



Country Portfolio Evaluation

PERU

Executive Summary

2024



DEval

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Authors

Kirsten Vorwerk
Miriam Nikitka
Michèle Kiefer
Benjamin Back

Responsible team leader

Kirsten Vorwerk

Responsible head of department

Dr. Kerstin Guffler, Dr. Stefan Leiderer, Amélie zu Eulenburg

Design and graphics

Zlatka Dimitrova, Katharina Mayer, DEval

Editing

Dr. Britta Grell, TEXT-ARBEIT, Berlin

Photo credits

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German Institute for
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Fritz-Schäffer-Straße 26
53113 Bonn

Tel: +49 (0)228 33 69 07-0

E-Mail: info@DEval.org

www.DEval.org

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info@DEval.org

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EXECUTIVE SUMMARY

Background, objectives, and questions

The present pilot country portfolio evaluation (CPE) provides management-relevant insight into German official development cooperation in Peru, assesses the engagement, and formulates suggestions for improvement. Providing insight into the effectiveness of the development cooperation (DC) in Peru which is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) is intended to strengthen the transparency and accountability of German DC. Additionally, information for strategic planning and management should be provided in order to be used by the Ministry and the official implementing agencies as well as by the partner government in Peru for strategic decision-making and for improving cooperation.

Moreover, it pilots a new standard format for evaluations on the country level aimed at closing a strategic evidence gap within German development cooperation. In the future, the German Institute for Development Evaluation (DEval) will regularly conduct such country portfolio evaluations for official DC financed by the BMZ.

Development of a standard format for country portfolio evaluations

CPEs are intended to close the evidence gap in the evaluation system of German bilateral development cooperation. The evaluation system of German bilateral DC has been continuously developed over the past years in pursuit of the goal of increasing transparency, accountability, and effectiveness. In order to close evidence gaps at the country level – in addition to the existing project evaluations of the implementing agencies and the strategic evaluations of DEval – new analysis and evaluation formats have been developed. To this end, important measures comprised the development and implementation of country portfolio reviews by DEval as well as the piloting of evaluations on the DC programme level by the implementing agencies. DEval country portfolio evaluations (CPE) will complement previous formats in order to close the evidence gaps which have been repeatedly identified at the country level (Hartmann et al., 2019; BRH, 2021).

The Peru pilot country portfolio evaluation was performed in accordance with the six internationally recognised evaluation criteria of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC). The official portfolio in Peru financed and managed by the BMZ from 2010 to 2022 was the subject of the evaluation. The main evaluation questions were:

- **Relevance:** To what extent was/is the BMZ-financed and managed official DC with Peru relevant for development policy?
- **Coherence:** To what extent was/is the BMZ-financed and managed official DC with Peru oriented to be coherent both within and across ministries and strategically coordinated with national and international DC stakeholders in Peru?
- **Efficiency:** To what extent did the BMZ-financed and managed official DC with Peru efficiently use the available resources?
- **Effectiveness:** To what extent did the BMZ-financed and managed official DC with Peru achieve its goals?
- **Impact:** To what extent did the BMZ-financed and managed official DC with Peru contribute to overarching development policy results?
- **Sustainability:** To what extent are the changes which resulted from the BMZ-financed and managed official DC in Peru sustainable?

Methodological Approach

A theory-based evaluation approach was selected for the evaluation. First, on the basis of secondary data, a theory of change (ToC) for the BMZ-financed and managed official portfolio in Peru was reconstructed. This theory formed the basis for the identification and verification of the changes resulting from the German DC portfolio as well as of the underlying assumptions about causal pathways. To test the theory, qualitative and quantitative methods were applied in order to allow for statements about the entire portfolio as well as specific statement regarding the BMZ engagement in individual core areas. The collected data was triangulated and provided evidence regarding the questions of the present evaluation.

