



USAID/PERU: PERFORMANCE REPORT AND INDICATORS FOR FISCAL YEAR 2022

Development Objectives Grant Agreement No. 527-0427 between the United States of America and the Republic of Peru

Presentation

This report summarizes the results of the activities carried out under the Development Objectives Grant Agreement 527-0427 during fiscal year 2022, that is, from October 1, 2021, to September 30, 2022.

This Agreement establishes a continuity of the efforts made previously under Agreement 527-0426. This report is ordered according to the four objectives indicated in the Development Objectives Grant Agreement 527-0427:

Development Objective 1: Peru expands economic and social development in post-eradication regions to sustain the reduction of coca cultivation.

Development Objective 2: Peru increases public integrity to reduce corruption.

Development Objective 3: Peru strengthens sustainable management of the environment and natural resources to expand economic and social benefits.

Special Objective: Greater economic integration of Venezuelan migrants and refugees.

For each Development Objective, a performance summary is presented, which describes the main achievements obtained under the Agreement during the fiscal year in its different activities.

In addition, for each Development Objective, the goals that were set for the year 2022 and the results obtained for the indicators used in each program are indicated; as well as the goals set for the year 2023.

Development objectives 1, 2 and 3 carry out programs of exclusive benefit to Peru. Additionally, as established in the Agreement, USAID also finances under this agreement regional activities that contribute with Development Objective 3 (Environment) and Special Objective (Migration). These activities benefit not only Peru, but also other countries in the region. These two regional programs are also presented in this report separately from the bilateral programs.



OBJECTIVE I:

Peru expands economic and social development in post-eradication regions to sustain the reduction of coca cultivation.

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Development Objective I: Peru expands economic and social development in post-eradication regions to sustain the reduction of coca cultivation.

I.1. Performance analysis

Through Development Objective I (DOI), USAID is working with the National Commission for Development and Life without Drugs (DEVIDA) and other entities in the Government of Peru (GOP) to consolidate and extend a joint successful integrated alternative development approach in areas affected by illicit coca cultivation.

The program helps the GOP strengthen its capacity to provide rural Peruvians in priority areas with environmentally sustainable, licit economic alternatives, thereby enabling farmers to permanently transition away from illicit coca cultivation, reducing inputs for drug trafficking organizations, and enabling increased private sector and market-led activity.

Assistance to DEVIDA and subnational governments

During Fiscal Year 2022, USAID implemented the fourth year of a Government-to-Government (G2G) agreement with DEVIDA. This agreement helps DEVIDA achieve its institutional development goals, including improved budgeting and planning for the delivery of effective integrated alternative development assistance, as well as mainstreaming gender equality in its operations.

USAID also provided technical assistance both to DEVIDA and directly to subnational governments to improve their capacity to reduce the gaps in public service provision to hundreds of communities in the Amazon. These municipalities received support to plan for and execute public works projects to improve basic services in targeted regions more effectively.

Through this program, twenty four municipalities improved their management performance, earning them \$13.9 million above the annual budget allocations from the Peruvian government.

Improvement of the production and export of coffee and cocoa

In Fiscal Year 2022, USAID assistance helped 52,277 families increase yields and improve product quality on 114,814 hectares of cacao and coffee-based agro-plantations; farmers generated over \$145 million in cacao and coffee sales.

As Peru is a top source for high quality and fine aromatic cacao, the Alternative Development (AD) program interventions helped more than 37,000 Peruvian farmers grow cacao which is used for

chocolate. The program also helped more than 14,800 Peruvian coffee farmers improve their coffee productivity and quality on 33,619 hectares.

USAID supported the promotion of new technology and innovations in coffee and cacao value chains, including supporting farmers to adopt new pruning methodologies in coffee and cacao cultivation.

USAID worked closely with international coffee companies to ensure a steady supply of high-quality Peruvian coffee exported and, in the process, helped transition farmers away from illicit coca cultivation to licit agriculture enterprises.

Also, USAID projects implemented alternative methods to deliver technical assistance through digital technology, including SMS messaging, radio spots, and a call center available to cacao and coffee farmers; and supported applied research to reduce cadmium uptake by cacao plants and address pernicious effects of a cacao pest.

Improving access to financing for the benefit of small and medium-sized enterprises (SMEs), producer associations, and small farmers

In Fiscal Year 2022, USAID worked with Peru's private sector to facilitate financing to benefit small and medium-sized enterprises (SMEs) and producer associations working in various agricultural value chains located in AD areas. Also, USAID leveraged more than \$15 million from the private sector to help integrate farmers and communities into the licit economy. This leverage came from 68 companies and social and environmental impact investors associated with the thriving cacao, coffee, and technology sectors.

In Fiscal Year 2022, USAID engaged with local financial institutions to facilitate almost \$31 million in loans for small farmers. Also, USAID is promoting entrepreneurship, small business development, and other sustainable economic development endeavors in the Amazon region, helping small firms access market services including credit, information, and technology.

USAID's support is improving the branding and marketing skills of Indigenous entrepreneurs, connecting them to regional and global markets, and training them in digital and financial literacy, e-commerce, networking, basic business skills, and product development in response to the evolving demands of their consumer base. To date, 1,324 micro-loans have been disbursed by financial partners to these entrepreneurs and 135 SMEs have been successfully created or supported.

USAID also sponsored a \$10 million Loan Portfolio Guarantee agreement between the US International Development Finance Corporation and Peru's Cooperativa de Ahorro y Crédito ABACO to expand access to production credit for small- and medium-scale agricultural producers, producer cooperatives, and small-scale merchants in the Peruvian Amazon.

Improving access to information technologies to integrate into the legal economy

During FY 2022, USAID expanded internet access, allowing communities to reach market information

required to effectively compete and trade in licit markets. Connectivity helps break the isolation of low population density areas with minimal state presence, particularly the central jungle areas of Peru.

In addition, USAID partnered with U.S. companies, such as the technology firm CISCO, and through a public-private connectivity venture and with Empeñe-Universidad del Pacifico to develop and increase the use of new digital and financial services and tools, such as e-commerce platforms and applications, web pages for existing businesses and start-ups, online payment management, e-learning, and e-government systems.

USAID engaged with stakeholders through the Telefónica and Facebook-led Internet for All (Internet para Todos - IpT) initiative, the goal of which is to provide six million Peruvians with 4G mobile internet access, to expand service to more than 73,000 new internet users in Huanuco, San Martin, and Ucayali.

