

**MULTI-ANNUAL INDICATIVE PROGRAMME (MIP) PERU 2021-2027**

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**1. The overall lines of the EU international cooperation in Peru****1.1. Basis for programming**

In April 2019, the Foro de Acuerdo Nacional (FAN), which includes actors from government, political parties, civil society and the private sector, approved Peru's Vision 2050<sup>1</sup>. Describing a future of well-being to be achieved by 2050, the forward-looking Vision calls for a continued improvement of strategies and policies that shall grant a decent life to all, through an inclusive and sustainable development at national level. The Vision centres on 5 main areas:

- ☐ People reaching their potential, equal opportunities and non-discrimination, guaranteed education and universal access to health;
- ☐ Sustainable management of natural resources in the light of climate change;
- ☐ Sustainable development, economic growth, competitiveness, innovation, decent jobs and environmental sustainability;
- ☐ A democratic, peaceful society, respectful of human rights and free of fear and violence; and
- ☐ A modern, efficient, transparent and decentralized State that guarantees a fair and inclusive society, without corruption and leaving no one behind.

The Vision sets the frame for the revision of Policies of State after 2021 and is the base for the formulation of the National Strategic Development Plan towards 2050. The former is to replace Peru's *"Bicentennial Plan 2021: Peru towards 2021"*<sup>2</sup>, which is the basis for this Programme. The multi-actor FAN will again accompany the drafting of this new Plan. Bicentennial Plan and Vision take up and cover the Sustainable Development Goals (SDG). They remain valid in COVID-19 pandemic.

The EU and Peru share common values, a firm belief in multilateralism, democracy and human rights, a rules-based system. As a regional leader in the field of climate action and environment, as well as in the promotion of free trade and an increasingly influential international and development actor, opportunities for increased cooperation abound. There is an opportunity for a value-based partnership with the EU.

Peru is a key economic and trade partner for the EU in the Latin American region, a relationship that the signature of a Free Trade Agreement (FTA) strengthened and deepened.

Especially vulnerable to the effects of climate change, and one of the most megadiverse countries in the world, the EU and Peru are equally key partners on several global environmental and climate change commitments.<sup>3</sup> Peru is striving to transition to an inclusive green growth model, adopting a circular approach, and has the potential to become a regional reference in the field of low-carbon and circular development. Environmental and climate change challenges remain, particularly in

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<sup>1</sup> <https://www.ceplan.gob.pe/visionperu2050/>

<sup>2</sup> [https://www.ceplan.gob.pe/documentos/\\_plan-bicentenario-el-peru-hacia-el-2021/](https://www.ceplan.gob.pe/documentos/_plan-bicentenario-el-peru-hacia-el-2021/)

<sup>3</sup> The EU has partnered with Peru in the addressing of several global challenges such as the Paris Agreement on Climate Change, the 2030 Agenda for Sustainable Development, the UN Convention on Biological Diversity, the UN Convention to Combat Desertification, and the New Urban Agenda.

the fields of land use change, deforestation and biodiversity conservation, urban development, energy transition, water and waste management, and sustainable consumption and production.

It is in EU and Peru interest to cooperate in taking climate action, preserving the Amazon, and embarking on a clean and circular growth path and promote sustainable trade. Challenges include economic governance and diversification, investing in sustainable value chains for both export and internal markets, increasing competitiveness through innovation and digitalization, in an inclusive manner and in line with the sustainability objectives of the EU-Peru FTA.<sup>4</sup> There is an opportunity for EU financial institutions and private sector to participate in the development of sustainable urban infrastructure and services. The circular transition of the economy and cities provides scope for enhanced sustainable trade and investment with the EU.

Peru's recent economic growth has been remarkable and public finances are solid. The country made great progress in reducing poverty. These achievements and public social services have proved fragile and failed to reduce inequalities. The COVID pandemic struck Peru particularly hard, reversed the situation and resulted in high excess mortality as social services like health, education and social protection, central and local authorities were quickly overwhelmed. The severe lockdown and halt of economic activities caused a strong economic contraction. Over 70% of the workforce is informal, with no safety net. The public health system is inadequate, and anaemia continues a major problem. A large digital divide persists with dire impact on economic and social development. The difficulties to sustain the positive trends in social indicators point to the need for continued policy reforms and a more ambitious decentralization reform.

Disenchanted by political instability, corruption and weak institutions, citizen's confidence in institutions and the political system is low. Gender equality and violence are major challenges. Drug trafficking, organized crime and widespread impunity undermine the functioning of the state. Environmental crime threatens forests, biodiversity and human rights defenders. With most Peruvian drug production going to the EU, we share a common interest and responsibility to cooperate on improving prevention, law enforcement and promoting alternative development.

The EU and Peru signed a cooperation framework agreement in 2002. A new Memorandum of Understanding to consolidate EU-Peru relations is under negotiation. The EU Human Rights and Democracy Strategy, its Action Plan for 2020-2024 and the Human Rights and Democracy Country Strategy for Peru guide EU action in this field.

All actions taken under this programming exercise shall comply with EU legislation, in particular EU restrictive measures (sanctions) adopted pursuant to Article 215 of the Treaty on the Functioning of the European Union.

## **1.2. Status of joint programming**

No joint programming document exists for Peru to date. In the wake of Peru's development achievements and GDP growth some Member States have phased out their bilateral cooperation programmes over the last years. Others remain very active, in their respective priorities. The EU itself had foreseen to phase out its programme after 2018, a decision revised with the extension of the last MIP until 2020.

Since 2020, and in the framework of the Team Europe Initiative, enhanced coordination efforts between the EU and the EU cluster (EU Member States, EU private sector and EU civil society) are underway to foster a common European response to Peru's needs and challenges. The TEI presented later in this document, focussing on promoting and facilitating Peru's Circular Transition

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<sup>4</sup> Article 267 (under Title IX) of the Trade Agreement encompasses the context and objectives for the inclusion of trade and sustainability aspects within the agreement.

will be a milestone in this process.

Joint implementation through Member States has been the option of choice for ongoing EU programmes. To advance towards a more joint overall coordination tool in joint programming spirit will be the object of analysis as of 2021.

### **1.3. Priority areas of the EU's cooperation with Peru**

EU cooperation with Peru until 2020 has focused on strengthening governance, promoting social inclusion and territorial economic development, and supporting Peru's fight against organized crime, drug production and trafficking, through budget and programme support. Lately, these focal sectors were complemented with bilateral actions in the fields of gender violence, environment and climate change, sustainable cities, migration, and health, not least in response to crises.

A strict sector concentration has proven difficult to maintain, also due to Peru's characteristics and development needs as an Upper Middle-Income Country. There is a particular need for policy dialogue and reforms, institutional strengthening, and in combination with the former, financial instruments such as blending or guarantees for sector development.

The priority areas retained and listed below correspond to broad areas of cooperation leaving margins for flexibility to address both strategic priorities and opportunities.

#### **Priority Area 1: Circular transition: promote the transition to a green and inclusive economy and development**

Sector 1:        Circular economy - TEI

Sector 2:        Sustainable cities - TEI

Partnership under this priority area shall actively contribute to successful green and sustainable economic development and growth, linking investment to 2030 Agenda, Paris Agreement, the Convention on Biological Diversity and Leticia Pact for the Amazon. It shall promote the transformation of the consumption and production systems to an inclusive, low-carbon and circular model that is decoupled from intensive resource use, is regenerative of urban systems and protective of natural capital.

