

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	PERU/CAN - Andean Group
▪ TC Name:	Energy Transition and Universal Access Program for the Peruvian Amazon
▪ TC Number:	PE-T1515
▪ Team Leader/Members:	GOMEZ, JOSE RAMON (INE/ENE) Team Leader; PAREDES, JUAN ROBERTO (INE/ENE); CUERVO, JAVIER (INE/ENE); LEON RODRIGUEZ, LORENA MARINA (CAN/CPE); ZIZA MACHADO (INE/ENE); VILA SAINT-ETIENNE, SARA (LEG/SGO); PATRICIA ELLIOT (INE/ENE); JORGE LUIS MALPARTIDA (INE/ENE)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	19 Sep 2022
▪ Beneficiary:	Ministry of Energy and Mines
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/ENE - Energy
▪ Unit of Disbursement Responsibility:	CAN/CPE - Country Office Peru
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality

### II. Objective and Justification

- 2.1 The objective of this technical cooperation (TC) is to provide support to the Peruvian Government in identifying and developing public investment projects in order to achieve a universal and sustainable access to electricity by 2030
- 2.2 The first pillar of the General Policy of the Government of Peru aims at reducing the gap in access to energy infrastructure, and the second pillar aims at creating decent jobs, formalizing productive units, promoting public and private investment, and boosting competitiveness, among others. According to Infralatam between 2008 and 2016, public investments in infrastructure in Peru were 2.96% (3.63% including the private sector) of the country's GDP on average. One of the reasons for the country low productivity includes lags in rural productive development, particularly in remote areas such as the Amazon. And in 2019, the public investment value reached 2.15 %. However, levels of 7.5% of GDP are needed to address all infrastructure gaps, and an annual investment of approximately 2% of GDP is needed on top of other annual needs. In 2020, Peru still had 989,000 inhabitants without access to electricity, many of which are in the Amazonian region. The High - Level Dialogue (HLD) was an important milestone in the 2022 programming for Peru in which energy was presented as strategic area and discussed between the Government of Peru, represented by the Ministry of Finance and Economy, the Ministry of Environment and Pro-investment.

In the Peruvian Amazon, according to the 2017 National Census, there is a population of 2.7 million people, which represents 9.2% of the total population of Peru. It is estimated that 31% of the population is in monetary poverty (National Household Survey 2020 - ENAHO, prepared by the National Institute of Statistics and Informatics - INEI). According to the 2017 National Census, in the Amazon regions (Amazonas, Loreto, Madre de Dios, San Martín and Ucayali) it is identified that there is 21% of homes (650,000 homes approximately) without electricity. However, it is important to mention that between 2018 and 2020, MINEM carried out the Photovoltaic Massive Program, which allowed the installation of approximately 200,000 individual solar panels at the national level and in the Amazon regions, an approximate amount 72,000 individual solar panels were installed, with a high impact in reducing this gap. The Ministry of Energy and Mines (MINEM), through the General Directorate of Rural Electrification (DGER), oversees the rural electrification activities. The main objective is to achieve a national rural electrification coverage of 96% by 2023. In this sense, the MINEM has initiated an aggressive program to reduce the electricity service gap, diversify the energy matrix and improve the quality of service in the Amazon region. Therefore, it requires technical and financial support to improve the service in approximately 30 isolated localities that have service with fossil fuel generation, of very poor quality and with high operation and maintenance costs. Therefore, it is required to perform technical and economical evaluations that allow the replacement of the current generation sources with solar systems and batteries to achieve reduction of emission as well as the provision of 24 hours of electrical services. Finally, this TC would aim at carrying out technical studies at pre-feasibility level that will allow the MINEM to obtain the approval of the Peru's public investment system.

### III. Description of Activities and Outputs

- 3.1 **Component I: Identification of public investment projects.** This component will finance the studies to determine the project opportunities for public investment and the technical and economic studies for the identified projects. The projects will incorporate telecommunications, centralized generation nodes, and reaching isolated areas with internet
- 3.2 **Component II: Emissions Reduction and Carbon Bonds Potential .** The component will finance the legal, financial, and technical studies for the viability of carbon bond potential from the emission reductions due to the technological changes. The potential proceeds of this component would be investment in projects aiming at protecting the Peruvian amazon through natural capital activities.
- 3.3 **Component III: Rural Electrification Plan for the Peruvian Amazon .** This TC would provide technical assistance and guidance to the government in the execution of the plan to provide access to amazon communities based in renewable energy

### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Identification of public investment projects	US\$400,000.00	US\$0.00	US\$400,000.00
Emissions Reduction and Carbon Bonds Potential	US\$50,000.00	US\$0.00	US\$50,000.00
Rural Electrification Plan for the Peruvian Amazon	US\$50,000.00	US\$0.00	US\$50,000.00
<b>Total</b>	<b>US\$500,000.00</b>	<b>US\$0.00</b>	<b>US\$500,000.00</b>

### V. Executing Agency and Execution Structure

- 5.1 The Bank will be the Executing Agency (EA) of this operation in accordance with Appendix 10 to the Operational Guidelines for Technical Cooperation Products (GN-2629-1). The CT will be implemented in coordination with the beneficiary country and agencies. INE/ENE will act as a Basic Responsibility Unit (UDR) and will be responsible for the procurement processes, which will allow the contracts developed under the CT to be timely and planned at the time of execution.
- 5.2 The operation will be led by the sector specialist, who will be responsible for supervising and monitoring the implementation of the TC and will be responsible for the selection, recruitment and supervision of external consultants, as well as the acquisition of other services in accordance with the Bank's applicable procedures. The contracts will be carried out in accordance with the policies: GN-2765-1 and its operational guide (OP-1155-4), for the recruitment of consulting firms; Section AM-650 of the Bank's Administrative Manual "Additional Workforce" for individual consultants.
- 5.3 The Bank is proposed as EA considering its experience in the preparation and development of the operational and technical instruments proposed for this operation.

## **VI. Project Risks and Issues**

- 6.1 One of the main risks associated with this TC is the scattered nature of Amazonian communities. To this end, the TC will take advantage of RG-T4133 georeferenced studies. This will require frequent engagement of the IDB energy specialist with the Peru DGER. Also, considering the areas of the programs, there has to be special attention to existing communities, as well as spatial relations with potential protected areas. In order to address this concern, during the TC preparation o more detailed information of potential sites will be collected.

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

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