Reduction of gender disparities

Peru has made important advances over the past decade to reduce gender disparities. In Fiscal Year 2022, USAID's Alternative Development program worked with 87,219 families to reduce household poverty and illicit coca cultivation.

Through implementation of an Alternative Development Gender Action Plan, 55,000 women participating in AD activities expanded their access to financial services, their participation in value chains (including cacao, coffee, and banana), and/or in marketing and sales of alternative crops.

Through three Alternative Development alliances with the private sector (the Peru Cacao Alliance, the Coffee Alliance for Excellence, and the Alliance for Digital and Financial Services), USAID contributed to women's economic empowerment while supporting the Women's Global Development and Prosperity pillars.

During the Fiscal Year 2017 - Fiscal Year 2022 period, almost 17,000 women accessed credit, of which 3,200 women accessed credit in Fiscal Year 2022 through Alternative Development financial partners.

1.2. Next steps

In Fiscal Year 2023, USAID will continue supporting the Government of Peru to improve conditions for licit sustainable development in former coca-growing areas and contributing to the provision of public services and infrastructure. In addition, USAID will continue providing technical assistance to strengthen the institutional capacity of DEVIDA through a multi-sectoral approach.

USAID priorities for fiscal year 2023 include: 1) Promote a multisectoral approach to develop licit economic opportunities, foster digital inclusion, and attract private investment in order to sustain licit livelihoods in the Peruvian Amazon; 2) strengthen licit value chains and ensure that their products meet national and international quality and environmental standards; and 3) strengthen DEVIDA's institutional

capacity so that it is better equipped and trained to tackle development challenges in coca-producing regions.

Coca cultivation has surged in Peru during the past two years, in part because of reduced coca eradication efforts due to the pandemic. Furthermore, Coca cultivation increased on Indigenous lands and in protected areas and private forestry concessions as well as in areas that had previously seen long-term reductions in coca production (including in Ucayali and Huanuco regions). Regional government officials reported that coca cultivation is now the leading cause of deforestation in Ucayali. This is complicating USAID's efforts to shift resources to higher-priority areas like the Valleys of the Apurimac, Ene, and Mantaro Rivers and Puno areas.

I.3. Indicators

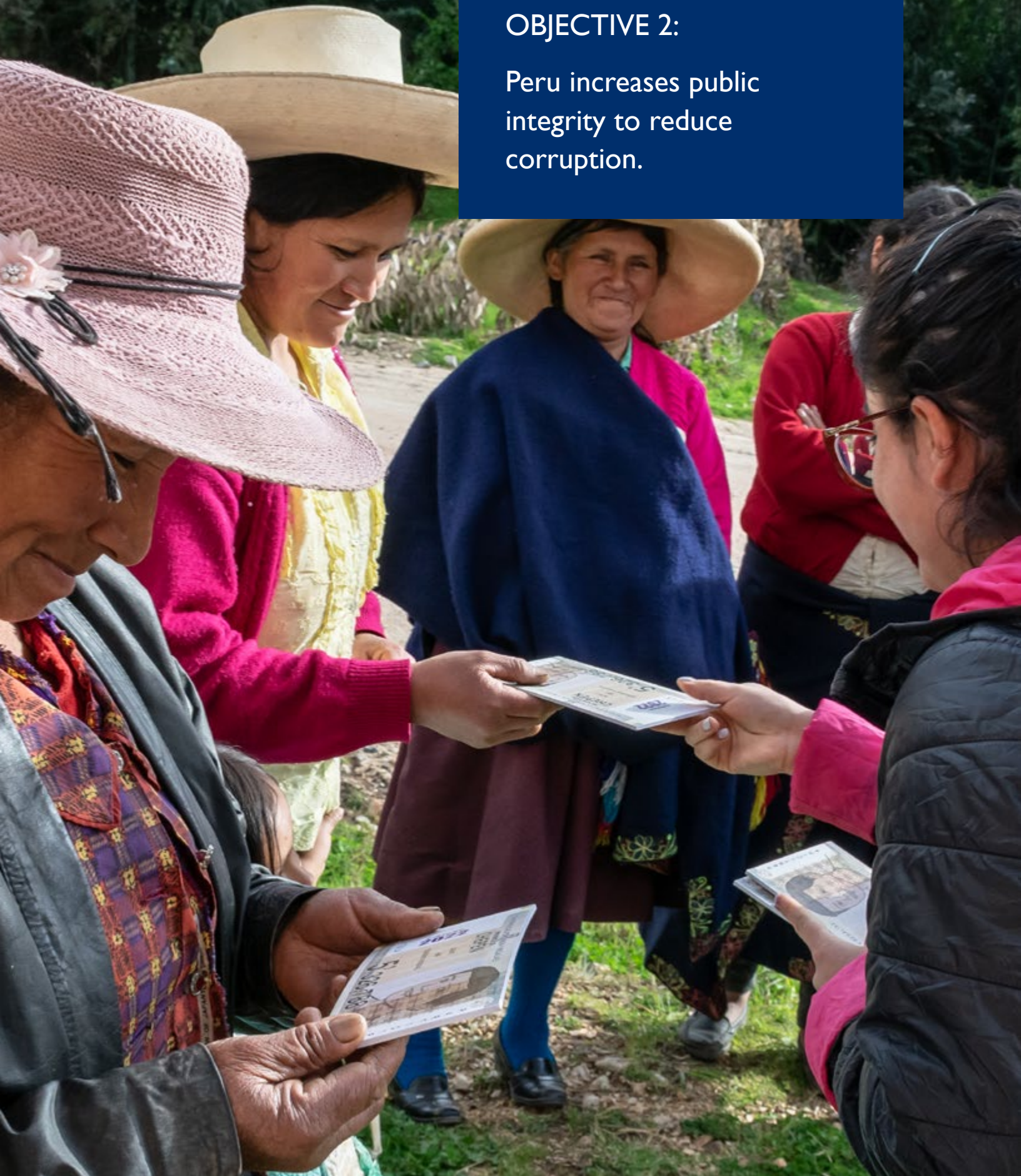
Objective I: Peru expands economic and social development in post-eradication regions to sustain coca reductions.