With the second biggest area of Amazon rainforest, Peru is a mega-diverse country, but as everywhere, linear economic growth came at a cost for the environment. Land use change, pollution, deforestation, and environmental crime, including illegal mining, logging and wildlife trafficking are major concerns and put in peril valuable habitats and biodiversity. Already highly vulnerable to extreme weather events, such as the El Niño Costero of 2017, climate change strongly affects Peru, and poses additional challenges to the development model.

Unsustainable urban development is source of harmful air quality levels, poor urban hygiene, high use of fossil fuels, raising amounts of unmanaged solid waste, and contamination of rivers and water sources, which lead to health problems and degradation of natural systems. Urban development plans are being prepared for all larger cities, but environmental and climate aspects must yet take central stage. Cities must become circular, inclusive, and sustainable, both reducing resource consumption and emissions.

In the last years, Peru laid the foundations for embarking on a green growth agenda, with the Ministry of Environment's Guidelines for Green Growth (2016), the Climate Change Framework Law (2018), and the EU-supported Roadmap towards a Circular Economy in the Industry Sector (2020). For green growth to become a central pillar of development, environmental institutions and environmental management systems need further strengthening. Economic instruments for environmental management (e.g. green taxes and subsidies to fossil fuels) require reorienting and

reinforcing and the country must use its rich natural capital more sustainably.

Building on past results and comparative strengths, the EU is set to promote Peru's circular transition, with a view to benefit both natural and urban systems. The EU is to support the transition towards a low-carbon circular economy, circular business models, sustainable supply chains, green and women entrepreneurship. It shall contribute to economic diversification, sustainable raw materials, industrial and deforestation-free agricultural value chains, not least in the Amazon regions, mutually beneficial trade and investment, including through increased regulatory convergence, innovation, technology transfer, and investment promotion, among others by strengthening capacities at sub-national level in the field of competitiveness, and also in cooperation with other Commission services.

DAC sectors: 430, 410.

## **Priority Area 2: Human development and social inclusion**

### **Sector 1: Social protection**

The aim of this priority area is to fight inequalities, build more inclusive, prosperous and sustainable economies and societies, support resilience and human development, targeting in particular women and young people and including vulnerable groups such as indigenous and migrant populations.

To this end, the EU will continue to share its extensive expertise and experience in the construction of inclusive societies and social policies, provision of affordable quality services for all citizens, including as public goods. It will support Peru on its path towards decent livelihoods for all, in line with Vision 2050. Integration and social inclusion of migrants is a particular concern.

Boosted by high growth, Peru has halved poverty; a trend now reverted during the COVID pandemic. Social gains proved fragile and difficulties to sustain the positive trends in social indicators are manifest, pointing to the need for continued policy reforms. The COVID-19 pandemic and economic crisis have shown the limits of Peru's social system and services. The health system was overwhelmed, in particular in the regions, with high mortality as a result. Existing social protection programmes could not cover all needs. Millions lost their income in the absence of a solid social protection network. Urban poverty rose sharply. The majority of the population is either poor or at risk of falling back into poverty. Informal employment of well over 70% of the Peruvian labour market constitutes a major social and economic challenge. The crisis is also an opportunity to build back better, shape a more inclusive society in a country where inequality is among the highest in what is the world's most unequal region. Promoting a transition from the informal to formal economy and decent job creation are therefore key priorities in this area.

### **Sector 2: Migration**

Peru is the second largest host country of refugees and migrants from Venezuela and the first in asylum seeking requests. Over 1 million refugees and migrants from Venezuela have chosen Peru as their final destination. In coordination with the Inter-Agency Coordination Platform in Peru, the EU has supported Peru in receiving and covering most urgent needs of this particularly vulnerable population, and in fostering their socio-economic integration. Most migrants are to stay and their gradual inclusion, in social and economic terms, remains a challenge, as well as access to rights.

This programme creates the possibility to mobilize development funding, in complement to humanitarian and crisis instruments, and in line with the humanitarian-development-peace nexus.

DAC sectors: 160, 151.

### **Priority Area 3: Governance and rule of law**

#### **Sector 1: Good governance and democracy**

Democratic stability and political reform are becoming a priority on the human rights and democracy agenda in Peru. Peru ranks lowest in Latin America in terms of ‘support of the system’ and second lowest in ‘satisfaction with democracy’. Constant political crises have weakened the process of design and implementation of public policies. Peru’s party system is highly fractured and unstable.

The EU has accompanied electoral processes via Electoral Observation missions. Several of the recommendations made have been implemented. However, the pending agenda is complex and requires profound changes and strong political will. The 2021 elections confirmed a political representation crisis. The legal architecture of the political system poses obstacles for checks and balances between Legislative and Executive as well as for the system of popular representation.

The aim under this sector of intervention is to consolidate and support democracy, protect and promote human rights, improve institutional capacities and governance and fight corruption, not least as an enabler of reform processes. This may involve support to political reforms, conducive to consolidating democracy, or the implementation of recommendations as made by EU Electoral Observation Missions or the OECD (business and human rights, public governance, transparency, justice reform).

#### **Sector 2: Organized crime, drug and human trafficking and environmental crime**

Organized crime is a threat to the functioning of public institutions both at local and national level. Relatively weak institutions, particularly in border regions, persistent pockets of poverty and weak law enforcement are a fertile ground for coca production and trade, illegal mining, illegal logging, traffic in human beings, wildlife trafficking, money laundering and corruption. This in turn accelerates deforestation and loss of biodiversity.

The EU has been an important provider of assistance to Peru in its fight against organized crime, in all its forms and in an integrated way, to contribute to ensure peace and security. Objectives include ensuring close EU-Peru coordination in the fight against organized crime and drugs, mostly destined for the European market; strengthen national law enforcement capacities and coordination with EU law enforcement bodies; support national efforts on alternative development.

DAC sectors: 151

#### **1.4. Justification and context**

### **Priority Area 1: Circular transition: promote the transition to a green and inclusive economy.**

Peru's economic and development model is to a large extent based on the exploitation of natural and mineral resources, causing environmental degradation. Ecosystems are under pressure by large-scale agri-food and extractive industries, small and medium-sized informal or illegal activities, subsistence agriculture and unsustainable urban sprawl. This will help preserving biodiversity, combatting tropical deforestation, promoting deforestation-free supply chains, and reducing emissions from deforestation and forest degradation.

With over 76% of the population living in medium-large cities, urban areas are drivers of environmental degeneration. Often characterised by disorderly and predominantly informal growth, Peru’s cities suffer from pollution and linear externalities, such as solid waste generation, emissions to air and water, soil contamination, noise, and congestion, but are also source of negative impacts in long-distant areas. Less than 4% of the total waste is recycled, only 42% of

unrecoverable waste ends up in landfills. 87% of the urban population is serviced with water and 84% has access to sanitation.

The implementation of circular economy practices is incipient. The “Circular Peru Platform”, a public-private-academia partnership - currently under development with EU assistance – can have a central role in the deployment of these roadmaps but requires sustained assistance and a strong resource-mobilisation and implementation capacity. The spread of circular practices at regional and local levels is mostly donor-driven. Peru ranks 98th out of 141 worldwide in ICT adoption (under the 2019 Global Competitiveness Report), mainly due to low number of internet users, meaning a limited capacity for advancing towards the dematerialisation of the economy. Peru’s Clean Production Agreements programme, highly successful in other countries such as Chile, Colombia, and Uruguay, has a limited implementation, and presents no strong enforcement, monitoring and reporting mechanisms.

