



Project Implementation Report (PIR)

FY 2022

GEF - IDB

PIR # 4



IMPORTANT: The reporting period is GEF Fiscal Year (July 1st, 2021, to June 30th, 2022)

PROJECT GENERAL INFORMATION

Project Name	Support to the National Platform for Sustainable Cities and Climate Change in Lima				
Project's GEF ID	9698	Project's IDB ID	PE-T1355	Overall Stage:	Disbursing (from eligibility until all operations are closed)
Country/ies	Peru				
GEF Focal Area	Biodiversity, Climate Change				
Executing Agency	WORLD WILDLIFE FUND INC (WWF)				
Project Finance	GEF Trust Fund	\$6,422,019			
	Co-finance at CEO Endors./Approv.	\$300,979,496			
	TOTAL Project Cost (GEF Grant + co-finance)	\$307,401,515			
Disbursements	GEF Grant disbursed as of end of previous fiscal year	\$665,433			
	GEF Grant disbursed as of end of this fiscal year	\$4,199,128			
Project Dates	Agency Approval Date	11/02/2017			
	Effectiveness (Start) Date	6/22/2018			
	First Disbursement Date	6/19/2019			
	Expected Completion Date (in Convergence: OED)	6/22/2022			
	Current Closing Date (in Convergence: CED)	6/22/2023			

	Expected Financial Closure Date (in Convergence: EOC)	9/20/2023
	Actual Date of Closure (in Convergence: CO)	
Project Evaluation	Mid-term Date (Planned)	4/22/2021
	Mid-term Date (Actual)	08/30/2021
	Terminal evaluation Date (Planned)	12/22/2023
	Terminal evaluation Date (Actual)	

Development Objective

Generate information and knowledge tools for integral long-term planning in the Metropolitan area of Lima, based on: (i) conservation of ecosystems; (ii) adaptation to Climate Change; (iii) the order of the territory; and (iv) transport-oriented development. The activities of this Technical Cooperation will be coordinated with the reconstruction efforts.

Development Objective Rating (DO) & Assessment	PREVIOUS RATING	NEW RATING
<p>The project continues to generate favorable conditions to achieve its objectives, however it does not reach the Highly Satisfactory Ratings because it maintains the challenge of effectively promoting commitments among government actors so that the results are sustained over time. In terms of the project's Target Contributions to Global Environmental Benefits (as outlined in the initial design of the project in the CEO Endorsement Approval Document) the following result projections have been made:</p> <ul style="list-style-type: none">• The first Urban Biodiversity Strategy for Lima and Callao was designed. The indirect coverage of the actions and services for this proposal is 285,831 hectares, comprised of 7 prioritized natural ecosystems and the green and blue artificial infrastructure, which also includes the area of influence of the Surco and Huatica irrigation canals. At the direct coverage level, 4 prioritized areas were identified with an overall coverage of approximately 591 hectares. Only considering the products developed until the end of the first semester of 2022, the project reaches a total direct coverage of 611 hectares, almost double programmed.• The project contributes to actions aimed at identifying and calculating GHG emissions in the Metropolitan Area of Lima. It is expected that this inventory will help define more consistent emission reduction goals and more ambitious mitigation measures. Additionally, development of the GHG inventory platform will make it easier for local governments to calculate their emissions, significantly expanding the project's impact. The expansion of the scope of influence of the Transit Oriented Development (TOD) projects could significantly increase the project's contribution to CO2 reduction. It is estimated that a total of 2,943 tons of CO2 will be generated within the scope of influence of the four stations selected; therefore, the formulation of public investment projects in three stations represents a great potential for reducing emissions in the medium and long term. However, project ownership strategies	S	S

should be oriented for the adoption and institutionalization of the investment proposals and projects formulated, through formal commitments of the local governments to incorporate the proposed goals and actions in their strategic planning, as well as in the urban planning instruments.		
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Project Status Update

For June 2022, key activities in all components have started however there is still an important process in component 5 at bidding stage (design and implementation of the Platform for Sustainable Cities and Climate Change). The disbursement by June 30, 2022, was 65.4%, due to the development of such activities. The project keeps improving its performance, both in technical and administrative aspects. This improvement has been possible due to (i) the adjustments made at the Ministry of Environment level, and (ii) the inclusion of recommendations of the midterm evaluation like the strengthening of the procurement team and (iii) a close and detailed supervision and articulation between the IDB, the Ministry of the Environment and the executing agency for strengthening technical processes and speeding up execution, where the mission undertaken in April 2022 helped set out specific agreements and goals in terms of execution (as certain consultancies were at risk of not being completed within the timeframe of the project) and developing a strategy for the sustainability of the expected results of the technical cooperation.