Expected goals and results obtained by fiscal year (FY).

| Indicator | FY 2022 Goal | FY 2022 Result | FY 2023 Goal |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|--------------|
| Number of families benefiting from alternative development or alternative livelihood activities in areas assisted by the Agreement | 78,000 | 87,219 | 40,000 |
| Hectares of alternative crops cultivated by the programs under the Agreement | 90,000 | 114,814 | 50,000 |
| Total sales of legal agricultural and non-agricultural products in areas assisted by the Agreement (USD) | 100,000,000 | 145,007,691 | 40,000,000 |
| Percentage of women participating in programs assisted by the Convention designed to increase access to productive economic resources (assets, credit, income or employment) | 33 | 46 | 33 |
| Numerator: female participants | 24,750 | 50,075 | 24,750 |
| Denominator: Total participants | 75,000 | 108,630 | 75,000 |

OBJECTIVE 2:

Peru increases public integrity to reduce corruption.



2.1. Performance analysis

During Fiscal Year 2022 under the Development Objective 2, USAID strengthened the capacity of Peruvian institutions to implement more efficient, transparent, and fair public procurement processes and address human trafficking. Addressing corruption is a major priority for the GOP, as it continues to affect political and economic stability in Peru. National and subnational scandals over corruption have persisted. The pandemic weakened public finances and exposed structural problems related to management capacity and public ethics. The Office of the Comptroller estimated \$6.5 billion was lost in 2021 due to corruption and misconduct.

During Fiscal Year 2022, USAID assisted the GOP in implementing the Public Integrity Model and other requirements for Organization of Economic Cooperation and Development (OECD) accession. USAID prioritized capacity building for the GOP, subnational institutions, civil society organizations, and private sector companies engaged in anti-corruption and the protection of human rights. USAID supported private-sector engagement on anti-bribery initiatives, the Extractive Industries Transparency Initiative, combating human trafficking, and procurement reform.

Through Fiscal Year 2022, USAID supported reducing public-sector corruption and enhancing communication between citizens and government to promote democratic development. USAID's support to GOP institutions facilitated the training of procurement staff, improved budget transparency from the extractive sector (canon), strengthened procurement law, and enhanced anti-corruption and counter-trafficking initiatives.

Promotion of a Public Integrity Model

Through the Transparent Public Investment (TPI) activity, six GOP entities deployed an integrity model to improve corruption risk management and applied tools to detect corruption risks in public contracting at the sub-national level. USAID worked with the GOP to advance 53 anti-corruption measures.

TPI trained 307 public officials (157 female and 150 male) in the five target regions on topics related to the review and application of the public procurement integrity standards for public investment projects, the implementation of the Index of Preventive Capacity of Corruption (ICP) within the integrity policy framework, the implementation of the Supervisory Agency for Public Procurement (OSCE) contracting risk management, and the implementation of the "De Empresas para Empresas" program for Small and Medium Enterprises (SMEs), in alliance with GIZ.

The ICP tool was adopted by five regional governments and other stakeholders, enabling the identification of areas of success and deficiency, as well as tracking progress over time.

Strengthening capacities to improve transparency and efficiency in the Peruvian procurement system

In Fiscal Year 2022, an interagency agreement with the U.S. Department of Commerce Commercial Law Development Program (CLDP) trained 139 public officials (67 female and 72 male). Training focused on deterring and preventing corruption in the public procurement system, such as implementing value for money principles, optimizing the procurement lifecycle, strengthening cybersecurity measures, and expanding effective cloud procurement. This training contributed directly to improve the levels of transparency, integrity, efficiency, and competition in the Peruvian procurement system.

Strengthening citizen participation and dialogue between citizens and the State

USAID worked with civil society and media to sharpen investigative journalism skills, train citizen watchdogs, and support vulnerable citizens to advocate for their political participation, increasing representation and accountability.

USAID enhanced the capacity and effectiveness of 22 organizations engaged in advocating for more transparent governance. For example, the Citizen Voices and Engagement activity developed and submitted to Congress a legal proposal and informed constructive debate to protect the rights of marginalized populations, such as women, youth, people with disabilities, gender minorities, and Afro-Peruvians. The activity worked with select media outlets to provide substantive coverage of policy topics, registering more than 77 million website visits.

Another USAID activity promoted policy dialogue among citizens, elected officials, candidates, and political parties to better address constituent needs. Working with marginalized populations to develop and advocate for policy change, USAID trained 115 journalists and 150 civil society organizations. One notable achievement was the successful adoption of a regulation to prohibit discrimination at the polls against non-binary Peruvians.

Collaboration to promote corporate social values of the private sector

Working with IPAE business association, USAID supported the second annual Shared Values business awards competition, which awarded 20 companies that incorporated social value activities.

Strengthening transparency around revenues from extractive industries

The Enhancing Transparency and Best Practices in the Extractive Sector activity works to promote transparency in the use of oil, gas, and mining revenues, and foster sustainable economic growth by promoting detailed revenue reporting, increased citizen participation in decisions on how natural resource revenue is used, and improving extractive sector governance.

In Fiscal Year 2022, the activity worked with Peru's national commission for the Extractive Industry Transparency Initiative (EITI), including government, civil society, and private sector stakeholders to meet the EITI requirements and lift the suspension of Peru's membership.

The GOP contracted a company to write the 8th EITI Disclosure Report, published in December 2022, along with regional studies, the dissemination of which was supported by USAID. In FY 2022, four new EITI committees in Cajamarca, Ancash, Cuzco, and La Libertad were established to enhance transparency and local governance in regions that receive 30 percent of Peru's mining royalties.

In addition, the activity promoted public understanding of natural resource revenue streams, increased multi-stakeholder dialogue on how revenues are used, and contributed tools to improve government accountability. Target regions were Moquegua, Arequipa, Cusco, Apurímac, Ucayali, Loreto, Ancash, Cajamarca, La Libertad, and Piura.

Fight against human trafficking

During FY 2022, USAID provided technical assistance to Peru's Multisectoral Commission Against Trafficking in Persons (TIP) strengthening legislation, prosecution, and victim services. USAID's Countering Trafficking in Persons (C-TIP) activity worked with four regional governments to incorporate anti-trafficking objectives in their plans, supporting eleven investment projects in the regions of Cusco, Loreto, Madre de Dios and Puno.

Local governments in priority regions secured additional funds totaling \$3 million to support services for victims. The C-TIP activity trained 517 judges, public attorneys, and prosecutors to improve prosecution of TIP and other gender-based crimes. Ninety-one shelter-care providers (64 percent of them women) received training to improve their victim-support skills, and USAID C-TIP activity provided support to 384 victims.