Peru is currently updating the National Strategy on Climate Change by 2050, which aims for a mid-century carbon neutrality target, based on four national priorities: i) Transformation of the energy matrix towards renewable energy; ii) Electrification of the economy (electromobility); iii) Circular economy; and iv) Nature-based solutions (sustainable use of natural resources).

If adequately leveraged, an EU-supported large-scale deployment of low-carbon, climate-resilient and circular practices across Peru’s consumption and production systems can lead to greater efficiency in the use of natural resources and assets, higher productivity, lower waste and energy consumption, as well as availability of resources at their highest value. This represents a valuable opportunity to create an alliance for sustainable growth and generate decent and green jobs.

In addition to the public sector, the EU has a keen interest to engage with business associations and civil society, as like-minded partners. Relations with business associations are generally positive, apart from some trade concerns, but deepening the alliance in particular on sustainable development is a target. Several civil society organizations are participating in policy design; RedGE (Red por una Globalización con Equidad) is monitoring compliance of the EU-Peru FTA. EU and civil society are allies in most fields. CSOs can play a key role in raising awareness on environmental issues in the population.

EU action in this area is fully complementary to the EU’s Green Deal. In the framework of the Team Europe Initiative, the EU will mobilize funding from bilateral, regional and thematic budget lines, the EFSD+, coordinate and promote joint action of EU actors. Bilateral programmes will closely coordinate with regional actions as Euroclima and regional European initiatives on Green Deal implementation and the Amazon Basin. Besides Member States, multilateral development banks as IADB and the World Bank are major actors, as are the UN system and bilateral actors like Switzerland, UK, US. The EU-Peru trade agreement provides opportunities for promoting sustainable production.

## **Priority Area 2: Human development and social inclusion**

Human development and social inclusion is important for all policy areas and for achieving sustainable development. Human development is key for reaching most SDG targets. A modern economy based on circular low-carbon production requires a qualified workforce. While education shall provide the skills the labour market requires, a rights-based social protection network provides people the assurance and conditions they need to prosper. The vast European experience and social model can serve as an example. The EU is indeed an important player in providing peer-to-peer expertise in the areas of social protection, health, labour market formalization, care policies.

Human development can create alternatives to the expansion of subsistence farming or coca growing for illicit drug production, which weigh heavy on both the country’s environmental

footprint and governance. Recent social unrest on the continent has demonstrated that in the absence of access to quality social services, opportunities and decent employment, social conflict may arise.

Civil society advocates for increased investment in human development and the respect and protection of rights, while at the same time claims for better social services are becoming more vocal throughout the country. Social rights including the rights to an adequate standard of living, affordable housing, food, education, an equitable health system, and social security are part of the human rights dialogue and EU support to authorities and civil society. Recognizing the special role and expertise of civil society in this field, EU cooperation shall involve civil society in policy shaping, dialogue and implementation, further strengthening its participation, role, and capacities to promote social change.

EU action in this field will create synergies with the EU's ongoing Eurosocal programme, thematic initiatives as SOCIEUX or Social Protection and Public Finance Management, regional programmes or Team Europe Initiatives in the field of social cohesion and the fight against inequalities, ILO and other cooperation actors, on the basis of lessons learned in previous years. Furthermore, it is in the EU's interest to support efforts by Peru to eradicate child labour and effectively implement international labour conventions<sup>5</sup>.

Migration-related programmes will work in coordination with humanitarian aid provided by ECHO and in a perspective of ensuring the humanitarian-development nexus. Action will be defined based on ongoing cooperation and experience gathered, and in complementarity with EU FPI and crisis response actions and in coordination with the donors represented in the local donor-government working group for refugees and migrants.

### **Priority Area 3: Governance and rule of law**

As one of the most dynamic economies in the region, Peru has achieved high growth rates, macroeconomic stability, and significantly reduced poverty. It is directing major efforts at improving governance, aligning with OECD standards, with a perspective of accession. Various reviews took place, including with EU cooperation support. Challenges persist, including political instability, access to justice, rule of law and corruption not least at regional and local level. Decentralization remains unfinished. The EU has been a strategic partner in the field of governance. It deployed Election Observation Missions in 2016 and 2020, a follow-up mission in 2017, and an election expert mission in 2021.

This also applies to the fight against organized crime and the production and trafficking of illicit drugs, where the EU is both the main destination, sharing a joint responsibility, and the partner of choice. Drug production creates complex problems for Peru and is a threat to security and the stability of the society. It generates corruption, which in turn weakens governance, the rule of law and negatively affects Peru's development perspectives. Organized crime poses a threat to peace and security, and natural resource preservation and ecosystems, in particular the Amazon. Human trafficking directly violates human rights and freedoms.

EU cooperation in this area closely coordinates with the regional EL PACCTO, Copolad, Eurofront and Global Illicit Flows Programme and their sub-programmes. Other reference donors or multilaterals include the United States, German cooperations and UNODC.

Women in Peru suffer from unequal access to resources or power. Traditional assumptions and misconceptions about women's roles in society remain powerful and women suffer

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<sup>5</sup> the fundamental ILO conventions on freedom of association and collective bargaining, as well as the fundamental ILO convention about a minimum age for access to employment.

disproportionately from poverty and unemployment. Violence against women is a widespread problem and marked by high rates of impunity and social tolerance. Civil society is a strategic partner on governance and human rights, with a potent coordinating platform. The EU has significantly strengthened the gender equality movement, which still has some way to go. Gender equality will be mainstreamed as a cross-cutting element.

### **1.5. Duration of the MIP and option for synchronisation**

The MIP will have a duration of 7 years (2021-2027), with a mid-term review foreseen in 2024. The financial allocation included in the MIP refers to the 2021-2024 period. Based on a performance-driven approach, the financial allocation for 2025-2027 will be determined through the mid-term review.

The programming timetable did not allow for alignment with Peru's election cycle with presidential and general elections taking place between April and June 2021.

## **2. EU support per priority area and proposals of Team Europe Initiatives**

### **2.1. Priority area 1: Circular transition: promote the transition to a green and inclusive economy**

EU support to Peru's transition towards a green and inclusive economy will translate into a promotion of the circular economy, as a backbone strategy for the country to embark on a low-carbon, resource-efficient, and climate-resilient pathway. EU action, targeting both urban and natural systems, shall follow an integrated approach. The EU will also promote the conservation and the sustainable use of biodiversity across the economy as a way to protect the country natural capital, improve resilience and enhance green and inclusive growth also for the vulnerable local communities. With a view to shifting consumption and production systems to green and circular models, it will support the creation of a favourable environment for circular economy development and promote private sector investment in sustainable and circular business models, alongside selected green and blue value chains. Linking the initiative to the EU-Peru free-trade agreement, EU economic presence and Peru's MSME landscape can act as a further catalyser. The matching between Peruvian and EU SMEs in key sectors of the green value-chain can help support Peruvian MSMEs participation in the circular economy development.

The EU will continue to assist the implementation of the circular economy roadmap for the industry sector, and the definition and application of roadmaps for the agro-livestock sector and the fisheries, fish farming and aquaculture sectors, currently under definition. Regarding fisheries specifically, the ratification of relevant international instruments is crucial, notably with respect to the fight against Illegal, Unreported, and Unregulated (IUU) fishing. Other specific roadmaps may follow, both at sectoral (e.g. construction, sustainable mining, chemical, forestry, tourism sector, etc.) and sub-sectoral levels (coffee industry, footwear industry, automotive industry, etc.). Developing sustainable Amazonian value chains and the promotion of deforestation-free supply chain in line with the future EU regulation is of special importance as are Farm to Fork, bioeconomy or bioforestry approaches in the agro-sector in general. Linkages shall also be established with urban policies as sustainable housing, construction, and integrated solid waste management.

