in the country. Finally, in 2021 the National Adaptation Plan was approved to guide climate change adaptation planning at the country level, with clear priorities focused on reducing exposure and vulnerability, as well as increasing adaptive capacity triggered by hazards associated with climate change, in addition to allowing the use of opportunities for improvement.

These guiding documents for climate change action in the country describe the enabling conditions for implementing the prioritised measures. Among these enabling conditions is the implementation of public and private financing schemes and/or mechanisms for the application of the proposed measures in the different subject areas prioritised at the national level. This is why this project proposes an accessible and dynamic financing mechanism to promote the implementation of adaptation measures in the subject areas of water, forests and agriculture by non-governmental organisations, cooperatives, producer associations and the private sector.

In the context of the COVID-19 pandemic, the country's economic growth during the year 2020 was highly affected, which generated great social and health consequences for the population, increasing inequality, poverty and unemployment. For the year 2021, the Central Reserve Bank of Peru had projected the country's economic growth at 11.9%. However, for the year 2022 this growth would be only 3.4% due to the political context and the weakening of business expectations.

According to the latest population estimates and projections of the National Institute of Statistics and Informatics (INEI for its acronym in Spanish) in 2021, the Peruvian population reached 33,035,300 inhabitants, of which 50.4% are women and 49.6% are men. In terms of age, the population between 0 and 14 years of age represents 24.5%, those between 15 and 59 years of age 62.5% and adults over 60 years of age represent 13% of the total. According to the 2017 Population and Housing Census, 55 indigenous peoples in the country, 51 of them Amazonian and 4 Andean were identified.

On the other hand, poor populations are more vulnerable to the effects of climate change, have less capacity to recuperate and, therefore, a lower level of resilience to the adverse effects of climate change. Poverty affects differently according to categories such as gender, age, ethnicity, disability and others (MINAM, 2021). After seventeen years of progress in reducing poverty and extreme poverty, both increased again in 2020. Poverty affected 30.1% of the population, being 9.9 percentage points higher than in 2019 (20.2%). Extreme poverty rose from 2.9% to 5.1% (INEI, 2021).

Climatic context of Peru

According to the information provided in the National Adaptation Plan, Peru has particular climatic conditions due to different factors such as the Peruvian or Humboldt Current, the Andes and the dynamics of cyclones and anticyclones, which determine the great variety of climates in the territory. According to Warren Thornthwaite's classification of climates, Peru has 38 different climates; this climatic diversity can be grouped into three main categories: coast, highlands and amazon. The coast, between the coastline and the foothills of the Andes, is a dry region with little precipitation, except in the north during El Niño events.

Likewise, El Niño and La Niña events and phases of the phenomenon known as ENSO, have an influence on Peru's climate. El Niño is related to an anomalous warming of the Eastern Tropical Pacific Ocean (OPTO for its acronym in Spanish). Depending on where it occurs, a distinction can be made between canonical El Niño (warming occurs from the eastern to the central Pacific), Modoki (warming occurs in the central Pacific) and coastal El Niño (warming occurs only in the eastern Pacific); for its part, La Niña is related to an anomalous cooling. (MINAM, 2021).

Historical records indicate that these past extraordinary events have directly affected productive sectors and natural and social infrastructure, and have caused economic losses reaching more than 4.5% of GDP (in the case of El Niño, between 1997 and 1998) (Serfor, 2018a). Continuing with extreme events, Peru is a country highly exposed to the occurrence of frosts, droughts and floods, which affect the country economically and socially. In short, in Peru, between 1995 and 2008, an increase of more than six times in the occurrence of extreme events such as droughts, heavy rains, floods, frosts and hailstorms has been registered.(Serfor, 2018a).

For the outlook centred on 2030, increases of between 1 and 2.5 °C in minimum temperature and between 0.5 and 2.5 °C in maximum temperature are observed, with respect to the reference period (1981-2005). Increases in maximum temperature are higher in the Andes and the Amazon. On the other hand, the coast and northern Peru are more stable, due to the thermoregulatory effect of the sea. As for the minimum temperature, a greater increase is again observed in the highlands. On the other hand, moderate increases are observed in central Amazonia and the coastal zone.

Similarly, for the 2050 outlook, an increase in the minimum and maximum temperature is observed, with a spatial behaviour relatively similar to that observed for the 2030 outlook. When analysing spatial variability within the national territory, both maximum and minimum temperatures show greater increases in the Andes and the Amazon, reaching values of up to 3 °C with respect to the reference period, while the coast shows moderate values of between 1 and 2.5 °C.

Exposure and vulnerability analysis of the water thematic area

Water resources are spatially distributed in three large hydrographic regions (Pacific, Amazon and Titicaca), which make up 159 hydrographic units (river basins). There are great contrasts between these three regions: the Pacific slope, which has an area of 21.76% of the territory and concentrates the largest population (65.98%), has an acute

water shortage in its basins (2.2% of water); the Amazon slope, with an area of 74.58% and occupied by 30.76% of the total population, has large volumes of water (97.25%); and the Titicaca slope, with an area of 3.66% and a population of 3.26%, has 0.56% of the water (ANA, 2013).

According to MINAM, water supply is affected by climate variability and climate change. In recent decades, the increase in air temperature has triggered the retreat and loss of glaciers. As a result, Peru has lost 53.56% of its glacier surface in the last fifty years, altering, consequently, the water behaviour in basins such as the Santa River, which shows a negative trend of 30% in the level of flow as a result of the reduction of the glacier surface. Dangers are generated in the Peruvian Andes, due to the formation of hanging ice masses and weakening of permafrost. Other slow-onset hazards, such as changes in precipitation averages and rapid-onset hazards, have an impact on the elements or activities associated with the supply and demand of different water uses and on natural systems, such as glaciers, lagoons, rivers, springs and aquifers, which are essential for the provision of water.

Exposure and vulnerability analysis of the agriculture thematic area

According to the National Adaptation Plan, agriculture is the second largest economic sector and generates the most employment, contributing 5.5% of GDP. It employs a quarter of the country's total population, mainly for family farming, with landholdings of less than five hectares.

If the trends and projections regarding the dangers associated with climate change continue, they will have devastating effects on agricultural production, since the production of certain crops would decrease (rice, corn, potatoes, barley, bananas, among others) and, consequently, the price of products and their production costs would rise, which would affect national and international food security.

Seventy-two percent (72%) of agricultural emergencies are related to droughts, heavy rains, floods and frosts, causing disruption of agricultural and livestock productivity, damage to irrigation canal systems, disruption of transportation services that limit the population's access to markets, loss of crops due to the appearance of pests, loss of vegetation cover due to desertification, alteration in the availability of water for agricultural use, among others.

The vulnerable populations exposed to climate change in the agriculture thematic area are women, children and adults involved in small-scale agriculture.

Exposure and vulnerability analysis of the forest thematic area

56.9% of Peru's territory is covered by forests, with the Amazonian forests occupying the largest area. Forests contribute to climate change mitigation and adaptation by providing important ecosystem goods and services at the national and global levels.

The historical relationship of women and men with forest resources reinforces socially constructed gender roles. In the forest value chain, men tend to focus on the

commercialization of mainly timber products, while women are engaged in the use and management of non-timber forest products for subsistence, food and health activities (firewood, medicine, fodder and natural fertilizer). This dynamic has generated women having a more specialised knowledge of forests, acquiring a better experience about conservation practices (MIMP, 2015).

According to the National Adaptation Plan, forests can be exploited by a migrant population that lacks the knowledge, practices and techniques to make a living from the forest. The emergence of this migrant population would lead to a change in land use in favour of livestock or agricultural activities, as opposed to indigenous peoples and the riparian population who live directly from forest resources. The lack of knowledge leads to a limited use of forest resources and, since they do not obtain direct benefits from this ecosystem, the incentive to conserve is reduced. In this context, indigenous peoples are forced to migrate to marginal lands, endangering their livelihoods. One of the main reasons for this is limited access to power and decision-making.