2.2. Next steps

During FY 2023, it is expected the number of citizen monitoring exercises will increase considering that TPI has included the health sector and two new regions in the scale-up phase. TPI will continue to strengthen the capacities of the members of the integrity networks to expand the monitoring of public works and the application of the integrity standards in public procurement working closely with the government entities and the private firms in charge of the execution of public works.

In FY 2023, two ongoing USAID activities will direct technical assistance to building institutional capacity and improving systems to facilitate increased transparency and accountability at the subnational level. USAID is also designing a new activity with the primary objective of strengthening the capacity of subnational governments to plan, budget, and engage the national government to improve public service delivery to the most vulnerable populations. Another USAID activity will continue to work to increase

political accountability and improve local governance by expanding historically marginalized groups' capacity to influence policy.

Through FY 2023, USAID will continue working with small and medium enterprises to adopt anti-corruption measures, ensure companies provide data for the EITI reports, and encourage the private sector to create social value. Also, USAID will continue engaging media outlets to promote substantive public debate.

2.3. Indicators

Objective 2. Peru increases public integrity to reduce corruption
Expected goals and results obtained by fiscal year (FY).

| Indicator | FY 2022 Goal | FY 2022 Result | FY 2023 Goal |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|--------------|
| Number of government officials receiving anti-corruption training, supported by the Agreement | 300 | 1,089 | 1,016 |
| Number of men | | 542 | |
| Number of women | | 547 | |
| Number of mechanisms for external supervision of the use of public resources supported under the Agreement | 4 | 26 | 85 |
| Number of anti-corruption measures proposed, adopted, or implemented with the assistance of the Agreement, including laws, policies or procedures | 14 | 53 | 47 |
| Number of victims of human trafficking receiving services with assistance from the Agreement | 368 | 384 | 443 |
| Number of men | | 64 | |
| Number of women | | 320 | |



OBJECTIVE 3:

Peru strengthens sustainable environment and natural resource management to expand economic and social benefits.

3

Development Objective 3: Peru strengthens sustainable environment and natural resource management to expand economic and social benefits.

3.1. Performance analysis

Peru is one of the world's most biodiverse countries representing the fourth largest tropical forest area in the world and an invaluable global resource to address climate change. Peru's Amazon biodiversity currently faces increasing threats from forest conversion due to expanding agriculture, unsustainable and illegal logging, illegal and informal alluvial gold mining, and poorly planned roads and hydrocarbon operations.

To address these threats, USAID supports the GOP in strengthening their technical and administrative capacity to effectively enforce laws, policies and regulations against environmental crimes, especially illegal mining, logging, and wildlife trafficking connected with transnational criminal organizations.

Also, Peru is highly vulnerable to the adverse impacts of climate change, which includes increasingly warmer temperatures in the upper elevations, more erratic and intense weather events (i.e. strong tropical storms, flooding or droughts), and significant changes in precipitation patterns.

USAID supports Peru to maintain its leadership in mitigating and adapting to climate change by enhancing national and regional capacity for policy reform and establishing the conditions for low-emissions, climate-resilient development.

Strengthening Peruvian forest governance

In Fiscal Year 2022, USAID's Forest Oversight and Resource Strengthening (FOREST) activity supported the Ministry of Economy and Finance (MEF) to convene key stakeholders from the private sector and GOP agencies to discuss obstacles to forest sector development.

USAID provided technical assistance to the regional governments of Loreto, Madre de Dios, and Ucayali for improved administrative capacity for budget formulation and execution to secure additional funds to support these responsibilities. This collaboration led to MEF transferring \$5.3 million to the regional governments of Loreto, Madre de Dios, San Martin, and Ucayali to boost the competitiveness and sustainable use of forest and wildlife resources.

As a result of the additional resources, approximately two million hectares are now under improved management. Also, the Forest and Wildlife Resources Supervision Agency (OSINFOR) received technical assistance in preparing 24 mapping assessment reports for conservation plans enabling Indigenous

communities in Loreto to offset fines imposed by the regulatory agency and renew their eligibility for government services in the sector.

Also, through the FOREST activity, USAID strengthened the Forest and Wildlife Management Units of Tahuamanu (Madre de Dios Region) comprising 1,040,846 ha; improved management of 240,281 ha to the “excellent” level according OSINFOR standards; and supported registration of 70,296 and 58,829 ha in Loreto and Ucayali respectively, including their forest management instrument plans, such as the Intermediate Forest Management Plan. Furthermore, USAID’s FOREST activity supported the development of 33 regulations (29 adopted and 4 proposed) for the forest sector.

Improving capacities for the management of natural resources

USAID’s Pro-Bosques activity helped improve management of 341,344 ha, including supporting the Industrial Association of Loggers of Padre Abad (AIMPA), a group of Ucayali small producers, to apply best practices in the execution of its general forest management plan (2021 and 2022 harvests). The activity also provided technical assistance for local forest management.

This year continued to work with two municipalities in Ucayali, achieving: a) the management of the 2021 and 2022 timber harvests and their related timber traceability in the Local Forest of the AIMPA; b) capacity-building of AIMPA partners and Padre Abad municipal officials for managing the Local Forest; c) the establishment of two additional local forests by the Padre Abad Provincial Municipality; d) improved forest management by the Masisea District Municipality and the Ucayali Association of Small Extractors and Reforesters.

Also in Loreto, USAID’s Fisheries activity trained leaders of the groups involved in fisheries conflicts and representatives of government organizations involved in fishing regulations. Fishers increased their knowledge and skills in negotiation, while public officials improved their identification of species of fish whose trade is prohibited, control of legal fisheries and conflict negotiation.

Support to indigenous communities for forest management in their territories

Also, the Pro-Bosques activity strengthened the Federation of the Tapiche and Blanco River Communities Forest Watchdog Committee and supported 15 Indigenous Communities to organize their Community Control and Oversight (CVC) Committees, which are now legally recognized by the GOP.

During Fiscal Year 2022, through the Forest Alliance activity, USAID supported the efforts made by seven native communities (Calleria, Flor de Ucayali, Pueblo Nuevo, Curiaca, Roya, Sinchi Roca and Puerto Nuevo) in the Ucayali region, to avoid losses due to deforestation and changes in the use of forests in their territories, conserving a total of 114,954 ha of forests.

USAID continued to strengthen community forestry surveillance and control committees and to implement a participatory mechanism for Monitoring, Reporting and Verification of deforestation. Likewise, the Forest Alliance helped strengthen productive activities based on forest resources, including the establishment of agroforestry plots, forest plantations, handicrafts, and timber harvesting.