The shift to circular consumption and production systems will also depend on strong partnerships. Engaging with public and private sector, academia and civil society will be key for strengthening joint action in the recently created "Circular Peru Platform" and the expansion of the existing clean production agreements programme. An increased engagement with the private sector, business associations and chambers of commerce is fundamental to foment change, to work towards increased corporate social responsibility, women's economic empowerment, environmental and human rights reporting. Incentives and financing must be set right and be available to stimulate the



transition. The EU can assist in drawing up affordable green finance schemes, to be channelled through commercial banks for lending to business to adopt circular and low-carbon practices. An eventual selection of specific geographic regions or economic sectors for intervention will take place at an opportune moment, following a due analysis of local contexts and with due concern for the Amazon.

Civil society participation throughout the process is an important concern. Its role is multi-faceted, ranging from participation in policy and strategy definition, citizen awareness building or implementation to ensuring oversight of compliance and good public governance. Cooperation will strengthen these capacities where needed. Work under this priority will proceed in full complementarity with regional EU initiatives.

### **2.1.1. Specific objectives related to the priority area**

Specific objective 1.1: Strengthen the EU-Peru partnership on circular economy in international and multilateral fora.

SDGs: 13 and 17

Specific objective 1.2: Create an enabling environment for inclusive, sustainable, and circular consumption and production systems.

SDGs: 6, 7, 8, 9, 12, and 13

Specific objective 1.3: Promote the adoption of green and circular economy practices in businesses and value chains, including the promotion of deforestation-free supply chains.

SDGs: 3, 6, 7, 8, 9, 11, 12, 13, 14 and 15

Specific objective 1.4: Promote cities' circular transition.

SDGs: 6, 7, 10, 11, 12, 13 and 15

### **2.1.2. Expected results per specific objective**

Expected result 1.1.1: Peru is an active actor in international or regional initiatives related to circular economy, biodiversity and sustainable Amazon value chain development.

Expected result 1.2.1: National policies, plans and legislation on sustainable, circular, and low-carbon consumption and production are developed and implemented.

Expected result 1.2.2: The capacity of national and sub-national authorities to formulate sustainable economic development strategies and to promote sustainable value chains, raw materials, industrial and agricultural, is strengthened.

Expected result 1.3.1: Business and trade opportunities alongside sustainable value chains are increased. Networking between EU and Peruvian and SMEs is strengthened.

Expected result 1.3.2: The private sector is aware of green business potential and embraces circular economy as a growth strategy.

Expected result 1.3.3: Adequate financial instruments are available to encourage and facilitate private sector investment in circular practices.

Expected result 1.4.1: Cities integrate sustainable, circular, and low-carbon patterns in key areas such as solid waste, water, urban mobility and transport, and construction.

### **2.1.3. Indicators (including baseline and targets), per expected result**

The main indicators to measure the expected results are included in the sector intervention framework attached in Attachment 1.

#### **2.1.4. Possible use of blending and guarantees for investment under EFSD+**

Blending and financial guarantees are essential instruments in this priority area and shall be part of future programmes. A green loan component would be instrumental to implement specific objective 1.3, with the aim to facilitate financial intermediation between SMEs and commercial banks for the adoption of circular and low-carbon practices. A respective operation could include concessional sovereign loans, blending grants for technical assistance and guarantees for de-risking investment.

Technical assistance can assist business to identify opportunities and take advantage of numerous existing international and national investment facilities.

### **2.2. Priority area 2: Human development**

Increasing social spending is needed to address human development challenges, raise the quality of education, health and social protection services, roll out care policies, improve livelihoods, and maintain social peace. Communities across Peru voice their claims increasingly loudly. Dialogues on reforms and their funding need to include actors from all sectors, public, private, and civil society. The EU will support these inclusive dialogues and processes. Civil society is further an ally in the fight against discrimination of migrants and xenophobia.

The EU has provided ample assistance to poverty reduction and the expansion of social programmes under past programmes, not least with support to health, water and sanitation in the Amazon regions. In response to COVID-19 it has ventured into the health sector supporting the universalization of health assurance, including for migrant populations. Bilateral, regional, and thematic cooperation have successfully complemented each other and shall continue to do so.

#### **2.2.1. Specific objectives related to the priority area**

Specific objective 2.1: Social protection networks are strengthened.

SDGs: 1, 2, 3, 4, 5 and 6

Specific objective 2.2: Migrant populations have increased access to social services and decent employment, free of discrimination.

SDGs: 1, 2, 3, 4, 5 and 6

#### **2.2.2. Expected results per specific objective**

Expected result 2.1.1: Increasingly universal rights-based social protection networks provide insurance and quality services to citizens, according to different stages in life.

Expected result 2.1.2: Universal health coverage benefits an increasing number of citizens, providing an increasing number of services of quality.

Expected result 2.2.1: Migrant and refugee populations have greater access to social services, (formal) work or income generation opportunities.

#### **2.2.3. Indicators (including baseline and targets), per expected result**

The main indicators to measure the expected results are included in the sector intervention framework attached in Attachment 1.

#### **2.2.4. Possible use of blending and guarantees for investment under EFSD+**

Peru requires considerable additional investment in social infrastructure for Vision 2050 to become

a reality. The infrastructure plan for competitiveness sets out an ambitious investment agenda. The works for connectivity, digitalization, energy, waste or water, will need to be complemented by investment in education and health infrastructure.

Blending loan operations with grants funds can assist this endeavour with complementarity technical assistance, pre-investment studies or also investment grants that enable to include more vulnerable populations.

EFSD+ support can also stimulate formalization and formal employment creation.

### **2.3. Priority area 3: Governance and rule of law**

Instability and institutional weakness have shaken citizen's confidence in the political system. The mistrust against political elites and growing democratic fatigue represent a major challenge. In line with the Human Rights and Democracy Country Strategy, the strengthening of democratic governance and human rights, including through the implementation of electoral reforms, in line with EU Election Observation Mission recommendations, will be a key component of EU action.

Strengthening governance and institutional capacities at national and decentralized level, including cities, will be fundamental to assist Peru overcome several development challenges. Solid institutions are necessary to promote local human development and social service delivery, economic development, job creation and competitiveness.

Organized crime is a threat to governance and the rule of law, undermining the state with corruption and insecurity, harming legal enterprise and development. In this context, the EU Drugs Strategy 2021-2025, Peru's recently approved new national drugs policy and strategy for the development of the VRAEM, the area of the Apurímac, Ene y Mantaro river valleys, mark the agenda for the coming years.

Civil society plays a crucial role in the promotion of human rights and in monitoring compliance, also in alliance with respective authorities. It is an indispensable partner, with an essential role in dialogue and in promoting inclusion and equality. Its engagement is fundamental for success. Civil society participation is particularly strong at local level, in monitoring or strengthening e.g. indigenous communities. International organizations provide specific support to authorities at all levels in the area of environmental crimes. Possibilities for civil society participation include the promotion of alternative development or value chains.

The bilateral programme works in coordination and synergy with the EU Human rights and Democracy Strategy for Peru and other EU instruments, including for the promotion of human rights, peace and stability. It is complementary to regional programmes on organized crime, drug trafficking, environmental crimes or border control. Gender equality is integrated in all MIP sectors as a cross-cutting element. Increasing women's political participation is a major concern. Also relevant in Peru's context is the regional TEI on Security and Justice in Latin America and the Caribbean.