Project / Programme Objectives:

General Objective

Increase the population's capacity to adapt to climate change through the financing of adaptation measures prioritised in the NDCs in the areas of water, forests and agriculture.

Specific Objectives

- Foster local adaptation solutions with replicability potential.
- Strengthen the capacities of local organizations in the process of accessing and implementing adaptation projects to reduce vulnerability to climate change.
- Promote stakeholder engagement in the decision-making process on proposed adaptation projects and their financing to increase their resilience to the effects of climate change.

Project / Programme Components and Financing:

Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term.

For the case of a programme, individual components are likely to refer to specific subsets of stakeholders, regions and/or sectors that can be addressed through a set of well defined interventions / projects.

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US\$)
1. Training and technical advice for the development of proposals and project management.	Output 1.1 Strengthened capacity to develop robust proposals and implement adaptation projects. Output 1.2 Project results and shared lessons learned on EDA	Outcome 1. Strengthened national capacity to reduce risks associated with climate-induced socioeconomic and environmental losses	277,250.00
2. Review and approval of proposals under EDA guidelines.	Output 2.1 Strengthened capacity of national entities to review and approve proposals under EDA	Outcome 2 Increased readiness and capacity of national entities in decision making about adaptation solutions.	83,260.00
3. Management of EDA grants	Output 3.1 Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level	Outcome 3 Increased adaptive capacity within relevant development and natural resource sectors	4,179,682
4. Project/Programme Execution cost			68,102.88
7. Total Project/Programme Cost			4,608,294.88
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)			391,705.06
Amount of Financing Requested			5,000,000.00

Projected Calendar:

Indicate the dates of the following milestones for the proposed project/programme

Milestones	Expected Dates
Start of Project/Programme Implementation	July 2022
Mid-term Review (if planned)	January 2025
Project/Programme Closing	July 2027
Terminal Evaluation	October 2027

PART II: PROJECT / PROGRAMME JUSTIFICATION

A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.

Given that the project has an Enhanced Direct Access approach, it will be mainly based on the delivery of grants through Calls for Proposals that will be executed by Profonanpe, due to its experience with this instrument. In addition, training and technical assistance activities will be developed to complement and guarantee the success of the subprojects.

The grants will be delivered according to established criteria in prioritized thematic areas from the National Adaptation Fund defined by the government, below is the description of the measures in this thematic areas and its characteristics in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience.

Table 1. Measure's climate characteristic to be financed by the EDA mechanism

<u>Measure</u>	<u>Target population - Geographic scope</u>	<u>Actual and projected climate impact</u>	<u>Location-specific vulnerabilities</u>
<u>Implementation of protection infrastructure in the hydraulic sectors for agricultural use against the impacts of extreme events associated with climate change.</u>	<u>Agricultural producers in valleys and high Andean areas</u> <u>National level</u>	<u>Current situation:</u> The aim is to reduce risks and the impacts caused by floods and intense rains in hydraulic infrastructures, farming areas (canals, ocatomas, drainage, farmland, among others) and other livelihoods through the construction of riverside defenses, dikes, channeling, among other protection measures. To reduce the risks, physical and/or natural protection infrastructure interventions are carried out, such as: - Afforestation and reforestation with special emphasis on gallery forests (floods). - Riverside defences: protection and retention dikes, channeling, groynes, protection riprap, diversion structures, sediment retention and desilting of the channel. - Meshing and covering of canals. Indicator: Number of Interventions in hydraulic sectors for physical protection against hazards in basins vulnerable to climate change.	<u>Targeting criteria of the measure:</u> - Areas exposed to the dangers of flooding, landslides, landslides, mudslides. - Precipitation scenarios to 2030. - Areas with a higher density of small and medium producers. - Poverty levels (quintile 1 and 2). - INDECI flood emergency statistics. - Ranking of the urban centers with the greatest exposure to natural hazards due to floods and/or heavy rains, from the Our Cities Program (PNC-MVCS). In the National Plan for Adaptation to Climate Change (PNA, 2021), the results of the analysis of risk scenarios in the face of the effects of climate change, presented in current and future risk maps (2030 and 2050), indicate the following: The level of risk due to mass movements, on the subject of water availability analysis, is higher along the mountain range, due to the fact that the level of danger is greater in this area, as well as the levels of exposure, which are represented due to the size of the basin. The level of risk due to glacial retreat on the subject of analysis is greater in the mountains. The main reason is because the highest levels of danger are concentrated in this area. Likewise, the levels of vulnerability are the highest, mainly due to a greater demand and a lower supply of water. The level of risk due to changes in aridity conditions on the subject of analysis is higher in the amazon, the mountains and some southern coastal basins. Due to a high exposure that is associated with the large size of the basins and a high level of danger, a generalized risk is observed in a large part of the country, except for some medium and low risk basins.

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Measure	Target population - Geographic scope	Actual and projected climate impact	Location-specific vulnerabilities
			<p>The level of risk due to floods on the subject of water availability analysis is higher on the Amazon (specifically in the department of Loreto) due to a high exposure that is associated with the size of the basins and a high level of danger, which is conditioned by the characteristics of the relief, which give rise to periodic flooding in the area.</p>
<u>In situ and ex situ conservation of agrobiodiversity (ABD) to increase the resilience of crops to climate change.</u>	<p><u>Agricultural producers of agrobiodiversity products.</u></p> <p>At the national level. Districts with agrobiodiverse products.</p>	<p><u>Current situation</u></p> <p>According to the NAP, in terms of precipitation, a growing trend has been observed in the rainy months and a reduction in the start of the agricultural campaign (August-October) in the mountains and amazon.</p> <p>Precipitation tends to decrease with altitude, from less than 1,000 m3/year to more than 3,000 m a.s.l. n. m., which would affect several of the main crops, such as potatoes, corn, tubers, etc.</p> <p>On the other hand, the lack of moisture in the soil favors the attack of pests (locusts, fungi, moths, etc.) and therefore the loss of crops, which impacts food security; in Peru there have been ten episodes of severe droughts in the last 37 years.</p> <p>The progressive increases in the minimum temperatures can also affect the transformation process of the potato crop and reduce the</p>	<p>There is a lack of studies on the vulnerability of agrobiodiversity. The NAP has considered as enabling conditions:</p> <ul style="list-style-type: none"> - Research of agrobiodiversity areas with high potential for genetic resources of native crops and their adaptive capacity to the effects of climate change. - Development of a regulatory framework, standards and procedures for the conservation of agrobiodiversity as a mechanism for food security and adaptation to climate change. - Capacity building and transfer to producers on the importance of conserving agrobiodiversity.

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Measure	Target population - Geographic scope	Actual and projected climate impact	Location-specific vulnerabilities
		<p>planting area. In recent years, a displacement of crops towards higher areas has been observed, which affects the traditional distribution by ecological floors in Andean communities.</p> <p>It is expected:</p> <ul style="list-style-type: none"> - Have an inventory of the main agrobiodiverse products, and investigate their behavior in the face of climate change and know the state of genetic diversity in these crops. -The MIDAGRI must establish an integrated pest management program, so that the farmer knows other procedures and practices for its control to reduce the environmental impacts due to the intensive use of chemical products for its control. - Have a sustainable finance model accompanied by a public policy channeled by MIDAGRI. 	
Implementation of the strategic productive chains of peasant and native communities to reduce the risks in the face of the effects of climate change.	<p>Peasant and native communities. It includes peasant communities and organizations with greater vulnerability to climate change.</p> <p>Scope of the departments of Amazonas, Loreto,</p>	<p>In relation to the current impact, dangers associated with climate change have been recorded, such as the recurrence of droughts, cold weather, floods, landslides, as well as the increased risk of fires, pests and disease outbreaks.</p> <p>The hazards encountered result in the alteration of the</p>	<p>There is a lack of studies on the vulnerability of peasant and native communities to the effects of climate change, which allow the impacts of climate change on populations to be identified and quantified with greater precision, which is why it has been considered in the enabling conditions of the measure " Access climate information and identify hazards and vulnerabilities".</p> <p>However, it is known that the existing dangers would increase the vulnerability of the peasant and native communities directly dependent on the forests for their subsistence and to satisfy their own needs.</p>