Strengthening the capacities of State institutions and officials to deal with environmental crimes

Through Fiscal Year 2022, USAID supported the Ministry of the Environment (MINAM) consolidation and operation of its Environmental Crimes Unit (UNIDA) to articulate Executive Branch initiatives to effectively address environmental crimes. USAID worked with the GOP to craft a “whole-of-government” policy on environmental crimes, providing a roadmap for the Judiciary, Prosecutor’s Office, Ministry of Justice, and other relevant agencies to enhance coordination.

In Fiscal Year 2022, USAID’s Prevent program conducted studies in the Loreto, Ucayali, and Madre de Dios on the impacts of illegal crops on protected areas, indigenous lands, and forest concessions. Results showed a rapid spread of illegal crops and multiplication of illegal airstrips within these protected areas, buffer zones, and indigenous territories. During Fiscal Year 2022, USAID and civil society organizations worked with the Peruvian Congress to win approval of a new regulation to include wildlife trafficking as an organized crime activity.

Through USAID sponsored training courses on environmental crimes 1,300 GOP staff improved their capacity and knowledge awareness. Prevent also worked with more than 60 investigation journalists including indigenous peoples to raise the awareness of environmental crimes. In addition, Prevent supported the development of 14 regulations (11 adopted and 3 proposed), among others the approval of the “Guide for the economic valuation of damages caused by environmental crimes of illegal mining, illegal logging and illegal wildlife trafficking” which directly contributes to the process of appropriation of the Specialized Prosecutor’s Office for Environmental Crimes. Also, the USAID’s Prevent activity trained 1,331 people on issues related to the prevention, monitoring and/or combating of environmental crimes and violations.

Knowledge generation for restoration of degraded ecosystems

USAID’s CINCIA-ACIERTA activity generates critical knowledge baselines and accelerates innovative solutions to Artisanal and Small-Scale Gold Mining. In FY 2022, the activity launched several multi-year research studies to test innovative methodologies for restoring landscapes stripped by artisanal and small-scale gold mining.

Approaches include the use of topsoil replacement to accelerate forest recovery, and the use of heavy machinery to reshape the landscape to optimize ecosystem recovery in heavily degraded areas. Other cutting-edge studies on using assisted natural regeneration as a tool for ecosystem restoration and using faunal restoration to accelerate landscape recovery in forests and wetlands.

Development of an alternative business model for private forestry concessions

USAID worked with private sector partner Green Gold Forest to transition 206,000 hectares of forest concessions from timber production to the sale of carbon credits to fund conservation and non-timber forest products, providing training to Indigenous communities focused on the sustainable management of

amazonian palm trees and other non-timber resources. Indigenous women have learned how to harvest aguaje and acaí fruit using an innovative harvesting technique that involves climbing the tree instead of logging it.

Water security and investments in natural infrastructure

In Fiscal Year 2022 Peru allocated resources and advanced strategies to address water security issues and threats, recognizing natural infrastructure is a cost-effective approach to increasing water security and an indispensable complement to engineered infrastructure. USAID and Global Affairs Canada, through the Natural Infrastructure for Water Security (NIWS) activity, supported Peru to finance and operationalize a new system of public investment in natural infrastructure to help mitigate Peru's water and climatic risks, as well to help local populations to adapt to climate change.

NIWS collaborated in Fiscal Year 2022 with the National Water Authority (ANA) to review the National Water Resources Policy and Strategy. As the framework for local watershed resource management plans, this process was used to strengthen the capacities of local watershed resource councils. Within Fiscal Year 2022 NIWS has supported five institutions with improved capacities and deepened awareness about natural infrastructure: ANA, the Regional Government of Piura, the National Superintendence of Sanitation Services (SUNASS), Drinking Water and Sewerage Service of Lima (SEDAPAL), and the Authority for Reconstruction with Changes (RCC).

Through Fiscal Year 2022, USAID and Canada supported Peru's potable water agency and its sanitation agency to develop Public Investment Projects (PIPs) for natural infrastructure projects with local communities, emphasizing the restoration of wetlands and montane forests. A pilot activity with the private sector reforested 40 hectares to secure access to water. The RCC authority managed over \$240 million in investments in natural water infrastructure for disaster risk management, after receiving direct technical assistance from NIWS in the preparation of final studies for PIPs and the use of homemade modeling tools for the studies. The RCC portfolio is expected to cover 147 communities in 20 watersheds, to restore more than 45,000 hectares of forests and grasslands, create the equivalent of more than three million days of paid labor, and sequester at least five million tons of carbon dioxide while mitigating flood and landslide risks. By the end of FY 2022, five projects financed by water utility payment for ecosystem services programs, valued at \$1.7 million, were ready for implementation. Projects were also launched in Lima, Cashapampa, and Moyobamba.

In Fiscal Year 2022, NIWS also contributed to the inclusion of a gender approach within SUNASS and ANA directives in accordance with the guidelines of the Ministry of Women and Vulnerable Populations (MIMP) and the National Gender Equality Policy. These efforts contributed to the creation of ANA's and SUNASS' working groups for gender equality. Also, in collaboration with MINAM, NIWS developed a guide to mainstreaming gender, interculturality, and intergenerational approaches in the National Determined Contributions climate goals; which has been formally approved by MINAM.

3.2. Next steps

In Fiscal Year 2023, USAID will continue to work with Global Affairs Canada, which has provided \$12 million to co-fund the ongoing NIWS activity. In addition, the Norwegian Agency for Development (NORAD) will provide co-funding for forestry and reduction of deforestation, including due to environmental crimes.

Also, during Fiscal Year 2023 USAID will support the adoption of natural infrastructure and gender into the National Policy and Strategy for Water Resources (with ANA), watershed management plans for the Quilca-Chili and Chira-Piura watersheds, establish a new sanctions regime for wetland degradation (with ANA and SERFOR-Peru's Forest Service), and develop criteria for prioritizing wetland management (with MINAM). During 2023, USAID plans to secure the commitment of at least four government entities (with MINAM, SUNASS, ANA and MIMP) to align with the implementation of the OECD recommendations on natural infrastructure and water governance.

In Fiscal Year 2023, USAID will work with the new regional and national authorities to promote the adoption of laws, policies and regulations to prevent and reduce environmental crimes. This includes the promotion of mining formalization with social and environmental safeguards, implementation of the law on wildlife trafficking and organized crimes, and the engagement of the private sector as a key ally in the Amazon.