Despite the project is already achieving important technical results and products in components 1 to 4, there is still low compliance with the goals, in part, because most of the consultancies are still in execution. Two important achievements at the physical goals level were the approval of the Methodological guidelines for the development of local climate change plans through a Ministerial Resolution and the development of the system for the comprehensive study of the basins that supply Lima through HydroBID. In addition, the physical goal of the Emerging and Sustainable Cities Initiative (ESCI) studies has been increased by including one product: Methodological Guidelines for Local Plans for Climate Change, which has already been completed.

Regarding project co-financing, during 2022 the World Bank confirmed that their loan PE-9040 (US\$ 93,000,000) for the *Lima Metropolitano* BRT North Extension (Bus Rapid Transit System) (P170595) complemented this GEF project (PE-T1355 – GEF ID 9698): Support to the National Platform for Sustainable Cities and Climate Change in Lima, so its participation as project co-financier was included during this fiscal year.

The project's deadline was extended by IDB by one year (12 months) due to delays in the initial phases of the project and subsequent delays due to COVID restrictions, to allow for the key consultancies of components 1 and 4 to be executed within the timeframe of the project. These consultancies are currently under execution.

Implementation Progress		
Implementation Progress Rating (IP) & Assessment	PREVIOUS RATING	NEW RATING
<p>The project has succeeded in improving its implementation progress rating since by June 2022, only one consultancy remains to be contracted and most of the consultancies have executed between 40% and 60% of their activities. This is due to acquired experience of the executing agency and the consistent detailed monitoring of the implementing agency. The 12-month extension for the project enabled the key studies in components 1 and 4 to continue the tendering process and the April Mission in 2022 helped pinpoint the execution weaknesses to device strategies to confront and accelerate processes.</p> <p>The studies on risks and growth of the urban footprint (component 1) and with a Transit Oriented Development (TOD) approach (component 4) have an intermediate level of progress. In both cases, the diagnoses generated have developed key data for urban planning that needs to be capitalized, disseminated, and appropriated by local governments and planning institutions, for which continuous participation and articulation with local governments is required.</p> <p>Component 2 is progressing with limitations. An extension was required for the elaboration of the conceptual design of the hydrological tool, which involved the identification of information and evidence needs.</p> <p>Component 3 consultancies are the ones with the highest level of progress, especially the one related to the development of the irrigation canals plans. In the case of the consultancy for the Urban Biodiversity Strategy, significant progress was made; however, the design of the biodiversity action plans has required more time than programmed.</p> <p>Finally, component 5 has made the least progress, due to the complexity of the key contracting processes. For the communication strategy, a second call for bids had to be implemented, given that the first process was declared void, while the implementation of the platform is in the bidding stage.</p> <p>As a result of these improvements the implementation is now satisfactory however there is a challenge in complying with the planned deadlines (specially in component 5) which must be ensured. For this purpose, the executing agency has developed a very detailed final year implementation plan which the implementing agency is monitoring every two weeks.</p>	MS	S