Reflections on the methodological approach

Challenges of the methodical approach arose, among other things, from the fact that the evaluation was a pilot endeavour. Aside from providing insight into official development cooperation with Peru, the evaluation served to test methods and thus to generate learning experience for future country portfolio evaluations. Among others, the following challenges were identified:

- **Data quality and data availability:** Within the scope of the evaluation, different data sources were used in order to present and assess the portfolio. Using different databases for portfolio analyses allowed, on the one hand, for the depiction of BMZ resource flows over time and for these to be placed in relation to other German and international DC stakeholders. On the other hand, the portfolio could be shown on the basis of project data in accordance with the programmes, core areas, and priority areas determined by the BMZ. However, using different databases had implications for the representation. For instance, the data used for the representation of the BMZ resource flows were only available in aggregated form and comprised non-governmental DC projects in addition to bilateral DC projects. However, the analysis and representation of the portfolio in accordance with the core areas and programmes were subject to project logics and comprise all data from projects running and agreed upon during the reporting period. As such, project funds which were already expended before the period under review are also included. Deviations in the representations of the information from different databases could not be entirely resolved. Distortions of this type are made transparent within the report and reference is made to the respective database. In addition, inconsistent data entry for individual projects as well as information gaps in the portfolio data made the analysis of the portfolio more difficult.
- **Evaluation period:** The period covered by the evaluation extended from 2010 to 2022. Challenges arose on the one hand when it came to identifying suitable interview partners over the long period of time and, on the other hand, in regard to the appropriate handling of changes which occurred during the performance of the evaluation. Relevant changes in the country context which occurred during the evaluation period were addressed in the report. At the same time, it was not possible to systematically detect all changes in the portfolio after 2022. The assessment of the portfolio therefore refers to the stated investigation period.
- **Evaluation criteria:** The questions regarding the evaluation criteria of impact and efficiency could only be answered in part. There was insufficient suitable comparison data for the efficiency assessment. For the evaluation of the impact criterion, limitations arose due to a lack of sector-specific data and sometimes project terms that were still too short to be assessed. Due to this, statements regarding the effectiveness of the portfolio in relation to the pursued changes were not possible for all areas. The results for the evaluation criteria efficiency and impact are depicted in the report. However, due to the existing information gaps, an overarching assessment of these criteria for the entire portfolio was not undertaken.

Country context and portfolio

Peru has been a partner of German DC for many years and has achieved substantial development progress since the turn of the millennium. For the past several years, however, partially stagnating development trends or even negative tendencies have emerged. Following democratisation in the early 1980s, Peru experienced a phase of macroeconomic and political instability which was characterised by severe violent conflicts and hyperinflation. In the early 1990s, this resulted in the

authoritarian regime led by Alberto Fujimori which lasted until the early 2000s. Only around the turn of the millennium did Peru succeed in first stabilising itself politically and, in particular in light of increasing commodity prices, promoting economic growth and wealth. This coincided with development progress which was particularly visible in the reduction of poverty as well as in the improvement of social and public services such as the water supply. However, fundamental development obstacles

such as the poor functionality of state institutions, economic and social inequality, the large informal sector, and an economy focused on raw material extraction were not removed. Given the continued strong centralism of the state, particularly the large development differences between the individual regions remained. Political instability has been increasing since 2016 and external influencing factors, such as the recent COVID-19 pandemic, have led to a stagnation of positive development trends and a partial endangerment of previously achieved progress in socio-economic development. The economic growth rate, which had been high until 2020, slowed, and political crises and increasing polarisation within society present challenges to Peru's weak democracy. Considering recently increasing poverty rates, the pressure on natural resources remains high. In particular, the negative effects of climate change are becoming increasingly apparent and manifests, for instance, in the increasing water scarcity in many regions.

