

## TC ABSTRACT

### I. Basic project data

▪ Country/Region:	PERU/CAN - Andean Group
▪ TC Name:	Support to the National Platform for Sustainable Cities and Climate Change in Lima
▪ TC Number:	PE-T1355
▪ Team Leader/Members:	Ophélie Chevalier, Team Leader (CSD/HUD); Jaime Fernández-Baca, Alternate Team Leader (CSD/CPE); Germán Sturzenegger (INE/WSA); Melanie Argimon, Kelsey Schueler y Napoleão Dequech Neto (CSD/RND); Edgar Orellana (WSA/CPE); Wendy Moreano (INE/TSP); Bettina Henning (LEG/SGO); Avelina Ruiz, Diego Arcia, Alejandra Aguilar y Dianela Ávila (CSD/HUD).
▪ Taxonomy:	Research and Dissemination
▪ Date of TC Abstract:	June 7 <sup>th</sup> , 2017
▪ Beneficiary:	Ministry of Environment of Peru (MINAM)
▪ Executing Agency and contact name:	Americas Fund (FONDAM), Juan Gil
▪ IDB Funding Requested:	US\$7,000,000.00
▪ Local counterpart funding, if any:	US\$0.00
▪ Disbursement period (which includes execution period):	48 months
▪ Required start date:	October 2017
▪ Types of consultants:	Firms and individuals
▪ Prepared by Unit:	Housing and Urban Development Division (CSD/HUD)
▪ Unit of Disbursement Responsibility:	Climate Change and Sustainable Development Sector (CSD/CSD)
▪ Included in Country Strategy:	No
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Addressing climate change, renewable energy, environmental sustainability and food security; Infrastructure for competitiveness and social welfare

### II. Objective and Justification

- 2.1 The projects seeks to support the Ministry of Environment in the establishment of the National Platform for Sustainable Cities and Climate Change, specifically with the following objectives: (i) enhancing integrated and sustainable urban planning and management incorporating climate change scenarios and monitoring climate change variables; (ii) incorporate climate change in urban planning focusing on the efficient use of water resources; (iii) promote the measurement and necessary tools to protect urban biodiversity and urban ecosystems with emphasis in mitigation and adaptation of the city's coastal zone; (iv) Support the development of strategic interventions related to promoting inter-modal transportation and transport oriented development

related to the new metro line in Lima; and (v) institutional strengthening and coordination.

- 2.2 The Ministry of environment (MINAM) in its efforts to promote environmental sustainability in Peru is driving a National Agenda for Sustainable Cities and Climate Change in Peru based on five strategic lines: climate governance, urban planning, environmental quality, eco-efficiency, and urban biodiversity. In this context, the MINAM, together with the Inter-American Development Bank (IDB) and its Emerging and Sustainable Cities Program, presented a project to the Sustainable Cities Integrated Approach Pilot (SC-IAP) which is a \$150 million program funded by the Global Environmental Facility (GEF). The SC-IAP selected the project presented for Lima as one of the urban sustainability projects across 11 countries that will receive financing.
- 2.3 The technical cooperation aims to support the MINAM in the establishment of the National Platform of Sustainable Cities and Climate Change in Peru and to develop a pilot project in the Lima Metropolitan Area (LMA). The LMA presents a very particular situation, it is the largest city in Peru (9,752,000 habitants in 2014 which represents approximately 32% of the country) and the second largest city in the world located in a desert behind Cairo. Climate change, urban growth, and the pressure on the availability of water resources are major concerns in the local and national agenda so the MINAM seeks to begin the work on the platform of sustainable cities in the LMA.
- 2.4 The MINAM has stated that the experience and knowledge of the IDB through the Emerging and Sustainable Cities Program (ESC) will be essential to the project preparation; therefore, the IDB was selected as the implementing agency. Additionally, the TC is aligned with the priority objectives of the IDB program of loans established in GCI-9 in the areas of response to climate change and the sustainability of the environment and productive infrastructure. It also aligns with the Peru Country Strategy (2012-2016) which includes climate change adaptation measures and the development of and assistance to cities in the identification, implementation and strengthening of public transportation systems and urban mobility, considering, among other, fewer impacts on the environment, and including measures to reduce greenhouse gas emissions.