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<u>Measure</u>	<u>Target population - Geographic scope</u>	<u>Actual and projected climate impact</u>	<u>Location-specific vulnerabilities</u>	Formatted: Font: 11 pt, Bold, Font color: Auto
	San Martín, Ucayali, Huánuco, Junín, Pasco and Madre de Dios.	<p>functionality of terrestrial ecosystems and provision of ecosystem services.</p> <p>As a desired future situation, the recovery and conservation of the biological diversity of the forest is sought as the main source that guarantees food security and sovereignty and other productive activities, through the recovery and appreciation of community practices (ways of life and collective logics) that serve for the upbringing, the transmission of knowledge, the use of natural resources and medicine based on knowledge, wisdom and ancestral practices (NAP).</p>	<p>In relation to this, the National Adaptation Plan recognizes 2 subjects of analysis in relation to the dangers of climate change: Ecosystems and society, where native and peasant communities are found and associated risks are identified in relation to society, to floods, such as those registered in the Amazon during the last decade that show the dangers that directly affect the ecosystem services of the forests. Consequently, the Amazonian population that depends on agriculture and the communities of the plains are affected by these types of events.</p> <p>This measure, together with the other measures in the thematic area of forests, seek to reduce the vulnerability of communities by recovering and conserving biological diversity of the forest as the main source that guarantees food security and sovereignty and other productive activities.</p>	Formatted: Font: 11 pt Formatted: Font: 11 pt, Bold, Font color: Auto, Spanish (Peru) Formatted: Centered Formatted: Font: 11 pt, Bold Formatted: Font: 11 pt, Bold Formatted Table Formatted: Font: 11 pt, Bold, Font color: Auto Formatted: Font: 11 pt, Bold, Font color: Auto
<u>Implementation of adaptive technological innovation services in the face of climate change in agricultural value chains.</u>	<p>Agricultural producers. Includes agricultural producers located in areas of greatest vulnerability to climate change.</p> <p>Zones vulnerable to dangers associated with climate change with a higher incidence of current and future dangers that will be identified in the update of the</p>	<p>Current situation: Floods, landslides, electrical storms and alluviums are a consequence of the increase in rainfall during the period of floods (December-April). These dangers caused emergency situations at the national level in 2017 and directly and indirectly affected agriculture with the loss of soil suitable for cultivation and plant cover and the alteration of the value chain for the supply of food in cities (Indeci, 2017). .</p> <p>Projected situation:</p>	<p>The NAP has considered as enabling conditions:</p> <ul style="list-style-type: none"> - Research in technologies and technological packages for adaptation to climate change in the phases of pre-production, production, harvest, post-harvest and primary transformation in value chains of agricultural products. - Strengthening of financial mechanisms for the development and implementation of technologies and technological packages that generate resilience to climate change in the value chain of agricultural products. - Institutional articulation for the dissemination and adoption of technologies and technological packages that adapt to climate change in agricultural productivity. - Crops and breeding that will be identified in studies of vulnerability to climate change 	Formatted: English (United States)

<u>Measure</u>	<u>Target population - Geographic scope</u>	<u>Actual and projected climate impact</u>	<u>Location-specific vulnerabilities</u>
	<u>Risk Management and Adaptation Plan to Climate Change in the Agricultural Sector Period 2012-2021 (PLANGRACC-A)</u>	<p>It is expected to have technological packages for adaptation to climate change, for production processes in livestock value chains.</p> <p>Also, have environmentally viable technologies for research in crops and breeding, improvements in productivity, environmental sustainability and the efficient use of natural resources.</p>	
<u>Improvement and construction of reservoirs for the provision of water services for agricultural use in hydrographic basins vulnerable to climate change.</u>	<p><u>Agricultural producers in valleys and high Andean areas</u></p> <p><u>At national level</u></p>	<p><u>Current situation</u> <u>Agricultural producers do not have sufficient water storage and/or retention structures that allow them to irrigate their crops in times of low water and prolonged droughts associated with climate change.</u></p> <p><u>Future situation</u> <u>This measure is aimed at promoting the implementation of regulation and storage infrastructures with the aim of ensuring the provision of surface water for agricultural use during the year in existing irrigation systems or to expand the coverage of the provision service in basins vulnerable to climate change. climate.</u></p>	<p><u>Measure prioritization criteria:</u></p> <ul style="list-style-type: none"> - <u>Water deficit in dry periods (July, August, September).</u> - <u>Degradation and deterioration of ecosystems that contribute to the recharge and storage of surface and groundwater</u> - <u>Communities with greater water deficit in the dry period</u> - <u>Existence of dams and reservoirs</u> - <u>Declaration of water emergencies</u>

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Measure	Target population - Geographic scope	Actual and projected climate impact	Location-specific vulnerabilities	Formatted: Font: 11 pt, Bold, Font color: Auto
Implementation of hydraulic infrastructure for conduction, distribution and application of water for irrigation in hydrographic basins vulnerable to climate change	Agricultural producers in valleys and high Andean areas At national level	<p>The increase in the irrigated area is expected through the following technologies for infrastructure and irrigation systems:</p> <ul style="list-style-type: none"> - Main, secondary and tertiary canals (parcelarios). - Desanders. - Siphons. - Water intakes (water intakes and side intakes). - Gates. - Pressurized irrigation systems. - Furrows, beds, traditional irrigation systems. <p>Indicator: Percentage of irrigated area in basins vulnerable to climate change</p>	<p>It seeks to reduce the pressure of water demand through the implementation of irrigation systems (hydraulic infrastructure for the conduction, distribution and application of water for irrigation).</p> <p>In the National Plan for Adaptation to Climate Change (PNA, 2021), the results of the analysis of risk scenarios in the face of the effects of climate change, presented in current and future risk maps (2030 and 2050), indicate the following:</p> <p>The level of risk due to mass movements is higher along the mountain range, as well as the levels of exposure, which are represented by the size of the basin.</p> <p>The level of risk due to glacial retreat on the subject of water availability analysis is greater in the mountains. The main reason is because the highest levels of danger are concentrated in this area. Likewise, the levels of vulnerability are the highest, mainly due to a greater demand and a lower supply of water.</p> <p>The level of risk due to changes in aridity conditions on the subject of water availability analysis is higher in the amazon, the mountains and some southern coastal basins. Due to a high exposure that is associated with the large size of the basins and a high level of danger, a generalized risk is seen in a large part of the country.</p> <p>The level of risk due to floods in the subject of analysis is higher in the amazon (specifically in the department of Loreto) due to a high exposure that is associated with the size of the basins and a high level of danger, which is conditioned by the characteristics of the relief, which give rise to periodic flooding in the area.</p>	<p>Formatted: Font: 11 pt</p> <p>Formatted: Font: 11 pt, Bold, Font color: Auto, Spanish (Peru)</p> <p>Formatted: Centered</p> <p>Formatted: Font: 11 pt, Bold</p> <p>Formatted: Font: 11 pt, Bold</p> <p>Formatted Table</p> <p>Formatted: Font: 11 pt, Bold, Font color: Auto</p> <p>Formatted: Font: 11 pt, Bold, Font color: Auto</p> <p>Formatted: English (United States)</p>
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The project includes the following components:

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1. Component 1: Technical Assistance for proposal development and project management and dissemination of lessons learned.

This component will include capacity building and technical assistance for beneficiaries identified as local organisations, regional governments, local governments, private sector, and NGOs that will submit project proposals to the EDA through Calls for Proposals.

Technical assistance will be provided to strengthen the proposals to be submitted, and once selected, training will be provided for their implementation, providing guidance and advice on all aspects of financial management, environmental and social safeguards management, including reporting.