Project Risks		
Risk Rating (RISK) & Assessment	Previous Rating	New Rating
<p>The rating assigned remains as a Modest Risk (M), since the main risk factors (political, technical, and administrative) have not changed greatly in the past year.</p> <p>Political risk. There is a constant change of officials, which affects the continuity of coordination and ownership. During 2021- 2022, there were changes in the main interlocutors of the Metropolitan Municipality, the Metropolitan Planning Institute (IMP) and the Provincial Municipality of Callao. To address the changes, the project team seeks to maintain permanent and assertive communication with authorities. New interlocutors have been identified to facilitate a constant flow of work. The project team designed a sustainability strategy aimed at facilitating the appropriation process in the context of the election of new municipal authorities at the end of 2022.</p> <p>Technical risk. Due to delays in the contracting for the implementation of the National Platform, there is a risk that the execution deadlines will be impacted by the deliverable's approval. The recent implementation of the Digital Government Law represents a major challenge, given that it requires the identification of related processes as a prior step.</p> <p>Administrative risk. Delays in the payment schedule require ongoing coordination. The detailed final year operating and conservative disbursement plan that internalizes approval and payment deadlines for deliverables will provide a clearer picture of the mitigation actions required.</p> <p>The Mid Term Review examined the project's risk management until the 31st of July 2021 (though the report was submitted at the end of September 2021) stating the probability of risks related to changes in political spheres and public agenda because of electoral processes had been underestimated threatening both its effectiveness and results sustainability. The project has therefore devised a sustainability strategy, strongly articulated to the project's communications strategy, which is working on the appropriation of the project results mostly at the subnational level and is being closely monitored by the executing agency implementing agencies.</p>	M	M

Stakeholder Engagement

In 2022, 38 workshops were carried out with 351 stakeholders, mostly from the public sector and organized civil society, while the participation of the private sector was limited (5% of the total). In these workshops, there was a higher participation of public sector due to the workshops call strategy.

Public consultations were implemented for the definition of the Biodiversity Strategy, which allowed for interaction with the citizens and obtained contributions for the construction of a joint vision.

A permanent dialogue with other similar initiatives was promoted to generate synergies. There is close coordination with the Transit Oriented Development project implemented by the Japan International Cooperation Agency, in coordination with the Ministry of Housing, Construction and Sanitation (MVCS), to discuss progress. As a result, it was agreed that the integrated transportation system stations in Lima and Callao will complement each other and will try not to serve the same study areas.

Recommendation: The channels and mechanisms for participation of all sectors (private and civil society) must be strengthened, with emphasis on the dissemination of studies and proposals to ensure the sustainability of the actions carried out within the framework of the project.

Gender

The project implemented guidelines on gender, which had a positive effect on women's participation in decision-making and participatory spaces. Among the measures adopted were (i) promotion of gender parity in the representatives of the consultative committees, and (ii) priority identification of women to ensure their involvement in the participatory workshops.

The participation of women in the consultative committees in 2022 reached 44%, while in the participatory workshops, it reached 42% of the total participants. The area with the highest participation was in the preparation of the Biodiversity Strategy (component 3). In the case of the public consultation for the same issue, a participation of 52% was achieved, slightly reaching the majority.

Recommendation: Participation of women in spaces related to urban development and risks (35%) and Transit Oriented Development (TOD) (32%) should be strengthened through strategies that promote equal gender participation and the identification of women linked to these studies. It is necessary to continue reinforcing the messages and recommendations on the effective involvement of women officials and specialists in decision-making spaces as well as adopting a gender and diversity perspective on the design of technical proposals instead of limiting the focus solely to participation.

Knowledge

The consultancies consider knowledge transfer with stakeholders. The project has new tools for the generation of knowledge. For example, orthomosaics of Lima and Callao have strengthened the territory analysis from other consultancies based on geospatial information. In addition, a demand for this product has been identified by other actors in the public sector and civil society. In the case of

Transit Oriented Development studies, the project has also promoted the application of new methods for the of transport system analysis: the 3V methodology (node value, place value and market potential value <https://openknowledge.worldbank.org/handle/10986/26405>) for developing diagnoses and prioritization of transport nodes with a Transit Oriented Development approach.

The exchange with entities that produce information or implement planning processes is promoted to contrast methods and validate results. The urban footprint growth study required coordination with the Metropolitan Planning Institute (IMP) to define population growth rates and housing demand, while the Transit Oriented Development study required coordination with the Urban Transportation Authority for Lima and Callao (ATU) to strengthen the analysis of the study areas and the transport modelling phase.

Recommendation: Maintaining the dynamics of workshops for knowledge transfer and interinstitutional coordination to promote the exchange of technical information, which is very useful for the development of the initiatives being carried out.

It is necessary to generate agile channels for dissemination and facilitating access to the products obtained from the technical cooperation.