The BMZ-financed official DC with Peru addresses the main development challenges and is concentrated during the investigation period on combating climate change and preserving forests and biodiversity as well as on building productive state institutions and good governance. The BMZ-financed official DC in Peru is characterised by a high degree of cooperative continuity. Ecological sustainability and resource protection were already important objectives of the cooperation back in 2010. But although social topics such as poverty reduction were more in focus during the country strategy period from 2010 to 2016, the subsequent country strategy starting in 2017 concentrated increasingly on climate and biodiversity protection, something that was further intensified when Peru was classified as a global partner in 2020. Additionally, throughout the entire period, the BMZ-financed official DC supported the expansion of government structures and services in the identified priority areas and core areas, both at the national and at the regional level.

Protection of global public goods as a focus of cooperation with Peru

Peru as a global partner of German DC

The BMZ differentiates between different categories of partner countries which coincide with different cooperation directives. The BMZ differentiates between bilateral partners, global partners, and nexus and peace partners. Different cooperation models were developed for the various partner categories which differ in terms of their objectives, management directives, and instrument implementation (BMZ, 2021b).

Peru is one of eight countries in the BMZ's category of global partners, with which cooperation will focus on addressing global challenges in the areas of climate and biodiversity protection. The goal of the BMZ's cooperation with global partners is the collective solution of the global questions of the future in line with sustainable, climate-neutral, robust, and inclusive development. To this end, the 2030 Agenda and the 2015 Paris Climate Agreement as well as the goals of the International Convention on Biological Diversity serve as guiding principles. Partner countries in this category – such as South Africa, Brazil, India, Indonesia, or Peru – are characterized by a great wealth of natural resources and comparatively high economic performance, but also by significant environmental pressures and rising CO₂ emissions. This underlines their particular relevance and responsibility for climate protection and the conservation of biodiversity. Within this context, global partners, including Peru, are also asked to make substantial financial contributions towards achieving the goals of the global sustainability agenda. In comparison to cooperation with classic bilateral partners, there are fewer grants and more development and promotional loans (BMZ, 2021b, German Federal Government, 2023). Given the German Federal Government's international commitments to climate finance and the achievement of the goals of the Paris Climate Agreement, cooperation with global partners plays an important role (Federal Foreign Office, 2023)

With the classification of Peru as a global partner in 2020, the BMZ took into account the development progress achieved by the country since the 2000s. This is reflected in the increasing focus of the cooperation on climate protection and biodiversity conservation and includes, among other things, supporting Peru in the implementation of its nationally determined contributions (NDCs) under the Paris Climate Agreement and in its efforts to meet the biodiversity targets of the Convention on Biological Diversity.

Cycle paths as a contribution to climate protection

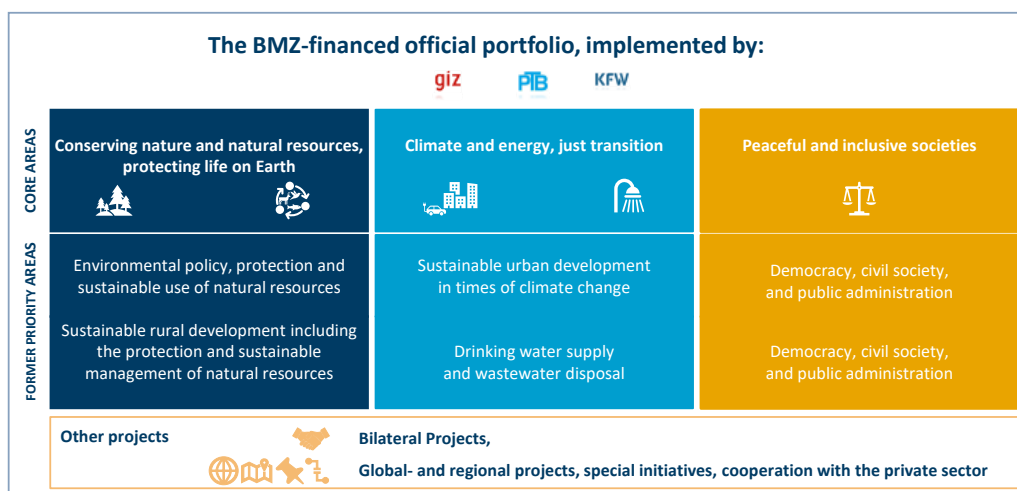
The expansion of cycle paths is part of the overall concept to promote sustainable and climate-friendly urban transport. Promoting sustainable and climate-neutral urban transport in metropolitan regions is highly relevant to achieving climate protection goals. This is also the case in Peru, where the transport sector is one of the largest emitters of greenhouse gases. Lima, a metropolis of 11 million people, is particularly affected by traffic congestion and air pollution. In order to counteract the negative environmental consequences, the Peruvian government has set up a national program to promote sustainable and climate-neutral urban mobility, which is supported by German DC. Since the end of 2021, the BMZ has specifically supported the expansion of public transportation and the cycling infrastructure in Lima, with the aim of reducing harmful emissions, among other goals.