3.3. Indicators

Objective 3: Peru strengthens sustainable environment and natural resource management to expand economic and social benefits. Expected goals and results obtained by fiscal year (FY).

| Indicator | FY 2022 Goal | FY 2022 Result | FY 2023 Goal |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|--------------|
| Number of hectares of biologically significant areas under better management of natural resources as a result of assistance under the Agreement | 4,004,332 | 2,013,499 | 1,947,077 |
| Number of people trained in sustainable management of natural resources, biodiversity conservation and/or other environmental issues as a result of assistance under the Agreement | 2,647 | 5,687 | 1,675 |
| Number of men | | 3,418 | |
| Number of women | | 2,269 | |
| People trained in sustainable management of natural resources and / or conservation of biodiversity | 1,652 | 3,057 | 1,360 |
| People trained in sustainable landscapes | 400 | 1,267 | 100 |
| People trained in adaptation to climate change | 595 | 1,363 | 215 |
| Number of laws, policies or regulations addressing biodiversity conservation and/or other environmental issues officially proposed, adopted or implemented as a result of assistance under the Agreement | 37 | 62 | 19 |
| Regulations that address the conservation of biodiversity | 31 | 49 | 11 |
| Regulations that address adaptation to climate change | 6 | 13 | 8 |
| Number of institutions with enhanced capacity to address priority environmental issues receiving assistance under the Agreement | 23 | 37 | 12 |
| National government | | 17 | |
| Subnational government | | 11 | |

| Indicator | FY 2022 Goal | FY 2022 Result | FY 2023 Goal |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Others | | 9 | |
| Addressing sustainable landscapes | 18 | 32 | 12 |
| Addressing the risks of climate change | 5 | 5 | 0 |
| Amount of investment mobilized (in USD) for adaptation to climate change supported by assistance under the Agreement | 12,000,000 | 1,667,235 | 5,000,000 |
| Greenhouse gas emissions, estimated in metric tons of CO2 equivalent, reduced, captured, or avoided through sustainable landscape activities supported by the Agreement | 54,702,836 | 17,169,111 | 41,133,645 |

South America Regional
Program - Environment



4.1. Performance analysis

The Amazon region provides unique assets to its nations and the world. Environmental natural services such as storing carbon, producing oxygen, generating rainfall all contribute to strengthening global climate and hydrological resilience. The Amazon provides about 15 percent of the freshwater draining into oceans worldwide, and its forests capture 25 percent of human greenhouse gas emissions. Also, the Amazon region holds a tenth of all known species, nearly half of the world's rainforests, and is a critical global carbon sink. The region is home to approximately 33 million people, including 2,300 or more indigenous groups. Current environmental threats such as accelerating deforestation rates, forest fires, and climate change present existential threats that convert productive rainforests into dry savanna and disrupt global climate systems.

To address these threats, USAID implements the Amazon Regional Environment Program (AREP) which builds capacities, supports national policies, and provides innovative approaches to sustain a healthy and resilient Amazon in Brazil, Colombia, Peru, Guyana, Suriname, and Ecuador to limit deforestation, foster a sustainable economy, protect key landscapes, and secure Indigenous rights, aligning with USAID's efforts to mainstream climate mitigation goals across programmatic areas.

Deforestation, which has fallen by 75 percent since the early 2000s, has steadily increased during the past five years. Forest fires have burned record areas every year since 2019, according to data from USAID's SERVIR Amazon Hub project. Deforestation rates in the Amazon are among the world's highest, especially after a surge in 2020 and 2021. The main drivers of deforestation differ from country to country. In Brazil, the leading causes are expanding commercial agriculture and cattle ranching. In Peru, the main causes are small-holder agriculture, illegal gold mining, and increasingly illegal coca cultivation. Other leading causes of Amazon deforestation include infrastructure development, illicit logging, wildlife trafficking, and land-grabbing. The challenge of increased deforestation is exacerbated by the inability of local governments across the region and civil society to address the drivers of deforestation.

USAID-NASA partnership to monitor illegal mining and deforestation

SERVIR-Amazonia is a joint initiative between USAID, NASA, and the International Center for Tropical Agriculture designed to strengthen the capacity of governments and civil society to apply geospatial technologies to decision-making. The program strives to better incorporate the unique perspectives of women, indigenous peoples, and other marginalized communities into development solutions.

In 2022, 129 indigenous leaders from communities in Ucayali (Peru) and Acre (Brazil), participated in training to identify areas of threats to forests and biological diversity using the SERVIR-Amazonia

DashBoard. Similarly, SERVIR assisted the Indigenous Federation of the Amazon of Ecuador (CONFENIAE) and of Madre de Dios, Peru (FENAMAD) in territorial monitoring. In Ecuador, SERVIR is supporting the preparation of a new soils map and providing scientific assistance to the National Meteorological Service (INAMHI) for the processing of meteorological and climate data.

Strengthening the capacities of Amazonian indigenous peoples and their organizations

The Amazon Indigenous Rights and Resources (AIRR) activity aims to empower and enable indigenous groups to exercise their rights, safeguard their territories, and develop sustainable livelihoods rooted in natural resource conservation. Under AIRR, the World Wildlife Fund leads a consortium of 13 Indigenous organizations as well as local NGOs.

AIRR is currently supporting 29 indigenous enterprises to develop ecotourism, handcrafts, textiles, non-timber forest products or agricultural plots to produce essential oils, beverages, fruits and Brazil nuts, fish meat, cocoa, bananas, among others. None of the enterprises are generating deforestation in the area where they acquire the products, thus contributing to the conservation of biodiversity.

Also, in Fiscal Year 2022, AIRR provided technical tools and equipment to the following indigenous territorial monitoring systems: the AIDSEEP's (the Amazon Indigenous Federation of Peru) Early Warning Early Action System (SAAT); COICA's (the Regional Amazon network) System of Early Warning and Rapid Response to Threats (SAT-RR); and the Observation and Monitoring System of the Indigenous Amazon of Brazil (SOMAI). All in all, the monitoring capacities of 113 people were strengthened to effectively manage and operate these early warning systems.

USAID launched in FY 2022 a partnership with the Coordinator of Indigenous Organizations of the Amazon River Basin (COICA) to strengthen the institutional capacity of the organization, namely its communications capabilities. USAID's partnership with COICA will support the organization's goals of bolstering its own long-term organizational and financial management capacities.