Lessons Learned / Best Practices

The involvement of local and national authorities such as the municipalities of Lima and Callao and the Urban Transport Authority in the development of action plans made it possible to prioritize actions and define strategies that generate institutional commitment for the continuity of the interventions designs in the project, aligned with sustainable urban development.

Recommendation: Maintain the exchange and coordination with the actors involved on the results of the activities carried out within the framework of the project

The completion of the Operational Decision Support System (DSS) for water supply in the Lima and Callao Metropolitan Area has been delayed due to the need to include additional functionalities, for which multiple workshops were carried out with SEDAPAL (Lima Potable Water and Sewerage Service), National Service of Meteorology and Hydrology of Peru (SENAMHI) and the National Water Authority (ANA), to agree on priority needs.

Recommendation: The involvement of end users throughout the design process of the project's products is key to promote appropriation of the tool and maintain more precise execution deadlines.

The application of the 3V methodology (node value, place value and market potential value) allowed the objective preliminary prioritization of the stations for the design of initiatives with a Transit Oriented Development approach.

Recommendation: The use of the methodology combined with workshops with key experts is recommended for the analysis of complex transportation systems or future initiatives that require the identification of key stations based on the user's needs.

Lessons from the Mid-Term Review

The following section outlines the key lessons (from a list of 18 lessons learnt) which remain relevant aspects for the project to work on after the Mid Term report was submitted last September 2021.

1. Although capitals inspire the roadmap of other cities in a specific country, progress in one capital is usually insufficient to generate systemic changes in other cities countrywide. The widespread replication of a local practice often requires the review of political and regulatory frameworks and institutional structures at national scale, increased awareness and capacity building through guides, dissemination of information and good practices, direct training, financial resources availability and the establishment of economic incentives, among others.
2. Governance processes are key to generate paradigm shifts at urban level. Often one of the major barriers to sustainable and climate-friendly urban development is the limited consensus and cooperation between agencies whose actions must be synergistic, mainly because of institutional fragmentation and lack of communication mechanisms. The creation of task forces within a project can build relationships that favor consensus-building and institutional cooperation over a longer timeframe. This type of impact, often not explicitly included in the GEF projects' Theory of Change, is critical to make systemic changes that these projects need. However, this impact may be limited (reduced to 2-3 stakeholders and not contemplate a broader group) if these relationships are confined to very specific aspects, such as the development of quite specific outputs, and are not articulated with longer-term elements.
3. When users of an output engage in the definition of its scope, development, and approval, this increases its usefulness and appropriation, leading to an improved sustainability of the Project's results. HydroBID success and the bold commitment of entities in charge of water resources management countrywide is an example of this.
4. The benefits of group work and the involvement of users in the output's elaboration must be balanced according to efficiency and agility in the execution. For example, selecting consulting firm, an administrative rather than a strategic activity, can be carried out exclusively by the Project team.
5. Sustainable and climate-friendly urban development and its management are complex challenges that need horizontal and multi-level integration. This requires addressing very diverse and dispersed issues, from physical planning to governance, from infrastructure to ecosystems, and from climate change mitigation to adaptation. The key is not only in sectoral amplitude, but also in sectoral integration. Sustainable and climate-friendly urban development is no longer a multisectoral challenge but intersectoral. This is a challenge when it comes to manage projects, because they break down its contents into outputs with sectoral angles to speed things up. Defining time sequences that prompt synergies between outputs can be helpful. However, sometimes implementation delays result in the simultaneous launch of all outputs, sacrificing synergy between outputs and, more broadly, the intersectoral aspect of sustainable and climate-friendly urban development. In these cases, besides requiring all consultants to communicate during the output's elaboration, it might be useful to condition a final payment upon review of outputs at the completion of others, so integration between all of them could be a fact.