The beneficiaries that will receive training and technical assistance will be identified at the national level and according to the technical criteria established in the Call for Proposals, which must be related to the vulnerability to climate change of populations, livelihoods, ecosystems, etc. and to the measures prioritised in the national contributions and the NAP in the thematic areas of water, forests and agriculture.

Output 1.1 Strengthened capacities to develop robust proposals and implement adaptation projects.

Strengthening the capacities of local organisations at the national level will ensure that the proposals submitted within the framework of EDA are feasible and meet the Fund's requirements, which will shorten the time required for their review and approval. Likewise, the experience and lessons learned from this process will be systematised and shared.

1.1 Design and dissemination of the call

The project team will develop the design of the call for proposals process, including the elaboration of the bases, the definition of the technical criteria (referred to vulnerability to climate change, whether of populations, livelihoods, ecosystems, etc.) for the evaluation, the definition of the beneficiaries, the dissemination, the definition of the grants to be delivered, among others. Among the most important conditions of the calls for proposals, we have:

- Sub-projects must be focussed on solutions for climate change adaptation according to the measures prioritised by the NDCs and the NAP in the thematic areas of forests, water and agriculture.
- Beneficiaries at the national level including, civil society organisations, producer

associations, private sector, local and regional governments.

- Comply with minimum resource management requirements.
- Comply with Profonanpe and Adaptation Fund social and environmental safeguards.

A call for proposals is expected to be made at the Concept Note level and then after the technical assessment, the selected projects will be invited to present the full proposal. The calls for proposals at the full proposal level will be complemented with training for developers to comply with the Adaptation Fund criteria. A dissemination strategy will be developed to publicise the calls for proposals at the national level with an intercultural and gender focus.

The eligibility criteria for the technical assessment is described in table 2.

Table 2 Eligibility criteria for the projects financed by the EDA

<u>Criteria</u>	<u>Description</u>
<u>Thematic areas</u>	<u>Water, Forests and Agriculture</u>
<u>Adaptation interventions</u>	<ul style="list-style-type: none">• <u>Development of current and future climate risk studies in the watersheds.</u>• <u>Based on information on current and future climate change risks, in situ and ex situ conservation of agrobiodiversity (ABD) to increase the resilience of crops to climate change associated with the conservation of ecosystems, natural habitats, agrobiodiversity outside their natural habitats, etc.</u>• <u>Implementation of strategic productive chains of peasant and native communities to reduce risks to the effects of climate change: (a) climate-adapted management plans, (b) financial mechanisms for productive diversification in peasant communities and indigenous peoples, (c) capacity building for peasant communities and indigenous peoples on forestry and wildlife management plans, (d) support for marketing and commercialisation of products generated in the value chain.</u>• <u>Implementation of adaptive technological innovation services to address climate change in agricultural value chains: (a) develop and/or identify adaptive technologies and technology packages and (b) train on adaptive technologies</u>

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	<u>and technology packages.</u> <ul style="list-style-type: none"> • <u>Improvement and construction of reservoirs for the provision of water services for agricultural use.</u> • <u>Implementation of interventions related to planting and harvesting of water for water security in watersheds vulnerable to climate change.</u> • <u>Implementation of hydraulic infrastructure for conduction, distribution and application of water for irrigation.</u>
<u>Paradigm Shift Potential</u>	<ul style="list-style-type: none"> • <u>Replicability potential of the solution in Peru</u>
<u>Cost-effectiveness</u>	<ul style="list-style-type: none"> • <u>Cost-benefit analysis</u> • <u>Cost indicators, for example, US\$/hectare, US\$/m³ of water.</u>
<u>Socio economic impact potential</u>	<ul style="list-style-type: none"> • <u>Total number of green jobs creation.</u> • <u>Gender empowerment.</u>
<u>Alignment with National targets and needs</u>	<ul style="list-style-type: none"> • <u>Alignment with sub-national development plans.</u>
<u>Financial Viability</u>	<ul style="list-style-type: none"> • <u>Key financial indicators</u> • <u>Sustainability strategy</u>

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In its 29 years of work, Profonanpe has experience in the development of Calls for Proposals, and has an online platform specially designed for this purpose.

EDA Grant Appraisal Procedure:

The project will publicly advertise "call for proposals" once in a year starting six months after the project launch. This will be done through print media, MINAM's and Profonanpe's websites and social media account and will run for at least 60 days. Profonanpe will process all applications received as follows:

- Issue acknowledgments of receipt to applicants and record all applications onto the prescribed register
- Perform administrative and technical pre-screening of applications (for completeness and eligibility)

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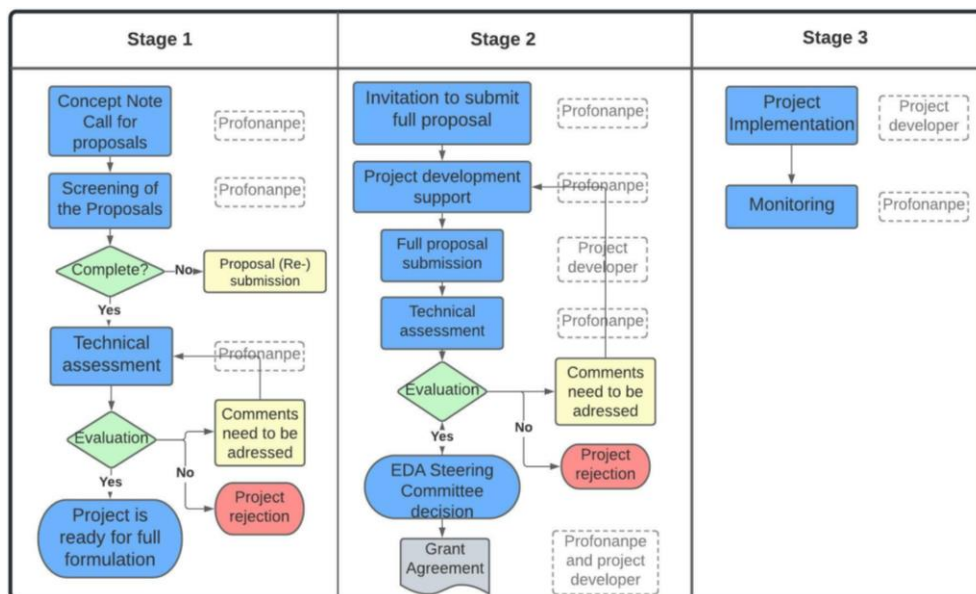
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- Conduct the Environmental and Social Safeguards and Gender Assessments on screened applications
- Communicate with applicants as necessary on queries or shortcomings
- Prepare and present Project Technical Document to EDA approval structures
- Implement decisions of the said approval structures (approvals, declines and refer backs) as prescribed in the Operations Manual. This will also involve communicating and corresponding with applicant as necessary.
- Negotiating contracting terms and performance measures with successful applicants.
- Prepare grant agreements for signature.

Profonanpe will review the Project Technical Documents. After reviewing the proposals, Profonanpe is entitled to make one of the following decisions: a) decline, b) refer back for improvement, or c) accept for further processing. The final list will be presented to the Steering Committee for the approval. The eligibility and prioritization criteria are outlined in Table 1 and Table 2.

Figure 1 Grant Appraisal Procedure



1.2 Technical advice for the development of proposals

Once the call for proposals has been issued at the Concept Note level that meet the minimum criteria described in the previous point, training and technical advice will be provided so that applicants have the necessary skills to develop a full proposal within the framework of the Adaptation Fund's requirements, such as alignment with its results framework, environmental, social and gender requirements, among others.

The training and technical advice provided will help to provide high quality proposals oriented to address adaptation needs and also support capacity building for local organisations.

It is expected that as a result of these training courses the understanding in the design of adaptation projects as well as in their management and execution following the guidelines of the Adaptation Fund will be increased.