In order to obtain robust evidence on the impacts of the cycling infrastructure expansion, it should be evaluated by the implementing agencies upon completion. As the projects to promote sustainable mobility were mostly still in the early stages of implementation during the period covered by the evaluation and are not expected to be completed until the end of 2025 or in subsequent years, no statements can be made on the climate protection impacts achieved within the scope of this evaluation. However, studies on comparable measures in metropolitan regions in Brazil and India point to the substantial savings potential of sustainable transportation systems in other metropolitan areas (Chiquetto et al., 2024; Jain and Tiwari, 2016). In order to determine the concrete impacts of the measures in Peru, the implementing agencies should commission an evaluation after the measures have been completed.

Since 2020, cooperation with Peru has been focused on three core areas: “Conserving nature and natural resources, protecting life on Earth”, “Climate and energy, just transition”, and “Peaceful and inclusive societies”. Germany is one of Peru’s most important donors. Within the thematic framework of the BMZ portfolio, a wide range of directive types and financing instruments are implemented. As a partner country with comparatively high incomes and a high degree of macroeconomic stability, Peru is increasingly

receiving development loans in the form of subsidised loans. Supplementarily to the determined core areas, cooperation outside the core areas allows for further bilateral approaches as well as regional approaches and global approaches to be implemented, for example regarding fighting violence against women or overcoming the consequences of the COVID-19 pandemic. Additionally, promotional loans from the KfW development bank which are fully refinanced on the capital market are used for projects relevant to development policy.

Figure 1 Structure of the investigated portfolio



Source: DEval, own visualisation

Results of the evaluation

Relevance: To what extent was/is the BMZ-financed official portfolio in Peru relevant for development policy?

The BMZ-financed official DC with Peru is characterised by the high relevance of the topics addressed, both in terms of the implementation of international agreements and development policy priorities of the BMZ and in terms of addressing the development needs within the partner country. With the portfolio's orientation toward environmental and climate protection on the one hand and government modernisation on the other, the BMZ-financed official DC addresses the main development challenges in Peru. Considering Peru's high degree of climate vulnerability, the dependence of its economy on raw material extraction, and the low degree of functionality of its government institutions, the core areas addressed in the portfolio were and are highly relevant and are aligned with the BMZ's goals for protecting global public goods, particularly in regard to ecological development challenges. However, fundamental tensions and deep structural problems such as persistent large regional inequalities, the informality of the economy, or conflicts of interest between economic resource use and environmental protection could only be solved to a degree. Despite conceptual weaknesses in the impact orientation of the core areas and programmes, success has been achieved in regard to adapting the portfolio to changing framework conditions and reacting appropriately to crises such as the COVID-19 pandemic.

Over the entire investigation period, the BMZ's country portfolio was largely aligned with the objectives and strategies of the Peruvian government. The predominantly high degree of ownership of the Peruvian central government over the measures agreed upon within the scope of the cooperation facilitated the implementation of these measures in many areas. However, the increasing political instability over the last decade has led to a significant shift of political priorities on behalf of the Peruvian government, which brings challenges for the cooperation.