6. Often one of the critical barriers to sustainable and climate-friendly urban development is the minimal investment in physical works that promote it. Many cities have bold plans and strategies that were not implemented, while other plans and strategies not inspired by sustainable and climate-friendly development are translated into physical works. To deal with this, it is important that projects translate plans and strategies into investment profiles, following the current public investment formats and models in the countries where they operate. Although useful, these profiles do not ensure that the physical work will be executed. To achieve further results, it may be necessary to support the strengthening of municipal finances, often weak and highly dependent on national transfers, as well as to build direct relationships with development stakeholders actively engaged in sustainable and climate-friendly cities agenda. In some cases, if the scale of the interventions is minimal, it might be more effective to group profiles into ambitious projects for international financing, at least at PIF and PPG levels, rather than preparing isolated profiles.
7. Stakeholder participation must go beyond the public sector. Multilevel and intersectoral governance implies involving not only government entities at national, metropolitan and district scales, but also civil society (academia, NGOs, private sector, unions, media, public at large), cooperation spaces (e.g.: CAMET – Metropolitan Environmental Commission) and active international partners related to the sustainable and climate-friendly city sphere, including city networks. This includes the creation of exchange spaces and the design and implementation of broad and differentiated awareness and communication campaigns. International visibility of results can also contribute to its ownership at national and subnational scales. This is key for both effectiveness of a development project and sustainability of its results.
8. Integrating the sustainable cities approach into the institutional framework is key to the continuity of the Project's results. Sustainable and climate-friendly urban development is an intersectoral challenge. Although many other stakeholders play an important role, the Ministry of Housing, Construction and Sanitation (MVCS) and the Ministry of Environment (MINAM) play a leading role. Even though sustainable and climate-friendly urban development falls into many divisions within these ministries, it is important to have a specific unit or division that promotes this agenda in a systematic and energetic way. This might require creating a unit or division for this specific purpose, capable of giving continuity to the project and positioning this topic on the public agenda. The team in charge must have the appropriate technical capacities, including both urban planning and environment and climate change, as well as aspects related to governance. When facing incipient processes, it is also important to seize previous efforts and build from them.
9. The results framework should be aligned with the theory of change, measure results, and set realistic goals. It is crucial that the results framework is aligned with the project's theory of change, or at least with its objectives. For instance, referring to national and subnational scales when the Project aims to have an impact on both. Moreover, it is key that the results framework measures results, not only outputs, and includes mid-term goals. Also, goal setting should be realistic, considering potential externalities that may delay implementation.
10. Given that the context may have changed substantially between the design and start phases of a project, it is critical that projects have the flexibility to reflect those changes and adjust its activities to a new reality. This is decisive for the relevance, ownership, effectiveness, and

sustainability of a project's results, especially when there are multiple changes of government during its design and implementation.

Successes

A note on the implementation of the participatory workshops with districts was published on the consultancy's dissemination platform:

<https://sway.office.com/FNXnDEpb6YYVteBY?ref=email>

The Ministry of Environment published a note on its web page regarding the public consultation process of the Biodiversity Strategy, inviting the public to participate with their contributions.

<https://www.gob.pe/institucion/minam/campañas/7178-estrategia-de-biodiversidad-urbana-y-servicios-ecosistemicos>

The start of activities of the consultancy on Transit Oriented Development (TOD) studies was published in *El Peruano* (the country's official newspaper), in which its relevance for the city was presented.

<https://elperuano.pe/noticia/137181-minam-impulsa-la-implementacion-de-un-transporte-sostenible-en-lima-y-callao>

Project Results Framework Modifications

Category	Fiscal Year	YES NO	APPROVED BY	DESCRIPTION OF CHANGE AND EXPLANATION
Outcome	2019	NO	IDB	NONE
	2020	NO	IDB	NONE
	2021	NO	IDB	NONE
	2022	NO	IDB	NONE
Output/Activities	2019	NO	IDB	NONE
	2020	NO	IDB	NONE
	2021	NO	IDB	NONE
	2022	YES	IDB	Modify output indicator

				The achievement of an additional product associated with the Emerging and Sustainable Cities Initiative (ESCI) studies has been included in the updated planning P(A) section. Due to this, the physical goal of the indicator was increased.
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Project Extension or Other Modifications

Project Extension

The project's deadline was extended by IDB by one year (12 months) due to delays in the initial phases of the project and subsequent delays due to COVID restrictions, to allow for the key consultancies of components 1 and 4 to be executed within the timeframe of the project. These consultancies are currently under execution.