Likewise, technical advice will be provided with the support of the General Directorate of Climate Change and Desertification of MINAM and the sectoral focal points according to the themes of the subproject proposals.

The activities to be financed with EDA resources are:

- Development of current and future climate risk studies in the watersheds.
- Based on information on current and future climate change risks, in situ and ex situ conservation of agrobiodiversity (ABD) to increase the resilience of crops to climate change associated with the conservation of ecosystems, natural habitats, agrobiodiversity outside their natural habitats, etc.
- Implementation of strategic productive chains of peasant and native communities to reduce risks to the effects of climate change: (a) climate-adapted management plans, (b) financial mechanisms for productive diversification in peasant communities and indigenous peoples, (c) capacity building for peasant communities and indigenous peoples on forestry and wildlife management plans, (d) support for marketing and commercialisation of products generated in the value chain.
- Implementation of adaptive technological innovation services to address climate change in agricultural value chains: (a) develop and/or identify adaptive technologies and technology packages and (b) train on adaptive technologies and technology packages.
- Improvement and construction of reservoirs for the provision of water services for agricultural use.
- Implementation of interventions related to planting and harvesting of water for water security in watersheds vulnerable to climate change.
- Implementation of hydraulic infrastructure for conduction, distribution and application of water for irrigation.

1.3 Project Implementation Training

Within the framework of Profonanpe's experience as an environmental fund in the administration of resources from different sources, training will be provided to local organisations in aspects of project financial management, accountability, reporting, management of environmental and social safeguards, among others.

This activity will ensure the correct execution of the projects to guarantee compliance with the proposed objectives that will contribute to reducing the population's vulnerability.

Output 1.2 Project results and shared lessons learned on EDA

The results and lessons learned from the EDA approach will be compiled and disseminated at the national level. The objective is to promote learning among national and local participants and other stakeholders.

Learning from experience gained during EDA implementation and new knowledge will be shared with other stakeholders as a reference for future projects. Lessons learned, as well as knowledge gained, will serve as the basis for the project reports, the final report and external evaluation reports. The project is designed to strengthen the capacity of local adaptation funding streams, and the project is expected to make a lasting contribution to the sustainability of adaptation programmes in the country. Therefore, it will be important to learn lessons from the EDA to improve the flow of local adaptation finance and implementation.

Additionally, information on the performance of safeguards management will be collected. These lessons will be incorporated into Profonanpe's operational processes to improve the management of the EDA approach in the future and assist in the scaling up of this modality.

2. Component 2: Review and approval of proposals under the EDA Guidelines

This component includes the development of the evaluation and review process of the proposals received under the EDA. The development of the evaluation criteria, the formation of the technical evaluation team and the due diligence process of the beneficiary organisations.

Output 2.1 Strengthened capacity of national and subnational entities to review and approve proposals under EDA.

To this end, an EDA Operating Manual will be prepared that includes detailed procedures for both the application and evaluation of projects. There will be an Evaluation Committee that will be made up of representatives of the public institutions that are responsible for supervising the implementation of the prioritised measures for adaptation in the thematic areas of water, forests and agriculture. The criteria for the

evaluation of proposals and the decision-making process by the EDA Steering Committee will be developed. The Due Diligence procedure used by Profonanpe for the technical and financial evaluation of the potential beneficiary will also be applied in order to mitigate the risks of bad management practices or corruption. Finally, the minimum stipulations and conditions will be established in the Grant Agreements that will be signed between Profonanpe and the beneficiaries.

Profonanpe has extensive experience in managing grant agreements with both public and private beneficiaries at the national level that comply with its administrative guidelines as well as donor requirements.

3. Management of EDA grants

Once the projects have been approved, this component will include the technical and financial management of the financing (grants) that will be awarded to the beneficiaries. Profonanpe will be responsible for the monitoring and technical and financial evaluation of the execution of the beneficiary projects, in accordance with its existing procedures and processes. This will also include the management and reporting of environmental and social safeguards.

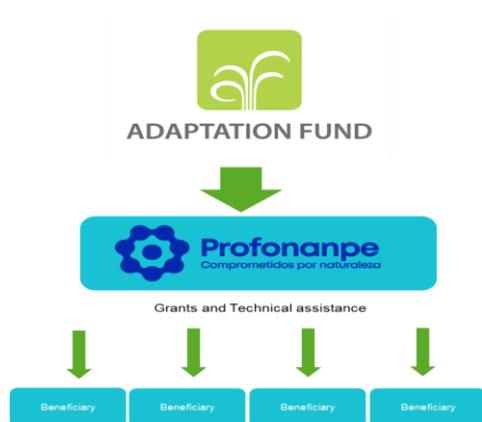
Output 3.1 Increased readiness and capacity of national and sub-national entities to directly access and programme adaptation finance

For the adequate compliance of grant management by the grantees, Profonanpe will develop training courses in the first month after signing the grant agreement. These training courses will include aspects of financial management of resources, elaboration of financial reports according to Profonanpe's administrative guidelines, elaboration of technical reports according to the criteria and guidelines of the Adaptation Fund, elaboration of reports on social, environmental and gender safeguards, evaluation of assumptions and risks, etc.

For adequate monitoring and evaluation of the subprojects, training will be provided so that each subproject has a monitoring and evaluation plan that will be supervised by Profonanpe's monitoring specialist. These plans will be aligned with the project's results framework and indicators. This plan will specify the schedule for the delivery of reports, field monitoring visits, evaluations and audits. The subprojects will report quarterly on both technical and financial execution, and Profonanpe will report quarterly for the entire EDA. Two external evaluation reports will be prepared, 2.5 years after the start of the project and at the end of the period. Monitoring of the activities financed will be reported to the competent authorities in charge of supervising the implementation of the NDCs in the country to record progress.

Profonanpe will be responsible for preparing the financial statements annually and they will be audited by an external auditor.

Flow of Funds



Profonanpe, as Implementing Entity will receive the funds from Adaptation Fund and will oversee the project administration, monitor the project implementation and ensure project compliance with PROFONANPE's own policies and Adaptation Fund's policies. Profonanpe will deliver the funds to the beneficiaries, once they are selected.

Below, is described the project alignment with the AF Strategic Results Framework:

Project Objective(s)	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator
Increase the population's capacity to adapt to climate change through the financing of adaptation measures prioritised in the NDCs in the areas of water, forests and agriculture.	No. of people with benefitting from the enhanced direct access modality	Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses	2.1. Capacity of staff to respond to, and mitigate impacts of, climate-related events from targeted institutions increased

Project Outcome(s)	Project Outcome Indicator(s)	Fund Output	Fund Output Indicator
Outcome 1. <u>Strengthened national capacity to reduce risks associated with climate-induced socioeconomic and environmental losses</u>	<u>Number of people who strengthen their capacities to reduce their risks associated with climate-induced socioeconomic and environmental losses.</u>	Output 3.2: <u>Strengthened capacity of national and subnational stakeholders and entities to capture and disseminate knowledge and learning</u>	3.2.2 No. of tools and guidelines developed (thematic, sectoral, institutional) and shared with relevant stakeholders
Outcome 2 <u>Increased readiness and capacity of national entities in decision making about adaptation solutions.</u>	<u>Number of sub-national proposals approved</u>	Output 2.2. <u>Increased readiness and capacity of national and sub-national entities to directly access and program adaptation finance</u>	2.2.1 No. of people benefitting from the direct access and enhanced direct access modality.
Outcome 3 <u>Increased adaptive capacity within relevant development and natural resource sectors</u>	<u>Development sectors' services responsive to evolving needs from changing and variable climate</u>	Output 4: Vulnerable development sector services and infrastructure assets strengthened in response to climate change impacts, including variability	4.1.1. No. and type of development sector services modified to respond to new conditions resulting from climate variability and change (by sector and scale)

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B. Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

Economic benefit: The funded subproject proposals will seek economic sustainability through the development and dissemination of local climate adaptation solutions with replicability potential. These solutions based on smart agriculture and proper water resource management will increase economic income at the local level, achieving better agricultural yields and increasing crop diversification and production sustainability according to the region.