Coherence: To what extent was/is the BMZ-financed official portfolio in Peru oriented to be coherent both within and across ministries and strategically coordinated with national and international DC stakeholders in Peru?

The BMZ-financed official portfolio was mostly coherently planned and implemented. During the investigation period, the BMZ-financed official portfolio was largely implemented consistently with the directives of the BMZ and is now thematically complementarily oriented towards three core areas corresponding to the objectives for the cooperation with Peru as a global partner. The use of technical and financial cooperation (TC and FC) was coherently conceptualised, but when it came to the actual implementation, the different workflows of the implementing agencies as well as delays of individual projects impaired the realisation of potential synergies between the participating DC stakeholders. The individual projects in the portfolio which were implemented in addition to the DC programmes were mostly thematically linked to the core areas. Moreover, thematic complementarity and target coherence of the BMZ-financed portfolio with the activities of other German ministries became evident. Cooperation with the German Federal Foreign Office (AA), the German Federal Ministry for Economic Affairs and Climate Action (BMWK), and the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) took place in particular within the framework of the International Climate Initiative (IKI) and the Climate Partnership. These offer the potential to pursue climate and environmental objectives across ministries.

External coherence became evident in the cooperation with other donors as well as in the support of reform processes of the Peruvian government. Coordination with other donors was carried out predominantly within the framework of shared initiatives and cofinancing arrangements, including with the European Union (EU), Norway, and Switzerland. Outside of this cooperation, the donor coordination was limited to the exchange of information, in part due to the weak coordination system on the Peruvian partner side. Using structures and systems of the Peruvian partners, such as, for example, national funding, planning or monitoring systems, proved in part to be difficult due to bureaucratic procedures and lengthy administrative processes both on the German as well as on the Peruvian side.

In particular, instruments such as policy-based lending and the promotion of sector reform programmes were used to pool funds and support the Peruvian government's reform processes.

Efficiency: To what extent did the BMZ-financed official DC with Peru efficiently use the resources?

Delays in the implementation of projects lead to higher costs for the partners and for German DC; complementary use of instruments had a positive effect. During the time period of 2010 to 2022, there were delays for approximately half of the projects before they commenced or while they were being conducted. These led to increased costs or increased effort for partners and for German DC. Some of the delays could be traced back to external influencing factors such as natural disasters or the COVID-19 pandemic. Additionally, lengthy administrative procedures on both the German and the Peruvian side, high compliance requirements of German DC – particularly for financial cooperation – and insufficient administrative capacities of the Peruvian partners were substantial causes for the delays. Deficits in timely and efficient implementation partially lead to reprogramming as well as to abbreviations, funding expiration or (partial) terminations, meaning that targets, for example regarding the drinking water supply, were not able to be achieved as planned. On the other hand, the interplay between financial and technical cooperation tools had positive effects on efficiency, particularly the combination of policy based learning and technical advice.

Effectiveness and impact: To what extent did the BMZ-financed official DC in Peru achieve its goals and contribute to overarching development policy results?

In all three core areas, the BMZ-financed official DC made important contributions to the introduction and development of reforms at the national level. The goals of the DC programmes, however, were only achieved in part; some of the pursued goals were too ambitiously formulated and exceeded the sphere of influence of German bilateral DC. Still, in the core areas addressed, the BMZ succeeded in creating a foundation with which to drive development in Peru, in particular via the strengthening of capacities as well as the improvement of procedures and regulations. For instance, German DC has made substantial contributions to the expansion of marine and terrestrial protected areas as well as to improved protected area management. By introducing quality standards, the regulatory

framework conditions in the water and transport sector were improved and the capacity of the official partner institutions were strengthened. Additionally, the BMZ-financed official DC made important contributions to the fight against corruption and to the promotion of transparency in public administration as well as to the improvement of administrative structures. Due to Peru's persistent centralistic government structure, the implementation of the reforms supported by German DC at the sub-national level proved to be challenging, as there is a widespread lack of coherent structures in the multi-layer government and a lack of administrative capacity at the sub-national level.