### III. Description of activities and outputs

- 3.2 **Component I. Sustainable and integrated planning and urban management, monitoring variables and developing climate change scenarios.** It will finance studies needed for environmental and urban policy: (i) inventory of GGE for LMA and its districts; (ii) Study of risks and vulnerabilities for LMA and mitigation measures for four districts; and (iii) Urban growth study for LMA that identifies transformative urban interventions at pre-feasibility level in four districts. Create the Observatory of Climate Change and Sustainable Cities, to be hosted by the MINAM and that will gather and make public all information and data generated by the project
- 3.3 **Component II. Incorporate climate change scenarios in the planning processes.** It will finance: (i) Water and environmental management study for LMA. It will look at the coastal aquifer and the four basins that provide water to LMA. It will provide information for an integrated management of the basins and develop a platform for modeling, simulating scenarios, developing and monitoring indicators, and analyzing information; (ii) a Master Plan to recover Lima's canal network as a water source. A pilot will provide a diagnosis and propose a water management model for the canals.

- 3.4 **Component III. Urban ecosystem services and urban biodiversity.** It will finance: (i) LMA urban biodiversity strategy, identifying ecosystems, its status and potential threats. It will gather the GEFs biodiversity indicators and will develop two projects using the Ministry of Finance guidelines to obtain public funds for urban ecosystems related projects; and (ii) a study of the coastal zone of Lima; assessment of the area and erosion problem and an adaptation project for the coast using urban ecology to bridge the gap between the coastal and urban environment.
- 3.5 **Component IV. Support strategic interventions in the Lima Metropolitan Area.** It will finance urban studies, pre-feasibility studies, and construction designs for strategic interventions in five metro stations of the new metro line. The interventions will be related to accessibility, multi-modal use, and transport oriented development; and will serve as models for the design of the other 22 stations. The stations will be selected with the relevant authorities (feasible and relevant).
- 3.6 **Component V. Coordination and institutional strengthening.** It will finance activities to strengthen the local governance and inter-institutional coordination needed to address climate change and develop environmental policies for sustainable cities. It will finance capacity building workshops for the districts and national authorities, a communication and dissemination strategy, a project coordinator, activities of the GEF Global Platform for Sustainable Cities, monitoring and evaluation, and financial audits.
- 3.7 **Component VI. Agency fees and administration fees.** It covers the IDB's fees as implementing agency and the project management costs of the executing agency.

#### IV. Budget

##### 4.1 Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Sustainable and integrated planning and urban management, monitoring variables and developing climate change scenarios.	\$2,450,000.00	\$0.00	\$2,450,000.00
Incorporate climate change scenarios in the planning processes.	\$1,400,000.00	\$0.00	\$1,400,000.00
Urban ecosystem services and urban biodiversity.	\$595,000.00	\$0.00	\$595,000.00
Support strategic interventions in the Lima Metropolitan Area.	\$1,350,000.00	\$0.00	\$1,350,000.00
Coordination and institutional strengthening.	\$305,919.00	\$0.00	\$305,919.00
Agency fees and administration fees.	\$899,081.00	\$0.00	\$899,081.00
<b>Total</b>	<b>\$7,000,000.00</b>	<b>\$0.00</b>	<b>\$7,000,000.00</b>

#### V. Executing agency and execution structure

- 5.1 The MINAM as the projects beneficiary has designated the Americas Fund (FONDAM – *Fondo de las Américas* in Spanish) as the executing agency responsible for the implementation and administration of project funds. The execution will be coordinated with the IDB as implementing agency and the MINAM as the project beneficiary, and

in the cases needed they will coordinate the review and delivery of the studies with relevant institutions in Peru.

- 5.2 The FONDAM was created in 1997 to handle the administration of the resources available as a result of the debt exchange approved in the framework of the agreement signed between the Governments of Peru and the United States. Its objective is to promote activities aimed at the preservation, protection or administration of natural and biological resources in Peru in a sustainable and environmentally healthy way. Since then it has become a leading institution in sustainable initiatives and project execution with broad experience and high execution capacity having managed projects for USAID, AquaFondo (The Nature Conservancy), The Global Conservation Fund (Conservation International) and many institutions within Peru. Nonetheless, as part of the approval process, we will conduct an institutional assessment (SECI) of the FONDAM to define possible specific administrative needs for the implementation of this project.

## **VI. Project Risks and issues**

- 6.1 The change of authorities in the national Government carries a risk in the continuity of the project however all activities have been developed in coordination with local technical partners and interested agencies. Additionally, having a local implementing agency with experience in the subject mitigates the risk since we will maintain a continuous dialogue with all counterparts. Meetings with the transition team and the new authorities will take place as soon as possible.
- 6.2 The capacity for implementation, coordination, and appropriation of the results of a project of this magnitude may also be a risk. To mitigate it the MINAM has selected an implementing agency with experience that facilitates the coordination and implementation by keeping involved all entities interested parties in coordination with the MINAM and the Bank.

## **VII. Environmental and Social Classification**

- 7.1 The ESG classification for this operation is "undefined".