Social benefit: Capacity building of local organisations during the process of

accessing and implementing financial resources will promote proper resource management, which will contribute to the social welfare of the population and ensure the availability of these resources in the face of any climate risks that may arise. In addition, it will improve social capital within the organisations involved and the authorities developing the subprojects, achieving a cascade effect through training and knowledge transfer.

Environmental benefit: The development of best practices promoted by the financed subprojects will improve the ecosystem services of the area involved, in addition to working on landscape-level management. Practices that identify soil management solutions, erosion control, landscape management, water conservation practices, restoration, water storage and efficient water use will help reduce unsustainable water use and reduce costs associated with water supply in rural communities.

Initial gender analysis

An initial gender analysis is presented considering the thematic areas prioritized for the EDA. This information is provided by the National Adaptation Plan.

Water thematic

The impacts of climate change are experienced differently by men and women as a consequence of historically assigned gender roles, which, in turn, generates inequality in access to resources.

Currently and traditionally, women and girls are the ones who manage water resources within the household, while men are the ones who make decisions regarding the management of water for agricultural, industrial and hydro-energy use. In the case of women and girls, access to water allows them to carry out subsistence tasks, domestic tasks and unpaid care work among the child and elderly population.

The potential indirect effects on women against climate change in the thematic area of water¹ are:

- Increase in time, distance and cost overruns for access to drinking water.
- Unpaid domestic and care work is on the rise.
- Decrease in time spent on productive activities.
- The risk of gender-based violence increases when women and girls are responsible for collecting water for households, usually in places far from the home.
- Gender roles are reinforced when the practical needs of households depend on women and girls continuing to perform domestic and care work.
- Family health is affected by water stress, placing a greater burden of care and unpaid work on women and girls; household sanitation activities are affected, in turn affecting the time women spend on family care.
- Less ability to get out of poverty conditions.

¹ National Adaptation Plan

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- Affectation of subsistence crops due to hydrometeorological impacts.
- Increase and/or maintenance of economic, social and political gaps.
- Unequal, scant and limited participation of women in most decision-making bodies.
- Diseases and health problems due to hazards of hydrometeorological origin.

Agricultural thematic

According to the NAP, the participation of women in the sector has doubled between 1994 and 2012, while that of men has only increased by 14.2% according to the National Agricultural Census (Cenagro). The increase in the population dedicated to agriculture brought improvements in general; however, women and certain age groups continue to suffer from shortages. The level of education by age presents marked differences; for example, farmers between 24 and 35 years of age have more years of study than those between 45 and 54 years of age and many more than those over 65 years of age. The difference between the educational level of men and women is evident: 28% of women working in the agricultural sector are illiterate, while men are only 9%.

The distribution of gender roles in agriculture is distributed in such a way that it is women who are in charge of housework and providing food and also assume part of the agricultural work, while, due to the low flow of economic income in certain months of the year in their agricultural calendar, men carry out other commercial tasks, often away from home, leaving women in charge of everything for a period of time. Despite this, women do not have equal and/or sufficient representation at the economic level of the country in agricultural activities (MIMP, 2015). This problem is increased by the fact that 27.3% of women agricultural producers are illiterate, while in the case of men the percentage decreases to 8.7% (MIMP, 2015).

Women in agricultural activity have an important role; however, a gender gap still exists. In the last agricultural census of 2012, an increase in the participation of women as producers was found. However, the gap continues, as it only represents 30%, compared to 69% of men. By region, on the coast, the difference is significant: 25% are women and 75% are men; in the sierra, 33% are women and 67% are men's; finally, in the amazon, women represent 19% and men 81%.

In addition, only 21% of women have access to land, which is usually less than two hectares, through social and kinship relationships (by marriage or widowhood). The number is low, compared to 79% of men who have access to land. In economic activity, 70.6% of rural women carry out subsistence agricultural activities, without labor rights or benefits. 20.3% of agricultural units are run by women, but only 4.7% of rural producers have land titles (PACGG, 2019).

Women face different barriers in this sector; for example, they have less access to productive resources and credits, they lack the technical assistance and training necessary to improve their productivity, and they have smaller extensions of land. Improving the economic situation of women agricultural producers through access to

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financial resources will allow them to improve the quality of their production, increase productivity, reduce poverty levels and access basic services such as water, health, etc.

Forests thematic

According to the PAGCC (2016) and some studies carried out from international cooperation (USAID, 2013; FAO, 2013a; Salas, 2011), it can be pointed out that women experience the following limitations: access to productive economic resources, dependency on natural resources (water, firewood, crops) to provide for their families, the possibility of accessing credit, capital and well-paid work, the high level of illiteracy, the lower rates of schooling, information and training; as well as one low autonomy and low access to decision-making in communal life.

The historical relationship of women and men with forest resources reinforces socially constructed gender roles. In the forestry value chain, men tend to focus on the commercialization of mainly timber products, while women are dedicated to the use and management of non-timber forest products for subsistence, food and health activities (firewood, medicine, fodder and natural fertilizer). This dynamic has generated that women have a more specialized knowledge of forests, acquiring a better experience about conservation practices (MIMP, 2015).

Women living in rural areas have limited access to education and public services, since it is the men who leave the home to carry out hunting and supply tasks, among others, and thus have more possibilities of accessing these services. Limited access to education means that the illiteracy rate is higher among women than among men, whose gap increases significantly in older generations (MIMP, 2015).

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C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.

The cost-effectiveness analysis is based on the total project budget and its benefits, which will be mainly translated into the number of beneficiaries. In this regard, the project plans to support measures prioritised in the national contributions and the national adaptation plan that will have an approximate impact on 13,785 people at the national level. Training and technical assistance will be provided to 100 people to reduce their risks associated with climate-induced socioeconomic and environmental losses; of this target, 30% are women. In addition, 75 local organisations will receive technical assistance for the preparation and execution of proposals with an adaptation approach.

The project will also contribute to the indicators defined for compliance with the NDCs of the prioritised measures in the thematic areas of water, agriculture and forests, including the volume of water (m³) infiltrated for aquifer recharge, number of crop varieties resistant to adverse climatic conditions, number of agricultural producers, etc.

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D. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national adaptation plan (NAP), national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programmes of action, or other relevant instruments, where they exist.

The project seeks to be a financial mechanism to boost the implementation of adaptation solutions in the thematic areas of water, forests and agriculture in the country, aligned with the measures identified in the National Contributions and the National Adaptation Plan approved in 2021. The latter has a territorial scope that covers all of Peru and is based on the five thematic areas prioritised in the NDC framework, as well as additional adaptation needs. These thematic areas are:

- Agriculture
- Water
- Forests
- Fishing and Aquaculture
- Health
- Other relevant thematic areas.

Likewise, the project is in line with local and regional management documents that define climate change adaptation activities in the country, these are the Regional Climate Change Strategies and the Local Climate Change Plans.

All these instruments are recognised in the Framework Law on Climate Change and its Regulations. Likewise, Article 23 of this law states the following:

23.1 Public or private organizations of a different nature accredited before climate funds may be recipients and administrators of public or private contributions destined to the implementation of mitigation and adaptation measures to climate change.

(...)

23.4 In the procedures for managing, negotiating and obtaining financial resources, as well as public, private and international cooperation funds, priority shall be given to those destined for vulnerable populations, particularly women and indigenous or native peoples.

Profonampe's participation as the only national entity implementing the Adaptation Fund in the country plays a fundamental role in channelling resources for the implementation of national adaptation policies.

The main strategies and policies of the country and how they are aligned with the project are described below.