#### **2.3.1. Specific objectives related to the priority area**

Specific objective 3.1: Strengthen democracy and improve effectiveness, accountability and inclusivity of institutions at all levels

SDG 16

Specific objective 3.2: Increase the effectiveness of policies on organized crime, drug production and trafficking, environmental crimes, and human smuggling and trafficking.

SDGs: 5, 15 and 16 (target 16.4)

#### **2.3.2. Expected results per specific objective**

Expected result 3.1.1: Institutions are effective, accountable and transparent, including at central, regional and local level.

Expected result 3.1.2: Human Rights and Democracy are strengthened in Peru.

Expected result 3.2.1: Provision of adequate human resources to justice sector promoted.

Expected result 3.2.2: Established mechanisms/platforms for improving cooperation and coordination between justice actors.

Expected result 3.2.3: Alternative development strategy supported and implemented.

### **2.3.3. Indicators (including baseline and targets), per expected result**

The main indicators to measure the expected results are included in the sector intervention framework attached in Attachment 1.

### **2.3.4. Possible use of blending and guarantees for investment under EFSD+**

Blending funds leveraging loans for infrastructure or private sector development and /or the provision of financial guarantees can help promote the development of geographic areas affected by organized crime, related to drug production or environmental crime, including the VRAEM, in line with expected result 2.4.

While the construction of social and economic infrastructure is an opportunity for blending, financial guarantees could promote private sector investment in this poor, fragile and conflict-ridden region. Blending could in particular support the implementation of the VRAEM Plan, aimed at creating a basis for the region's development and reducing the populations need to resource to coca leaf production for income generation.

Guarantees are potentially interesting to attract private investment for alternative development, although an analysis of the economic potential and feasibility is still pending.

## **2.4. Proposals of country/multi-country/regional Team Europe Initiatives**

### **Circular transition: circular businesses and sustainable cities**

EU cooperation, finance, private sector, and civil society actors in Peru have identified the promotion of the Circular Transition as an area of relevant EU expertise, added value and common interest. In combination with the strategic combination and use of available instruments under a specific coordinated Team Europe Initiative, the strong EU presence can be conducive to achieve transformative impact. Under the Circular Transition theme, the EU team united in Peru proposes to focus on two topics of circularity, where the range of EU actors is present and well positioned, Circular Business and Sustainable Cities. Each area unites several European Green Deal key initiatives and sectors. Among the most relevant figure the Circular Economy Action Plan, the 'Farm to Fork' Strategy, the EU's Urban Agenda and also the 2030 Climate Target Plan, the New EU Strategy on Adaptation to Climate Change and the European Climate Pact.

Over 70 actions of EU partners are underway or planned in the fields of circular businesses and sustainable cities in Peru. These include on the one hand the definition of sector roadmaps, setting up of circular economy platforms, identification and support to sustainable value chains. Regarding cities, the EU is the main actor on sustainable urban transport and e-mobility, urban planning, integrated waste and water management and sustainable housing.

Bundling on existing Circular Transition initiatives of EU actors, integrating them effectively into a bigger scheme in the framework of a TEI is a logical step that will give coherence to EU cooperation with Peru, increase its impact and visibility, and reduce transaction costs. Following a

holistic approach, the TEI shall provide the necessary frame for coordination, joint action, joint policy dialogue and one EU communication. Besides its particular sector objectives, priority area 1 of this indicative programme shall help connect individual activities to a bigger total, fill existing gaps by defining new actions and set up an appropriate coordination structure.

The overall objective of the Initiative is to **assist Peru advance in a circular transition, towards a low-carbon, resource-efficient and climate resilient economy** (related SDGs: 3, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, and 17).

The TEI will encompass interventions both in businesses and urban systems:

- i) Peru's **regulatory and policy framework and governance system** enables and provides incentive for the integration of inclusive, green, and circular economy approaches within the consumption, production, urban systems, and development plans.

Projected areas for support include the development of circular economy roadmaps, the consolidation and expansion of Regional Development Agencies as circular economy hubs, the development of a public-private Circular Economy Platform, the revision and integration of the Clean Production Agreements schemes, and the development of an environment for investing in circular infrastructure and bio businesses.

- ii) Regional and private sector **sustainable value chain development** models incorporate low-carbon and circular patterns and follow a pathway that is decoupled from resource use and is protective of the natural capital.

In line with Regional Innovation Development Strategies that integrate low-carbon and circular aspects, actors (public, private, civil society) linked to production and consumption systems shall encounter a supportive environment for the development of green value chains. Regional and business actors shall count with support structure, tools and resources for the implementation of green entrepreneurship programmes and circular businesses schemes.

- iii) Affordable and accessible **sustainable and green finance schemes** have been set-up allowing and encouraging businesses and cities to adopt circular, low-carbon practices into their operation processes, consumption, and production systems.

Regional or national green loan financing scheme for SMEs, financed through blending mechanisms and coupled with financial guarantees, shall allow affordable access to funding of circular and low-carbon practices and digitalisation. Green bonds, previously issued in Peru, to be explored for the potential creation of a national circular fund.

- iv) **Urban systems transition to a circular model**, with infrastructure (transport, housing, waste, and water systems) increasingly following low-carbon, climate-proof and circular principles, and based on sustainable urban development strategies and investment plans.

Sustainable urban development is increasingly mainstreamed in medium-large cities, better integrating development strategies with sustainable urban mobility plans, climate change strategies, and circular public procurement systems. Blending mechanisms tied with technical assistance for sector policy dialogue to foster the expansion of sustainable urban infrastructure.

To ensure critical mass and transformative impact at territorial and sector level, EU actors shall concentrate work in a limited number of cities.

EU and Member States will support urban planning and infrastructure for sustainable mobility, housing, waste management or water in several Peruvian cities. Respective loans are regularly leveraged with EU blending grant funds. TEI support could concentrate on selected secondary cities

like Cusco, Arequipa and Trujillo, capitals of regions also covered by the EU's territorial economic development programme. Priority area 3 of this programme will, in a complementary way, tackle illegal natural resource exploitation and environmental crime related to organized crime. The EU's indicative contribution to this TEI (EUR 31 million) is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

The TEI will proceed in coordination with thematic technical assistance facilities and EU regional programmes and TEIs for Latin America. This concerns the regional blending facility, EFSD+, EUROCLIMA+, the International Urban and Regional Cooperation programme (IURC), the EU-Latin America Alliance for Sustainable Growth and Jobs, the TEI aiming at Amazon preservation and value chains, etc. It also concerns thematic facilities such as Switch to Green, Value Chain Analysis (VC4D), Forests for the future (F4), the NDC facility, etc. In benefit of scaling-up planned actions, TEI will search to make good use of EU-co-funded facilities as NAMA, AgriFI, FELICITY, etc., and aim to mobilize international and national facilities.

EU and Peruvian private sector participation in the TEI are essential. The EU's business sector is spearheading green energy and infrastructure investment. It also increasingly offers green products, or sources green products, agricultural produce or sustainable raw materials for consumption in the EU. The Peruvian private sector must itself embrace, and eventually promote the business case for a circular production and become a main ally. Sustainable trade is part of the EU-Peru FTA and the EU Green Deal. The financial sector is fundamental to ensure affordable access to green finance schemes for lending to business to adopt circular and low-carbon practices.

Civil society participation in the TEI is wide and transversal. Academia and research institutions are to be involved in the generation of data and information schemes and systems, along with related applied research. Community-based entities shall bring about due consideration of local communities' needs and interests and assist in awareness and educational activities. CSOs shall implement monitoring mechanisms and reporting schemes to track down effective integration and compliance of environmental and circular practices, strengthening their role as overseers.

