

## Overview

- **Overall term:** August 2015 to July 2017
- **Funding body:** United States Agency for International Development (USAID)
- **Implementing agencies:** German cooperation, implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in close cooperation with Peruvian partners
- **Peruvian partners**
  - Ministry of the Environment
  - Ministry of Economy and Finance
  - Ministry of Transport and Communications
  - Ministry of Housing, Construction and Sanitation
  - Agrobanco
  - Fondo Mivivienda
- **Funding amount:** USD 1,000,000
- **Thematic focus:** Climate finance (mitigation)
- **Project lead:** Andrea Staudhammer  
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# Finance Mechanisms for Low-Carbon Development FinanCC Peru



A project within the framework of the Climate  
Finance Readiness Programme (CF Ready)



## Context

Peru is committed to working towards mitigating climate change and developing a low-carbon economy. Peru's Intended Nationally Determined Contributions (INDCs) envisage a 30% reduction in the country's greenhouse gases by 2030 compared to a business-as-usual (BAU) scenario.

Experience has shown in various developing countries that, when implementing activities planned to meet mitigation objectives, a range of obstacles often need to be overcome. One of the most important obstacles is the lack of financing strategies for mitigation actions. While international climate funds have an important role to play in this regard, in many cases mitigation actions will only be sustainable if they are included in public funding allocations and are able to mobilise private-sector investment.

## Objective

The objective of the Finance Mechanisms for Low-Carbon Development (FinanCC Peru) project is to support capacity-building in prioritised institutions so as to enable them to incorporate aspects of climate change mitigation into public and private financing mechanisms, and to ensure that these are properly implemented.

The project focuses on three areas: construction, transport and sustainable land use.

## Components and principal activities

### 1. Public investment projects incorporating low-carbon and sustainable land use strategies

FinanCC Peru is working with the Peruvian Ministry of Economy and Finance (MEF) to incorporate climate change mitigation considerations into the methodological tools and social prices used by the country's National System of Public Investment (SNIP). This is being conducted in tandem with activities to strengthen the capacities of public-sector departments, particularly those responsible

for preparing and evaluating public investment projects, so that they can correctly apply the new methodologies and social prices.

### 2. Low-carbon budgetary programmes

FinanCC Peru is supporting the Peruvian Ministry of Housing, Construction and Sanitation (MVCS) to develop an approach for incorporating mitigation measures (e.g. energy and water efficiency) into relevant budgetary programmes. It is also working with Peru's Ministry of Transport and Communications (MTC) on the design of a new budgetary programme which, based on the country's Nationally Appropriate Mitigation Actions (NAMA), addresses climate change mitigation issues in the area of sustainable urban transport.

### 3. Low-carbon development in the real-estate and construction banking sectors

FinanCC Peru is acting as advisor to Fondo Mivivienda (national housing fund) during the initial implementation phase of its Sustainable Housing Grant. Its work includes the development and roll-out of a monitoring, reporting and verification system that considers not only greenhouse gas reductions, but also economic and social factors affecting householders.

The project is also helping to promote the grant and to build the capacity of key players (housing developers, financial institutions and suppliers) by holding seminars, workshops and competitions focused on areas related to the green housing sector and sustainable construction.

Furthermore, together with the MVCS and the commercial banking sector, FinanCC Peru will carry out an evaluation of different public-private development mechanisms for the implementation of the Technical Code for Sustainable Construction.

### 4. Low-carbon development and sustainable land use in the agricultural banking sector

FinanCC Peru is supporting the Peruvian agricultural bank Agrobanco to develop a new line of credit for agroforestry, with the aim of promoting reductions in greenhouse gases



and the sustainable use of land in farming. The assistance provided also includes the design of promotional materials and capacity-building for Agrobanco's agents to support the roll-out of the new credit product.



## Climate Finance Readiness Programme

The objective of the Climate Finance Readiness Programme (CF Ready) is to provide developing countries with advice and strengthen their capacity to access international climate financing – particularly the Green Climate Fund (GCF). Its support includes helping national and regional organisations to become accredited with international funds such as the GCF, working with designated authorities to improve how they coordinate actions to tackle climate change and advising these authorities on developing national climate change strategies and public policies, which play an important role in financing decisions.

German development cooperation's CF Ready programme is implemented by KfW (financial cooperation) and GIZ (technical cooperation) on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and with financial contributions from the Ministry of the Environment of the Czech Republic and USAID.

More information on CF Ready's activities around the world is available at <https://www.giz.de/expertise/html/19694.html>