Results Matrix/ Outputs: P(a) EOP values, wording of outputs, or addition of outputs

Two important achievements at the physical goals level were the approval of the Methodological guidelines for the development of local climate change plans through a Ministerial Resolution and the development of the system for the comprehensive study of the basins that supply Lima through HydroBID. In addition, the physical goal of the Emerging and Sustainable Cities Initiative (ESCI) studies has been increased by including one product: Methodological Guidelines for Local Plans for Climate Change, which has already been completed.

Also, due to the contracted amounts in the consultancies, unused resources were redistributed to finance others promoting the project efficiency and effectiveness. For example, the adaptation study has a lower cost than the original budget, but the platform will cost more.

Component Cost: funding allocated per component (vs. originally approved)

No transfers between components were made during 2021; however, to improve the project efficiency, there are plans in place to redistribute available resources in 2023.

Dates reported to GEF

The midterm evaluation was completed in August 2021.

GEF Co-financing: changes in sources and/or amounts expected

In 2022, an additional co-financing from the World Bank for the project was obtained, which replaced the original from an IDB loan (Lima Metro) that was cancelled. The World Bank (WB) Loan PE-9040 (US\$ 93,000,000) for the *Lima Metropolitano* (Bus Rapid Transit System) North Extension was confirmed based on common objectives and complementarity of activities. The WB communicated throughout letter there is a solid ground for cooperation.

Executing mechanism (e.g., change of Executing Agency or function of advisory committee)

There were no changes of executing agency or similar during the reporting period.

Other implementation arrangements (e.g., coordination with other GEF projects)

No new collaborations or alliances to be reported during reporting period.

Financial [risk] management (e.g., waiver for annual audit or change in % to be justified)

In 2022, Amendment No. 1 to the Technical Cooperation Agreement was signed to establish a final audit of the project, due to the operation's nature. No exceptions have been made so far for justification procedures.

Management of E&S risks and impacts (e.g., changes to ESMP)

The project does not foresee significant negative social or environmental impacts.

Management of other risks (e.g., changes due to health/ Covid-19 or security concerns)

The project's deadline was extended and approved by the IDB for 12 months due to delays in the initial phases of the project and subsequent delays due to the COVID-19 pandemic restrictions. This will allow for the key consultancies of components 1 and 4 to be executed within the timeframe of the project. These consultancies are currently under execution.

ANNEX 1. DEFINITION OF RATINGS

Development Objective Ratings

1. Highly Satisfactory (HS): Project is expected to achieve or exceed all its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as "good practice".
2. Satisfactory (S): Project is expected to achieve most of its major global environmental objectives, and yield satisfactory global environmental benefits, with only minor shortcomings.
3. Marginally Satisfactory (MS): Project is expected to achieve most of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project is expected not to achieve some of its major global environmental objectives or yield some of the expected global environment benefits.

4. Marginally Unsatisfactory (MU): Project is expected to achieve some of its major global environmental objectives with major shortcomings or is expected to achieve only some of its major global environmental objectives.
5. Unsatisfactory (U): Project is expected not to achieve most of its major global environment objectives or to yield any satisfactory global environmental benefits.
6. Highly Unsatisfactory (HU): The project has failed to achieve, and is not expected to achieve, any of its major global environment objectives with no worthwhile benefits.

Implementation Progress Ratings

1. Highly Satisfactory (HS): Implementation of all components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.
2. Satisfactory (S): Implementation of most components is in substantial compliance with the original/formally revised plan except for only a few that are subject to remedial action.
3. Marginally Satisfactory (MS): Implementation of some components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.
4. Marginally Unsatisfactory (MU): Implementation of some components is not in substantial compliance with the original/formally revised plan with most components requiring remedial action.
5. Unsatisfactory (U): Implementation of most components is not in substantial compliance with the original/formally revised plan.
6. Highly Unsatisfactory (HU): Implementation of none of the components is in substantial compliance with the original/formally revised plan.

Risk ratings

Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risks of projects should be rated on the following scale:

1. High Risk (H): There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.
2. Substantial Risk (S): There is a probability of between 51% and 75% that assumptions may fail to hold and/or the project may face substantial risks.
3. Modest Risk (M): There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.
4. Low Risk (L): There is a probability of up to 25% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.