Organization and communication: To allow for successful joint action, while pursuing maximum efficiency and efficacy, the Initiative will have a strong coordination mechanism. A steering mechanism, to be chaired by the EU Delegation, shall act as the TEI's main decision-making body. Thematic groups on specific topics shall assist TEI implementation, where appropriate.

The TEI shall have a secretariat dealing with daily coordination as well as communication tasks. Acting as a coordination cell it shall assist the steering committee and EU cluster actors and follow-up on the implementation of the agreements reached. It shall also be responsible for internal and external communication tasks, including reporting, event planning, communicating on results and progress. It will also be responsible for monitoring progress and results.

The allocation of 31 M€ under priority area 1 shall be used to support the implementation of the TEI.

## **2.5. Support to investments under EFSD+**

The interest in blending operations in Peru and its use have significantly increased over recent years. Peru's solid macroeconomic situation, a significant economic and social infrastructure gap and an increased willingness to resort to loan financing have been driving this process. Implementation capacity of international finance institutions and governments are another drawing

card. Loans will continue to be fundamental to make transport, water, energy and waste management services and with them cities more sustainable. Peru needs investments in digital, health and education infrastructure to improve social services and increase coverage. Blending is a meaningful modality to promote these changes, in particular in complement with grant assistance to promote policy reform and implementation.

Promoting and leveraging private sector investment in circular production processes and value chain development is pivotal to this programme, in particular priority area 1 and the respective Team Europe Initiative. Financial guarantees are a key tool to de-risk operations with private sector actors that international finance institutions otherwise might not be able to finance, due to restrictive risk management rules. This will also allow extending more funding to otherwise not eligible MSME, including those led by women.

The private sector is already an efficient developer of energy solutions in Peru. Guarantees can help further expand the range of private and sub-sovereign investment, also into new sectors.

Subject to confirmation during the implementation phase, it is expected that an indicative amount of up to 28% of the resources of this MIP may be used to provision EFSD+ guarantees and to finance bilateral and regional blending operations to which the country will be eligible. From this indicative amount about one third would be dedicated to EFSD+ provisioning, representing 6 M€ for 2021-2024 under the priority areas Circular transition, Human development, Governance and rule of law.

Sustainable finance represents a real potential in the region and could help accelerate financial flows towards green, inclusive and resilient transitions.

Sustainable finance represents a real potential in the region and could help accelerate financial flows towards green, inclusive and resilient transitions, e.g. through green bonds and other relevant sustainable finance instruments.

### **3. Support measures**

#### **3.1. Measures in favour of civil society**

There is an active civil society in Peru, organized in networks, platforms, or private sector associations. New initiatives, including not formal youth movements, continue to surge. At the same time, the existing dispersion may tend to limit real influence in policymaking and decision shaping. A stronger articulation is a necessity, as is the continued professionalization in terms of management, communication, or improved financial autonomy.

Civil society involvement is essential over all MIP areas, for creating awareness, providing civic education, monitoring on-site implementation, oversight, ensuring the application of a rights-based approach, stronger inclusion of women, youth, indigenous people and vulnerable communities. In the frame of this MIP, the EU can foster monitoring mechanisms and reporting schemes to track compliance with environmental regulations and private sector circular practices, or improvements in human development; strengthening the role of civil society organisations as overseers.

The EU will transversally support thematic or geographic CSO networks, strengthen articulation between them and grassroots organizations. Building on experience and past success, it will emphasize further strengthening of women's organizations, long-time partners in the frame of the civil society roadmap. It will privilege the partnership with youth as a driver for development, both through formal youth organizations, universities and youth representatives, through the roadmap and other channels as required. Following up on MIP consultations with these groups, special mechanisms as structured dialogues shall be developed or intensified.

In addition to regular competitive co-financing opportunities for civil society, under bilateral or

thematic programmes, the MIP sets aside a specific allocation for civil society empowerment, in line with the EU-civil society roadmap. The objectives of this allocation include promoting stronger articulation among CSO and between CSO, State, private sector, academia and citizens. It shall improve recognition of the role of civil society by authorities and civil society access to consultation tables, so they become partners in policy discussion, formulation and implementation. The EU will support continued CS professionalization in terms of organisational management, communication, capacity development for dialogue, advocacy and negotiation, and improving financial autonomy by assisting CSO in identifying fund-raising channels.

### **3.2. Cooperation facility**

The multiannual indicative programme includes an allocation for a cooperation facility. The facility may be used for:

- Supporting capacity development and institutional building, including through technical assistance and exchange of public expertise.
- Supporting policy dialogues: events, conferences, studies, fellowships, exchange platforms to support sector dialogues leading to policy reforms and engagement with governments and other stakeholders, including in areas of mainly EU interest as trade and investment, public health and others.
- Support to facilitate Joint Programming / Team Europe coordination at country level.
- Actions may also support the participation of the country in EU Programmes and cooperation with EU Agencies, where relevant.
- Financing communication including strategic communication and fight against disinformation and visibility actions on EU cooperation and public diplomacy specific interventions to promote EU policies as well as its multilateral agenda in the partner country. Areas of public diplomacy outreach should include the fight against climate change, human rights, the promotion of the EU-Peru Free Trade Agreement, and cooperation in education and innovation.
- Supporting the preparation, implementation, and evaluation of the Union's cooperation, including via technical assistance.

## **4. Financial overview**

Although the duration of this MIP is seven years, the indicative allocations for Peru and for each of the priority areas and support measures laid down in the table below are provided for the 2021-2024 period only. The indicative allocations for 2025-2027, as well as the possible modification of other substantial elements of this MIP, will be subject to a decision by the EU. This decision should be preceded by a review of the implementation of this MIP, which should include a dialogue with the authorities and other stakeholders of Peru.

|                                                    |                       |                              |
|----------------------------------------------------|-----------------------|------------------------------|
| <b><i>Circular transition</i></b>                  | <b><i>31,0 M€</i></b> | <b><i>54,4% of total</i></b> |
| <b><i>Human Development</i></b>                    | <b><i>15,0 M€</i></b> | <b><i>26,3% of total</i></b> |
| <b><i>Governance and rule of law</i></b>           | <b><i>4,3 M€</i></b>  | <b><i>7,5% of total</i></b>  |
| <b><i>Support measures</i></b>                     | <b><i>6,7 M€</i></b>  | <b><i>11,8% of total</i></b> |
| <b><i>TOTAL for initial period (2021-2024)</i></b> | <b><i>57,0 M€</i></b> | <b><i>100,0%</i></b>         |



**Attachments**

1. Intervention framework (see template in Attachment 1)
2. Donor matrix showing the current indicative allocations per sector

