

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	PERU/CAN - Andean Group
▪ TC Name:	Sector Market Booster- Energy: Market transition to low carbon and energy efficiency technologies
▪ TC Number:	PE-T1523
▪ Team Leader/Members:	GOMEZ, JOSE RAMON (INE/ENE) Team Leader; ZIZA MACHADO (INE/ENE); BASKOVICH, JELE (CAN/CPE); PATRICIA ELLIOT (INE/ENE); NAVACERRADA BUSQUETS, PABLO (INE/ENE); OKUMA AGUENA, ALEXIS RICARDO (CAN/CPE); PAREDES, JUAN ROBERTO (INE/ENE); VILA SAINT-ETIENNE, SARA (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	08 Jul 2022
▪ Beneficiary:	OSINERGMIN and Ministry of Energy and Mines
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$750,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	21 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	INE/ENE - Energy
▪ Unit of Disbursement Responsibility:	CAN/CPE - Country Office Peru
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Environmental sustainability

### II. Objective and Justification

- 2.1 The three main objectives are to (1) develop a road map for the energy transition to a low carbon sector in Peru in line with the decarbonization long term plan (2050) and the country's low carbon strategies, (2) review and analyze the alternatives for the introduction and promotion of private participation in the development of new nonconventional renewable energy sources into the energy matrix resulting from the energy transition roadmap, and (3) to support the Ministry of Energy and Mines (MINEM) in promoting the creation of a market of certified energy auditors and disseminating the benefits of carrying out energy audits and the implementation of the proposed improvements.
- 2.2 Sustainable low carbon infrastructure can support Peru to achieve strong, green, and inclusive economic recovery. It can provide a pathway for Peru's economic growth and a transition to a Net Zero economy while closing the gap in public services.
- 2.3 Improving public services is of high importance for the country. 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. 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.

- 2.4 The Peruvian infrastructure gap has the potential to be turnaround as an opportunity to leverage private sector investment if bankable sustainable projects are delivered at scale. Hence, this TC contributes to the creation of a country platform to continue and accelerate a transformational change for the Peruvian government to seize the opportunity that sustainable low carbon infrastructure brings towards a sustainable recovery.
- 2.5 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 Proinversion among others in addition to representatives from the IDB group, and UK Government (Department for Business, Energy and Industrial Strategy – BEIS and the UK Embassy in Peru). The Peruvian UKSIP Country Platform was designed to mainstream sustainability across the national, sectorial, and institutional upstream level, as well as to increase institutional capacity, prioritize and build sustainable low carbon infrastructure bankable pipelines to mobilize private sector financing.

### III. Description of Activities and Outputs

- 3.1 **Component I: Development of a road map for the 2050 energy transition to a low carbon sector in Peru**. This component will finance the analysis of the energy scenarios, analysis of the transmission needs, technology identification, stakeholders' participation to elaborate a roadmap for the energy transition in Peru. Also, it will finance the analysis the greenhouse gases reduction in each transition scenario. This component will then target the development of energy markets and the building of a framework that allows for the promotion of green hydrogen industry.
- 3.2 **Component II: Technical studies for short, medium, and long term introduction of renewable energies into the Peruvian energy matrix.** This component will finance the reviewing and analysis of the alternatives for the introduction and promotion of private participation in the development of nonconventional renewables sources into the energy matrix
- 3.3 **Component III: Development of energy efficiency programs in Perú.** This component will finance a program of energy auditors along with a technical study for structuring of a financing mechanism to execute the energy audits. It fill also finance the study to replace wood burners with less polluting options such as induction cookers

### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Development of a road map for the 2050 energy transition to a low carbon sector in Peru	US\$300,000.00	US\$0.00	US\$300,000.00
Technical studies for short, medium, and long term introduction of renewable energies into the Peruvian energy matrix	US\$150,000.00	US\$0.00	US\$150,000.00
Development of energy efficiency programs in Perú	US\$300,000.00	US\$0.00	US\$300,000.00
<b>Total</b>	<b>US\$750,000.00</b>	<b>US\$0.00</b>	<b>US\$750,000.00</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 the its experience in the preparation and development of the operational and technical instruments proposed for this operation.

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

- 6.1 The TC does not present fiduciary management risks as it will be implemented by the Bank. For this same reason, no financial audit is required. At this moment, there are no risks significant associated with this TC. A detailed risk analysis will be developed during elaboration of the TC Document.

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

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