Collaboration with the private agricultural sector to prevent the causes of deforestation

In Fiscal Year 2022, USAID deepened its engagement with the private sector to address the most important drivers of deforestation in the region, which is the production of commodities from forest for export and domestic markets. Two key activities were launched which enabled major agricultural commodity companies to achieve their zero-deforestation pledges through traceability, transparency, financing, and low-carbon production.

The Business Case Initiative (BCI) activity engages private sector, governments, and local landscape actors to reduce commodity-driven deforestation, conserve biodiversity, and improve livelihoods. BCI is working to mobilize \$30 million of international finance to support such actions.

The USAID Amazonia Connect activity promotes deforestation-free supply chains for agricultural companies working in high biodiversity regions of Brazil, Colombia, and Peru. The Amazonia Connect

activity implements monitoring systems in at least 10 private companies to ensure deforestation-free sourcing and allocate \$5 million in direct financial incentives for producers.

Assistance for the prevention and management of forest fires

The Forest Management and Fire Prevention Program (SAR FIRE) provides specialized forestry and natural resource management expertise from the U.S. Forest Service (USFS) to agencies in Peru, Brazil, Colombia, and Ecuador. In Brazil in FY 2022, the project reviewed the proposal for fire management learning pathways at ICMBio (Brazil Park Service), and in Ecuador, it provided training to fire departments in several municipalities across the country.

The program also partnered with the Ecuadorian Environment Ministry (MAATE) and the National Secretariat of Risk Management (SGR), as well as with important official programs such as Pro-Amazonia and Amazonia Sin Fuego (ASF). Regarding indigenous peoples, the program continues to work through a partnership with Operação Amazonia Nativa (OPAN) to strengthen fire prevention on indigenous lands in Mato Grosso and Amazonas states in Brazil. As a complementary activity to prevent wildfires, the program is supporting small economic initiatives to communities in areas of high fire risk, such as in Ecuador's Sangay-Podocarpus conservation corridor.

Fight against illegal, unreported and unregulated fishing

Also, in Fiscal Year 2022, USAID launched a new intervention with National Oceanic and Atmospheric Administration (NOAA) to combat illegal, unregulated, and unreported (IUU) fishing to enhance sustainable management of marine ecosystems in Peru, Ecuador, and Colombia.

During the first year, NOAA provided targeted training to increase awareness, understanding and support for the international agreement within the new Peruvian Administration. NOAA's Office of Law Enforcement trained 144 people in sustainable natural resources management and/or biodiversity conservation. Of those, NOAA trained 33 government officers to apply improved conservation law enforcement practices, specifically via the inspector training. In-person training events took place both in Ecuador and Peru.

By the end of FY 2022, a new activity to combat IUU in Peru and Ecuador, including the Galapagos archipelago, was signed with the Sociedad Peruana de Derechos Ambiental (SPDA), which is leading an alliance of eight additional NGOs in the two countries, with the support of the Walton Family Foundation as a resource partner.

Dissemination and incidence on wildlife trafficking

The Together for Conservation activity is implemented in Brazil, Colombia, Ecuador and Peru. In Brazil in FY 2022, the activity worked with the Amazonas Education Secretariat to develop and deliver educational outreach on wildlife trafficking to over a thousand students and hundreds of adults. Also, it worked with the Citizen for the Amazon Network (including 29 organizations from seven countries) to design a fisheries monitoring system across one transboundary basin. In Loreto, Peru the activity completed

a comprehensive assessment of Aquarium companies that export Amazon ornamental fish to ensure that this type of business does not deplete the river's biodiversity. The project reached collaboration agreements with six riverside communities. In Colombia, Participatory Environmental Observatories were established in three municipalities. In Ecuador, it collaborated with Fundación Raíz and the Sequoya and Sápara nationalities to rescue, preserve and share indigenous knowledge on managing wildlife and reducing wildlife trafficking.

Promotion of innovation for the conservation of biodiversity

The Artisanal and Small-Scale Mining (ASGM) Grand Challenge implemented three subordinate challenges that support the conservation and management of the region's biodiversity. Innovations tested in FY 2022 include: "Native Bamboos" in Ecuador, to use selected native bamboo species for the restoration of lands degraded by mining, and Micromax which uses 3 strains of native microbiomes to provide mercury biosorption and biomineralization in areas impacted by mining.

Support for regional cooperation to address transnational crimes against conservation

USAID's ECOS (Regional Cooperation to address Environmental Crimes) activity, implemented by UNODC, supports regional cooperation and works to build the capacity of the enforcement and justice system to detect, interdict, investigate, and prosecute transnational conservation crimes. During the project's first year, three out of six countries have been working to implement tools developed by the International Consortium on Combating Wildlife Crime (ICWC) to establish baseline information on drivers of crimes that affect the environment.

4.2. Next steps

In Fiscal Year 2023 USAID's SAR portfolio will continue to promote and support licit economic activities as key to both sustainable economic growth and environmental conservation in the Amazon. The Business Case Initiative (BCI) will further engage the private sector, governments, and local landscape actors to reduce commodity-driven deforestation, conserve biodiversity, and improve livelihoods. In Fiscal Year 2023 BCI plans to mobilize \$30 million of international finance to support such actions, deforestation, and expanding biodiversity and protecting environmental resources that sustain livelihoods. The Amazonia Connect activity will implement monitoring systems in at least 10 private companies to ensure deforestation-free sourcing and support \$5 million in direct financial incentives for producers.

USAID also expects to support the development of a regional partnership with the Amazon Cooperation Treaty Organization (ACTO) in Fiscal Year 2023. ACTO is the intergovernmental body tasked with fostering political dialogue and regional cooperation between the Amazon region countries. USAID's planned partnership will support ACTO to convene and promote regional solutions to conservation crimes and other issues that are currently barriers to legal economic activity and trade.

Finally, in early FY 2023, USAID's SAR portfolio launched the Por la Pesca activity, a partnership with

Walton Family Foundation and the NGO Sociedad Peruana de Derecho Ambiental (SPDA). This activity, with a USAID investment of USD 8.6 million and leverage of an additional USD 12.1 million, will be implemented over a five-year period. Por la Pesca will complement the partnership with NOAA to address IUU fishing by supporting the formalization of artisanal fishers in Ecuador and Peru and working to improve the sustainability and legal economic growth associated with the catches from the giant squid, mahi-mahi, tuna and octopus' fisheries.