## Attachment 1. Template for intervention framework<sup>6</sup>

| <b>Priority area 1: Circular transition: promote the transition to a green and inclusive economy.</b>                                                                                |                                                                                                                                                                                                                                           |                                                                                                             |                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Specific objective 1:</b> Strengthen the EU-Peru partnership in international and multilateral fora on circular economy                                                           |                                                                                                                                                                                                                                           |                                                                                                             |                                                                                                  |
| Expected Results                                                                                                                                                                     | Indicators                                                                                                                                                                                                                                | Baseline & targets                                                                                          | Means of verification                                                                            |
| <b>a)</b> <u>Expected result 1.1.1:</u> Peru is an active actor in international or regional initiatives related to circular economy and sustainable Amazon value chain development. | <b>a1)</b> Number of International and EU climate and environment initiatives with Peru as a) a member, b) an active promoter                                                                                                             | <b>a1a)</b> Baseline (2021): 4<br>Target (2027): 6<br><br><b>a1b)</b> Baseline (2021):3<br>Target (2027): 5 | <b>a1)</b> Lists of members<br><br><b>a1b)</b> Initiatives' governance structure, annual reports |
| <b>Specific objective 2:</b> Create an enabling environment for inclusive, green, and circular consumption and production systems.                                                   |                                                                                                                                                                                                                                           |                                                                                                             |                                                                                                  |
| Expected Results                                                                                                                                                                     | Indicators                                                                                                                                                                                                                                | Baseline & targets                                                                                          | Means of verification                                                                            |
| <b>a)</b> <u>Expected result 1.2.1:</u> National policies, plans and legislation on sustainable, circular, and low-carbon consumption and production are developed and implemented.  | <b>a1)</b> Number of government policies developed or revised with civil society organisation participation through EU support. (EURF)<br><br><b>a2)</b> Number of countries supported by the EU to strengthen investment climate. (EURF) | <b>a1)</b> Baseline (2021): 0<br>Target (2027): 4<br><br><b>a2)</b> Baseline (2021): 0<br>Target (2027): 1  | <b>a1)</b> Published Decrees<br><br><b>a2)</b> External assistance report                        |
| <b>b)</b> <u>Expected result 1.2.2:</u> The capacity of national and sub-national authorities to formulate, develop and implement green and circular                                 | <b>b1)</b> Number of sub-regional government policies and strategies a) developed or revised, b) with civil society organisation participation, through EU support (EURF)                                                                 | <b>b1-b2)</b> Baseline (2021): 0<br>Target (2027): 7                                                        | <b>b1-b2)</b> Project progress reports                                                           |

<sup>6</sup> All the indicators in this table counting people are disaggregated by sex

|                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               |                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| practices is strengthened.                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               |                                                                                                                                  |
| <b>Specific objective 3:</b> Promote the adoption of green and circular economy practices in businesses and value chains practices.          |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               |                                                                                                                                  |
| <b>Expected Results</b>                                                                                                                      | <b>Indicators</b>                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Baseline &amp; targets</b>                                                                                                                                                 | <b>Means of verification</b>                                                                                                     |
| <b>a)</b> Expected result 1.3.1: Business and trade opportunities alongside sustainable value chains are increased.                          | <b>a1)</b> Number of processes related to partner country practices on trade, investment and business, or promoting the external dimension of EU internal policies or EU interest, which have been influenced (EURF)                                                                                                                                                                                                  | <b>a1) Baseline (2021): 0</b><br>Target (2027): 10                                                                                                                            | <b>a1)</b> Project progress reports                                                                                              |
| <b>b)</b> Expected result 1.3.2: The private sector is aware of green business potential and embraces circular economy as a growth strategy. | <b>b1)</b> Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land (EURF)<br><br><b>b2)</b> Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with EU support (EURF)<br><br><b>b3)</b> Number of (a) jobs, (b) green jobs supported/sustained by the EU (EURF) | <b>b1)</b> Baseline (2021): 0<br>Target (2027): 10000<br><br><b>b2)</b> Baseline (2021): 0<br>Target (2027): 100<br><br><b>b3)</b> Baseline (2021): 0<br>Target (2027): 10000 | <b>b1-b2)</b> Sectoral studies / Project progress reports<br><br><br><b>b3)</b> Ministry of Labour, ILO-PAGE on green employment |
| <b>c)</b> Expected result 1.3.3: Adequate financial instruments are available to private sector investment in circular practices.            | <b>c1)</b> Number of beneficiaries with access to financial services with EU support: a) firms, b) individuals (EURF)                                                                                                                                                                                                                                                                                                 | <b>c1a)</b> Baseline (2021): 0<br>Target (2027): 100<br><br><b>c1b)</b> Baseline (2021): 0<br>Target (2027): 5000                                                             | <b>c1a-b)</b> Project progress reports                                                                                           |
| <b>Specific objective 4:</b> Promote cities' transition towards a circular economy.                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               |                                                                                                                                  |
| <b>Expected Results</b>                                                                                                                      | <b>Indicators</b>                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Baseline &amp; targets</b>                                                                                                                                                 | <b>Means of verification</b>                                                                                                     |

|                                                                                                                                                                    |                                                                                         |                                                        |                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------|
| <b>a)</b> Cities integrate sustainable, circular, and low-carbon patterns in key areas such as solid waste, water, urban mobility and transport, and construction. | <b>a1)</b> Greenhouse Gas (GHG) emissions avoided (tonnes CO2eq) with EU support (EURF) | <b>a1)</b> Baseline (2021): 0<br>Target (2027): 300000 | <b>a1)</b> SDG Report, National Report on Urban Indicators, sectoral studies |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------|

| <b>Priority area 2: Human development</b>                                                                                                                                                |                                                                                                                                                                                                                                                                                                                              |                                                                                                                               |                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <b>Specific objective 1: Social protection networks are strengthened</b>                                                                                                                 |                                                                                                                                                                                                                                                                                                                              |                                                                                                                               |                                                                                     |
| <b>Expected Results</b>                                                                                                                                                                  | <b>Indicators</b>                                                                                                                                                                                                                                                                                                            | <b>Baseline &amp; targets</b>                                                                                                 | <b>Means of verification</b>                                                        |
| <b>a)</b> <u>Expected result 2.1.1:</u> Increasingly universal rights-based social protection networks provide insurance and services to citizens, according to different stages in life | <b>a1)</b> Number of countries which have benefitted from EU support to strengthen their social protection systems (EURF)<br><b>a2)</b> Number of EU funded initiatives supporting the implementation of political economic and social reforms and joint agreements in partner countries (EURF)                              | <b>a1)</b> Baseline (2021): 0<br>Target (2027):1<br><b>a2)</b> Baseline (2021): 0<br>Target (2027): 5                         | <b>a1-a2)</b> External assistance reports                                           |
| <b>b)</b> <u>Expected result 2.1.2:</u> Universal health assurance benefits an increasing number of citizens, providing an increasing number of services of quality.                     | <b>b1)</b> SDG 3.8.1 Universal Health Coverage (UHC) index (EURF)<br><b>b2)</b> Expenditure on health care as % of GDP (Percentage)                                                                                                                                                                                          | <b>b1)</b> Baseline (2019): 77<br>Target (2027): 78<br><b>b2)</b> Baseline (2018): 5,24%<br>Target (2026): 5.28% <sup>7</sup> | <b>b1)</b> WHO UHC report<br><b>b2)</b> WHO                                         |
| <b>Specific objective 2: Migrant populations have increased access to social services and decent employment, free of discrimination</b>                                                  |                                                                                                                                                                                                                                                                                                                              |                                                                                                                               |                                                                                     |
| <b>Expected Results</b>                                                                                                                                                                  | <b>Indicators</b>                                                                                                                                                                                                                                                                                                            | <b>Baseline &amp; targets</b>                                                                                                 | <b>Means of verification</b>                                                        |
| <b>a)</b> <u>Expected result 2.2.1:</u> Migrant and refugee populations have greater access to social services, (formal) work or income generation opportunities.                        | <b>a1)</b> Number of migrants, refugees and internally displaced people or individuals from host communities protected or assisted with EU support (EURF)<br><b>a2)</b> Number of migration management or forced displacement strategies or policies a) developed/revised, or b) under implementation with EU support (EURF) | <b>a1)</b> Baseline (2021): 0<br>Target (2027): 10000<br><b>a2)</b> Baseline (2021): 0<br>Target (2027): 2                    | <b>a1)</b> Project implementation reports<br><b>a2)</b> External assistance reports |