Document	Consistent with the project
Regional Climate Change Strategies - RCCS	Through Law No. 27867, Organic Law of Regional Governments, the role of regional governments is

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	<p>established to formulate, coordinate, conduct and supervise the application of Regional Climate Change Strategies. This leads to the development of the diagnosis of vulnerability and risks, the preparation of GHG inventories and the definition of an Action Plan.</p> <p>The project is aligned with diagnosis of vulnerability and risk of these strategies.</p>
<u>Local Climate Change Plans</u>	<p>Instruments that plan climate action for the implementation of adaptation and mitigation measures to climate change at the local level, in charge of the provincial and district municipal governments, according to their capacities.</p> <p>The risk and vulnerability analysis is aligned with the NAP and with what is identified in the thematics of this project, so the implementation of the project will help the application of this instrument and the RCCS.</p>
<u>Framework Law on Climate Change</u>	<p>Seeks the articulation and coordination of civil society and public and private entities, to monitor compliance with public policies on climate change, as well as the commitments assumed before the UNFCCC.</p> <p>In the procedures for managing, negotiating and obtaining financial resources, as well as public, private and international cooperation funds, priority shall be given to those destined for vulnerable populations, particularly women and indigenous or native peoples. The project will provide a financial flow for the attendance of vulnerable populations for climate change adaptation.</p>
<u>National Climate Change Strategy</u>	<p>Approved in 2003 and updated in 2015, it is the comprehensive climate change management instrument at the national level in Peru. Its vision is "adapting Peru to the adverse effects and taking advantage of the opportunities imposed by climate change, laying the foundations for a low-carbon sustainable development." Based on this vision, the national strategic objectives, indicators and lines of action are established, which allow the elaboration of subnational and sectoral plans for climate change, for which the project is consistent with this strategy since it seeks to increase the adaptation of the population.</p>
<u>Climate Change Adaptation and Mitigation Action Plan</u>	<p>This document constitutes the first approximation to the strategic guidelines for adaptation and</p>

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	<u>mitigation to climate change and describes the priority programs, projects and actions in the short and medium term to deal with climate change, which are aligned with the thematic and interventions prioritized by the project.</u>
<u>Concerted Development Plans (PDC)</u>	<u>Each department, province and district are incorporating or adapting climate change management within territorial management. The project implementation will potential the application of these Plans.</u>

E. Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

The subprojects activities to be financed under the EDA are aligned to the measures prioritised in the NDCs and the NAP and therefore meet the necessary technical and legal standards. The subprojects will comply with the unrestricted respect for the existing environmental, social and labor regulations in the country, as well as the specific regulations related to their intervention activities. Likewise, they will respect human rights, with special attention to the rights of children and adolescents. None of the sub-projects managed by the EDA can violate the environmental, social, labour, human rights requirements, or the regulations binding on the specificity of the activity.

Likewise they will be selected according to established criteria so that they meet minimum environmental, technical and social standards that will be aligned to the Social and Environmental Safeguards Policy of Profonanpe and the Environmental and Social Policy of the Adaptation Fund.

Each subproject will adequately identify and evaluate the possible risks and negative environmental and social impacts on the environment, cultural heritage, people's health, lifestyles and the rights of indigenous or native peoples and local populations, in accordance with the environmental protection criteria, established in the Law of the National Environmental Impact Assessment System. Likewise, the potentially affected actors (men and women) in the implementation of the activities must be identified.

Profonanpe will guarantee that the subprojects carry out the following actions:

- Establish an efficient and effective plan for the management of previously identified environmental and social impacts and risks in order to avoid and/or mitigate them.
- Establish the responsibilities for managing, monitoring and evaluating the environmental and social impacts and risks of the activities.
- Guarantee that the community affected by the activities has adequate access to information throughout the duration of the activities.
- Guarantee that complaints and suggestions from the population affected by the

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activities are addressed.

- Ensure that the gender approach is taken into account during the activities.

Likewise, the activities of the subprojects will promote the participation of women in all aspects that entail their implementation, generating equal opportunities and equitable power relations that shorten social gender gaps. identify environmental and social risks and conduct impact assessments where risks were detected, and measures to prevent, mitigate or manage negative environmental impacts will be identified and implemented. Monitoring reports will also be prepared on compliance with the measures identified.

Below is detailed the activities to be carried out by the project in line with the Environmental and Social Policy Delivery Process of the Environmental and Social Policy of the Adaptation Fund.

Process	Project's activities
Screening of Environmental and Social Risks by the Implementing Entity	An screening of environmental and social risks will be developed for each of subprojects evaluated and approved under the EDA, according to the criteria and technical assessment implemented by Profonanpe.
Environmental and Social Assessment	An environmental and social assessment will be developed at EDA level considering the identification of any environmental or social risks, including any potential risks of the thematic areas prioritized for the EDA and its activities. At the sub projects level, each of them will developed an environmental and social assessment of its specific activities and will be evaluated under the technical assessment phase described in Figure 1.
Environmental and Social Management Plan	In line with the environmental and social assessment, an environmental and social management plan will be developed for each project that will be evaluated under the technical assessment phase – stage 2 described in Figure 1. Profonanpe will provide guidance for the beneficiaries to develop its Plans according to the Fund's environmental and social principles.
Monitoring, Reporting, and Evaluation	The activities of monitoring, reporting and evaluation of the EDA will include the sub projects performance with respect to environmental and social risks. The monitoring specialist in coordination with the environmental and social specialist will ensure that the reports and evaluations includes the environmental and social measures.
Public Disclosure and	Profonanpe will involve key stakeholders in the

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<u>Consultation</u>	<u>development of the full proposal, the environmental and social screening and a draft environmental and social assessment of the EDA will be available for public consultations.</u>
<u>Grievance Mechanism</u>	<u>Profonanpe will develop specific guidelines of the EDA grievance mechanism that will be aligned with Profonanpe's current grievance mechanism (https://profonanpe.org.pe/en/quejas/)</u>

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F. Describe if there is duplication of project / programme with other funding sources, if any.

At the moment there is no duplication of project as a Facility itself, however there is a project under development to be presented to the GCF led by GIZ International which aims to support MIDAGRI in promoting a paradigm shift in the management of puna ecosystems (wetlands, peatlands and grasslands) and productive practices to increase climate resilience of some of the most vulnerable groups in the country: rural farming and herding communities depending on these ecosystems for their livelihoods. However the present proposal aims to support adaptation solutions in the water, forest and agricultural thematic areas, with pre established measures prioritised in the NDC and NAP.

G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

Knowledge management within the proposal is defined as the set of activities and processes that strengthen the exchange of information and experiences among the actors involved, in order to improve the performance of local organisations and the results of the proposed projects.

Components 1 and 2 of the proposal in terms of knowledge management and lessons learned, are mainly knowledge generators, and their results are the product of direct knowledge for the formulation of proposals and the projection of the proposed results as well as the entire implementation process.

Component 3 of the proposal proposes the development of climate change adaptation solutions for the thematic areas of water, forests and agriculture. This is the main component of the project and is considered the axis for recording and disseminating knowledge in different forms and at different levels.

The lessons to be learned from the project are relevant beyond the national, sub-national and sector-specific levels, as the project will identify and address in a participatory manner, the development and implementation of Peru's National Contributions and National Adaptation Plan creating an enabling environment

for scaling up proposals and seeking further funding.

H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

At the moment of the presentation of this concept note, consultations with MINAM have been made. A defined consultation process will be executed for the development of the Full Proposal considering actors like: MIDAGRI, ANA, Indigenous organisations, producer associations, unions, academia, and the private sector.

I. Provide justification for funding requested, focussing on the full cost of adaptation reasoning.

The budget requested for this project is US\$ 5,000,000. The future benefits of carrying this project are:

- Promote the rapid implementation of innovative adaptation measures aligned with the NDCs and National Adaptation Plan.
- Investment in evidence-based and prioritised adaptation measures for the country in the thematic areas of water, forests and agriculture, which represent almost 60% of the country's NDC adaptation measures.
- Strengthen the capacity to develop robust and feasible adaptation proposals.
- Generate experience and lessons learned in the management of resources for adaptation through a private scheme of multi-stakeholder participation and fully oriented to the fulfilment of the NDCs.
- Strengthen key actors in climate change management, promoting their autonomy in decision-making on climate investments.
- Generate baseline information for some prioritised adaptation measures that will allow adequate monitoring of their implementation in the medium and long term by other local organisations.
- EDA resources seek to leverage public resources for NDC implementation as well as to promote and attract private investment.
- Implement a first management model and private financial mechanism for adaptation in the country, involving the participation of Profonampe as Peru's Environmental Fund.