4.3. Indicators

South America Regional Program - Environment.
Expected goals and results obtained by fiscal year (FY).

| Indicator | FY 2022 Goal | FY 2022 Result | FY 2023 Goal |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|--------------|
| Number of people trained in sustainable management of natural resources, biodiversity conservation or sustainable landscapes as a result of assistance under the Agreement | 1,307 | 1,871 | 2,206 |
| Number of men | | 1,026 | |
| Number of women | | 845 | |
| People trained in sustainable management of natural resources and / or conservation of biodiversity | 964 | 638 | 1906 |
| People trained in sustainable landscapes | 343 | 1233 | 300 |
| Number of institutions with enhanced capacity to address sustainable landscape issues supported by assistance under the Agreement | 44 | 36 | 49 |
| National government | | 28 | |
| Subnational government | | 3 | |
| Others | | 3 | |



USAID
DE LOS ESTADOS
UNIDOS DE AMÉRICA

South America Regional
Program - Migration



ACCIONES PARA LA INCLUSIÓN
EDUCATIVA DE NIÑOS, NIÑAS
Y ADOLESCENTES MIGRANTES



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DYA
DESARROLLO Y
AUTOGESTIÓN
COMUNITARIA E INICIATIVAS

5.1. Performance analysis

Fleeing near total socio-economic collapse in Venezuela, migrants and refugees have settled throughout the Andean and Amazon region, with 1.5 million in Peru, 500 thousand in Ecuador, and 390 thousand in Brazil. In Fiscal Year 2022, the U.S. government provided assistance across these three countries to address the impacts of migration and to support regularization and the socio-economic integration of Venezuelans in their new host countries. Close to six million Venezuelan migrants and refugees currently live throughout Latin America and the Caribbean, and 50 percent of them are women. The COVID-19 pandemic further exacerbated the crisis through the loss of jobs in the formal and informal sectors and the restrictions to mobility. Gender-based-violence (GBV), already high in Latin America, rises in the context of forced migration, and traps migrants in a cycle of dependence on their abusers. This is one of the most significant impediments to their long-term socio-economic integration. Most Venezuelan migrants indicate that they will not return home in the short or medium term. This makes the socio-economic integration of women migrants essential. Yet economic security is dependent on the ability to enter the formal economy and access financial resources.

In Fiscal Year 2022, USAID's South America Regional program provided targeted assistance to support the long-term socio-economic integration of Venezuelan migrants and refugees in Peru, Ecuador, and Brazil. Activities work in concert with numerous actors dedicated to addressing migration across the region, including the Bureau of Population, Refugees, and Migration (PRM), the Bureau for Humanitarian Assistance (BHA), and other donors. USAID supports economic integration through job training, placement, and degree validation; support for small businesses and entrepreneurship through training, mentoring, and access to seed capital; and improved access to financial services.

Support for improving employability and training for entrepreneurs

In Fiscal Year 2022, USAID provided support to 8,981 individuals (6,411 of them women) to gain new or better employment or start or maintain entrepreneurship. By the end of Fiscal Year 2022, there appeared no foreseeable end to the influx of Venezuelan migrants and refugees due to the rising political and economic instability in Venezuela. With limited host country resources to respond to the growing needs of increasing migrant and refugee populations, additional support for regularization and the socioeconomic integration of refugees and migrants is needed.

In Fiscal Year 2022, four USAID economic integration projects provided vulnerable populations with support to improve their employability and their capacities to start a new enterprise or improve an existing one. Such support included a range of activities including entrepreneurship training, the provision of seed capital, financial education and financial inclusion, soft skills training, training in information technology related fields, vocational training, language training (in Brazil), and professional and technical title revalidation.

USAID's Economic Inclusion Project (EIP), implemented by the World Council of Credit Unions, supports Venezuelan migrants and host communities in Peru and Ecuador to achieve socio-economic security. Comprehensive strategies have been developed together with the private sector that recognize the talent of the migrant population and the contribution that these employees make to strengthening the company and the organizational culture. In Fiscal Year 2022, EIP provided 52,417 beneficiaries with financial services, including financial education, loans, and savings accounts. EIP gave 3,916 loans to Venezuelan migrants and locals to support their livelihoods and seed capital for entrepreneurs.

Economic empowerment of women and prevention of gender-based violence

The EIP project integrates gender inclusion into these areas as a transversal topic. Women's economic empowerment and greater awareness of their rights and protection mechanisms, coupled with the promotion of social awareness and education for the prevention of GBV, is key to improving socioeconomic integration and contributing to reduced levels of GBV. The project assisted 4,559 women to obtain new or better employment or entrepreneurship; helped 626 women professionals to revalidate their degree or technical certifications, including medical staff on the front line of COVID relief throughout the country; provided financial services to 30,220 women beneficiaries; and funded loans to 2,082 women participants to aid in their small business goals.

In addition to training, EIP has developed modules addressing GBV awareness and prevention. Ten EIP partners adapted the modules to identify and refer possible GBV cases for support. As a result of this further analysis, partners identified a larger group of GBV survivors within the participant group. The project has accompanied 291 survivors of GBV (277 women, 14 men) providing psychological support, formulating personal action plans, and offering entrepreneurship, employment, and other training. Investing in specific targeted approaches to identify and then assist survivors of GBV will help sustain long-term impacts and allow for greater socio-economic inclusion.

5.2. Next steps

In Fiscal Year 2023, USAID will continue to collaborate with local organizations (community based organizations, NGOs, business groups and financial institutions) to support Venezuelan migrants and refugees, and host communities improve their employability, enhance the probability of success of their existing or new enterprises, and improve their effective utilization of financial services, with special attention to survivors of gender based violence. Additionally, assistance will support efforts to decrease xenophobia, promote the equitable access to education and health resources, and sustain pathways to legal status.

For Fiscal Year 2023, USAID would like to expand their partnership with the private sector by supporting a public-private alliance among Peru's Superintendent of Migration, a major private sector business, and a local NGO. The alliance will support the Peruvian government's goals to provide services to Venezuelan migrants through the implementation of migration services centers throughout Peru.

5.3. Indicators

South America Regional Program - Migration.
Expected goals and results obtained by fiscal year (FY).

| Indicator | FY 2022 Goal | FY 2022 Result | FY 2023 Goal |
|------------------------------------------------------------------------------------------------|--------------|----------------|--------------|
| Number of people who receive support to promote new or better jobs or ventures | 7,500 | 8,891 | 2,250 |
| Number of women | | 2,480 | |
| Number of men | | 6,411 | |
| Number of people receiving gender-based violence-related services financed under the Agreement | 100 | 291 | 100 |
| Number of women | | 14 | |
| Number of men | | 277 | |