<sup>7</sup> Target based on past trends to facilitate assessment of results; not set by the government

| <b>Priority area 3: Governance and rule of law</b>                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                         |                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Specific objective 1:</b> Strengthen democracy and improve, effectiveness, accountability and inclusivity of institutions at all levels            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                         |                                                                                                                                                           |
| <b>Expected Results</b>                                                                                                                               | <b>Indicators</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Baseline &amp; targets</b>                                                                                                                                                                                                           | <b>Means of verification</b>                                                                                                                              |
| <b>a)</b> <u>Expected result 3.1.1:</u> Institutions are more effective, accountable and transparent, including at central, regional and local level. | <b>a1)</b> Number of countries supported by the EU to strengthen revenue mobilisation, public financial management and/or budget transparency (EURF)<br><b>a2)</b> Number of EU funded initiatives supporting the implementation of political economic and social reforms and joint agreements in partner countries (EURF)<br><b>a3)</b> Number of government policies developed or revised with civil society organisation participation through EU support (EURF) | <b>a1)</b> Baseline (2021) 0<br>Target (2027) 1<br><br><b>a2)</b> Baseline (2021) 0<br>Target (2027) 1<br><br><b>a3)</b> Baseline (2021) 0<br>Target (2027) 2                                                                           | <b>a1-a3)</b> External assistance reports                                                                                                                 |
| <b>b)</b> <u>Expected result 3.1.2:</u> Human Rights and Democracy are strengthened in Peru.                                                          | <b>b1)</b> Number of grassroots civil society organisations benefitting from (or reached by) EU support (EURF)<br><b>b2)</b> Number of countries supported by the EU to conduct elections and/or improve their electoral process<br><b>b3)</b> Bertelsmann Transformation Index: Political Transformation Score<br><b>b4)</b> Number of individuals benefitting from EU-funded programmes to counter sexual and gender-based violence (EURF)                        | <b>b1)</b> Baseline (2021): 0<br>Target (2027): 40<br><b>b2)</b> Baseline (2021): 0<br>Target (2027): 1<br><b>b3)</b> Baseline (2020): 6.55<br>Target (2027): 6.75 <sup>8</sup><br><b>b4)</b> Baseline (2021): 0<br>Target (2027): 1000 | <b>b1-b2)</b> Project implementation reports<br><br><b>b3)</b> <a href="http://www.bti-project.org">www.bti-project.org</a><br><b>b4)</b> Project reports |

<sup>8</sup> Target set at 2014 value to facilitate assessment of results.

| <b>Specific objective 2:</b> Increase the effectiveness of policies on organized crime, drug production and trafficking, environmental crimes, and human smuggling and trafficking |                                                                                                                                                                                                                                                       |                                                       |                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------|
| <b>Expected Results</b>                                                                                                                                                            | <b>Indicators</b>                                                                                                                                                                                                                                     | <b>Baseline &amp; targets</b>                         | <b>Means of verification</b>                                             |
| <b>a)</b> <u>Expected result 3.2.1:</u> Provision of adequate human resources to justice sector promoted.                                                                          | <b>a1)</b> Number of security actors trained by the EU-funded intervention with improved competencies, as well as skills and/or knowledge of their duties and response protocols                                                                      | <b>a1)</b> Baseline (2021): 0<br>Target (2027): 5000  | <b>a1)</b> Database of participants; pre- and post-training test reports |
| <b>b)</b> <u>Expected result 3.2.2:</u> Established mechanisms/platforms for improving cooperation and coordination between justice actors.                                        | <b>b1)</b> Number of mechanisms e.g. Memorandum of Understanding, periodical coordination meetings, new policies / regulations on specialised courts, to improve cooperation, coordination and efficiency a) developed, b) adopted and c) implemented | <b>b1)</b> Baseline (2021): 0<br>Target (2027): 4     | <b>b1)</b> Project implementation reports                                |
| <b>c)</b> <u>Expected result 3.2.3:</u> Alternative development strategy supported and implemented.                                                                                | <b>c1)</b> Number of population in coca-leave producing areas assisted with EU support                                                                                                                                                                | <b>c1)</b> Baseline (2021): 0<br>Target (2027): 10000 | <b>c1)</b> Project progress reports                                      |

## Attachment 2: Donor matrix

| Priority area / sector                      |     |    |     |     |     |    |    |    |    |    |    |    |     |     |    |
|---------------------------------------------|-----|----|-----|-----|-----|----|----|----|----|----|----|----|-----|-----|----|
| Donor                                       | EU  | BE | DE  | ES  | FR  | NL | CH | NO | UK | CA | JP | US | CAF | IDB | WB |
| <b><i>Circular transition</i></b>           |     |    |     |     |     |    |    |    |    |    |    |    |     |     |    |
| Climate change, DRRM                        | X   |    | X O | X   | X O |    | X  | X  | X  | X  | X  | X  | O   | O   | O  |
| Biodiversity and forestry                   | X   | X  | X O |     | X O | X  | X  | X  | X  | X  | X  | X  |     |     |    |
| Circular economy, PYMEs                     | X   |    | X O | X O | X O | X  | X  |    |    |    |    | X  |     | O   |    |
| Agriculture, livestock, irrigation          | X   | X  | X O |     | X O | X  | X  |    |    |    | X  | X  | O   | O   |    |
| Sustainable cities                          | X   |    | X O | X O | X O |    | X  |    |    |    |    |    |     | O   | O  |
| + Communication                             |     |    |     |     |     |    |    |    |    |    |    |    |     |     |    |
| + Energy                                    | X O |    | X O |     | X O |    | X  |    |    |    | XO |    |     |     |    |
| + Housing                                   | X   |    | O   |     | X O |    |    |    |    |    |    |    |     | O   |    |
| + Transport                                 | X   |    | X O |     | X O |    |    |    |    |    |    |    | O   | O   | O  |
| + Waste management                          |     |    | X O |     |     | X  | X  |    |    |    | XO |    |     |     |    |
| + Water & sanitation                        | X   |    | X O | X   | X O |    | X  |    |    |    | X  |    | O   | O   | O  |
| <b><i>Human Development</i></b>             |     |    |     |     |     |    |    |    |    |    |    |    |     |     |    |
| Social protection                           | X   |    |     | X   | X   |    |    |    |    |    | X  | X  |     |     |    |
| Health                                      | X   | X  |     | X   | X O |    |    |    |    |    | X  | X  |     | O   | O  |
| Education                                   |     |    |     | X   |     |    |    |    |    |    |    | X  |     | O   | O  |
| Multisector, community-based                | X   | X  |     | X   | X   | X  |    |    |    | X  | X  | X  |     |     |    |
| Migration                                   | X   |    | X   | X   |     |    | X  |    |    | X  |    | X  |     |     | O  |
| <b><i>Governance, rule of law</i></b>       |     |    |     |     |     |    |    |    |    |    |    |    |     |     |    |
| HR, democracy, governance, decentralization | X   | X  | X O | X   | X   |    | X  |    | X  | X  | X  | X  | O   | O   | O  |
| Organized crime, rule of law                | X   |    |     | X   | X   |    |    |    | X  |    |    | X  |     |     |    |
| Gender equality                             | X   | X  | X   | X   | X   |    |    |    | X  | X  |    | X  |     |     |    |

X: grant funding

O: concessional loans or mixed