Without this financing, adaptation measures would take time to be implemented because there would be no private mechanism for fast and efficient financing of these measures.

J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project / programme.

At the current stage of development of the concept note, the proposed project approaches the notion of sustainability in two distinct dimensions:

Environmental sustainability is addressed through the environmental impacts resulting from the implementation of solutions for the agricultural, forestry and water sector under the context of climate adaptation. The intervention is characterised by an initial investment, a long service life of the suggested intervention of the grants and their basic maintenance. This will achieve continuous benefits for the environment, such as improved water quality, assisted oriented agricultural production, among others that are aligned to the funded subproject.

Socio-economic sustainability is addressed through the social benefits that the solution will bring due to its nature, such as a decrease in conflicts over scarce resources along with benefits for health and financial sustainability, specifically in the local communities of the intervention area, thus promoting a positive impact on livelihoods, the overall economy and food security at the national and subnational level.

Institutional sustainability is guaranteed at the local level by the participation of the local organizations and communities, owners of their territories and the main interested parties in maintaining their livelihoods and productive chains. On the other hand, EDA capacity building activities will promote local track record in development adaptation proposals capacities, that will allow local organizations to scale up their interventions. At the national level, the sectoral governmental organizations involved in the proposal are responsible for the implementation of Peru's National Climate Change Adaptation Plan and NDC.

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Financial sustainability is addressed through identification and mobilization of additional resources during implementation, this can be resources leveraged to the EDA or through sub project level, according to its activities and stakeholders involved. The prioritized measures in the thematic areas of water, forests and agricultural were defined by the government as the Paris Agreement commitment, consequently, one complementary source for the sub projects will be national budget and also resources from International Cooperation that will allow the sub projects to be sustainable in time. Also, Profonampe, as the Peruvian environmental fund, will identified other financial mechanisms in the institution that can be similar or complementary to the EDA in order to potential its sustainability.

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The **overall sustainability** of the project outcomes is seen not only in the way the project intervention is built through a participatory process, but also that participatory and inclusive processes are a dimension for the identification, design and implementation of climate adaptation and resilience of the proposed solutions. The combination of roles of government, communities, vulnerable populations, youth and women will be initiated in the full project development phase, as a participatory process will be put in place that will continuously increase during the implementation phases of the project and its outputs, thus increasing the sustainability of the project outcomes.

K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / programme.

The risk category of the project is B because the sub projects can have potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
<u>Compliance with the Law</u>	X	The development of the final project document and the execution of activities under the proposed subprojects will ensure compliance with all relevant national legislation and international laws, therefore it will not imply a risk.
<u>Access and Equity</u>	X	The financed subprojects will in no way compromise the communities' access to basic health, drinking water and sanitation, energy, education, housing, safe and decent working conditions, and land rights.
<u>Marginalized and Vulnerable Groups</u>	X	The proposed subprojects are expected to improve the ability of all, including marginalized and vulnerable groups, to adapt to the adverse effects of climate change.
<u>Human Rights</u>	X	All proposed subprojects will respect and adhere to national legislation and international conventions on human rights, including access to basic needs such as water and electricity.
<u>Gender Equality and Women's Empowerment</u>	X	Through targeted consultation, project design and implementation will ensure that gender considerations are integrated into every activity. The project implementation strategy will also promote women's leadership and decision-making.
<u>Core Labour Rights</u>	X	The proposed project will adhere to core labor laws and the rights of all parties.
<u>Indigenous Peoples</u>	X	The design of all the Components and the proposed subprojects will ensure that the local communities and indigenous peoples involved are consulted and benefit from the interventions according to their needs.
<u>Involuntary Resettlement</u>	X	The Components for the proposed project do not include involuntary resettlement.
<u>Protection of Natural Habitats</u>		Low risk The project is not expected to have a negative impact on natural habitats, including those that are legally protected or recognized as protected natural areas. However, a final evaluation of the areas involved in the project will be carried out in accordance with the AF's environmental and social policy to observe the minimum negative impact that will be inherent to the activities carried out.
<u>Conservation of Biological Diversity</u>	X	The interventions of the subprojects will promote the conservation of biological diversity and natural habitats, through the restoration and protection of the forest, therefore it does not imply any risk.

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<u>Climate Change</u>	X	The proposed project will contribute to climate change adaptation actions at the country level. Furthermore, the proposed project is in no way intended to increase greenhouse gas emissions or contribute to drivers of climate change.
<u>Pollution Prevention and Resource Efficiency</u>		Low risk The proposed project will ensure that the efficient use of energy is maximized, it will also avoid any potential pollution and the production of design materials directly, however there is the possibility that certain contaminating particles inherent to the scheduled activities will be produced.
<u>Public Health</u>	X	No risks are anticipated in terms of public health concerns, rather it is intended to improve livelihoods through climate-resilient practices and alternative income-generating activities.
<u>Physical and Cultural Heritage</u>	X	The proposed project will not harm the physical and cultural heritage in the intervention areas.
<u>Lands and Soil Conservation</u>	X	The proposed project is intended to conserve natural lands and soil through the protection of key ecosystems that are threatened by unsustainable practices.

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PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. Record of endorsement on behalf of the government²

Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:

Name: Rosa Mabel Morales Saravia Position: General Director of Climate Change and Desertification Ministry: Ministry of the Environment of Peru	Date: 01,10,2022
--	------------------

B. Implementing Entity certification *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address.*

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (National Adaptation Plan and National Contributions) and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

⁶ Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

<i>Name & Signature: Anton Willems Delanoy</i>	
Implementing Entity Coordinator	
Date: (01, 10, 2022)	Tel. and email: (511) 315 5700 (511) 218 1097 <i>awillems@profonanpe.org.pe</i>
Project Contact Person: Claudia Godfrey Ruiz	
Tel. And Email: (511) 315 5700 (511) 218 1097 <i>cgodfrey@profonanpe.org.pe</i>	

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Ministerio
del Ambiente

Viceministerio de
Desarrollo Estratégico de
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Dirección General
de Cambio Climático
y Desertificación

"Decenio de la Igualdad de Oportunidades para mujeres y hombres"
"Año de la lucha contra la corrupción e impunidad"

Lima, 10 de enero de 2022

LETTER N° 00006-2022-MINAM/VMDERN/DGCCD

Messrs.

The Adaptation Fund Board

c/o Adaptation Fund Board Secretariat

Email: Secretariat@adaptation-fund.org

Fax: 202 522 3240/5

Subject : Endorsement letter for the concept note "Fund for innovative solutions in adaptation in Peru"

The Ministry of the Environment of Peru is the governing body of the National Climate Change Strategy of Peru and is the ministry in charge of informing the United Nations Framework Convention on Climate Change on the commitments of Nationally Determined Contributions (NDC). Within this framework, the concept note "Fund for innovative solutions in adaptation in Peru" has been evaluated, to be presented to the Adaptation Fund. In this sense, the proposal contributes to increasing the population's capacity to adapt to climate change by financing the adaptation measures prioritized in the NDCs in the areas of water, forests and agriculture.

In this vein, I am pleased to endorse the changes mentioned above with support from the Adaptation Fund. If approved, we will ensure that the project is aligned to our climate change adaptation targets, and that is duly coordinated between the environment and Profonampe.

We appreciate your attention very much, and thank you for your kind consideration.

Sincerely yours,

Rosa Morales Saravia

Head of the General Directorate of Climate Change and Desertification

Ministry of the Environment

Designated Authority

File number: 2022002333

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