At the overarching level, contributions to the goals of the agreement on biological diversity as well as to preparing Peru to join the OECD are visible. Through the changes accomplished in the portfolio, the BMZ supported Peru in reaching its national goals such as preparing the country to join OECD and international objective agreements, for instance in relation to conserving and expanding marine and terrestrial protected areas. Climate and environmental policy topics were addressed in all three core areas, including through the expansion of a sustainable transportation system, the implementation of measures for forest protection, the support of regional development agencies, and the promotion of energy efficiency and water treatment. In regard to the reduction of greenhouse gas emissions, the results of the DEval evaluation "Climate Protection through Development Cooperation" generally confirm the effectiveness of development cooperation projects with the main objective of climate change mitigation (Wencker et al., 2024). However no conclusive assessment could be made for the country portfolio in Peru. While several projects are explicitly oriented towards the nationally determined contributions (NDCs) and the associated measures of the Peruvian government, the specific contributions of German bilateral DC to the desired reduction of greenhouse gasses could not be determined. This is due, on the one hand, to the fact that some of the projects were not yet in the implementation stage or were in a very early stage and thus no effects had yet taken shape. On the other hand, disaggregated data on greenhouse gas emissions were not available. The lack of meaningful data in the reporting of the implementing agencies regarding emission reduction effects of the projects is also addressed in the above-mentioned DEval evaluation.

Sustainability: To what extent are the achieved changes sustainable?

By establishing structures and capacities at the national level, foundations were laid for reforms to be permanently anchored.

However, the political instability and the deteriorating economic and social framework conditions endanger the sustainability of the progress made. By establishing structures and expanding capacities of official partners, German DC has succeeded in initiating important reforms in all three core areas at the national level which have been incorporated into national policy. Implementation at the regional and local levels, however, has not yet begun in most cases. Financial and personnel sustainability of the partner organisations is not always ensured. The same is also true for comprehensive and sustainable implementation of the reforms. In particular at the sub-national level, low capacity and the partially reduced presence of the state prevent reform progress or even the enforcement of reforms which have already been implemented. Political instability, shifting priorities of the partners, and deteriorating economic and social framework conditions also present a risk for maintaining progress which has already been made. This is particularly true for environmental topics, where protection and use interests often diverge.

Conclusions and recommendations for the entire portfolio

Strategic focus of the portfolio

Conclusion: The BMZ engagement in the core areas of “Conserving nature and natural resources, protecting life on Earth”, “Climate and energy, just transition”, and “Peaceful and inclusive societies” and in the adjoining interfaces is of great relevance in regard to global development and climate goals as well as Peru’s country-specific development needs. Given the deteriorating economic and political framework conditions as well as stagnating development progress, however, adjustment needs have become evident. These should be taken into account in the strategic orientation of the portfolio.

Recommendation 1: The BMZ should expand the determined core areas and maintain the thematic alignment of the portfolio with climate and biodiversity protection. To this end, the BMZ and the implementing agencies should continue to support associated self-reliance of the Peruvian partner government and promote the establishment of government capacities and structures for expanding and implementing the reforms in Peru.

Conclusion: German DC succeeded in contributing to the establishment and modernisation of government institutions and in supporting reforms which align with the Peruvian development agenda and the objectives of German DC. Given the strong centralism of the Peruvian government, the effective implementation of the reforms supported by German DC in the last ten years – in particular at the sub-national level – has largely not yet begun. In order to ensure the implementation of reforms and to achieve development progress on a national level, the promotion of territorial development focused on eliminating structural inequalities between regions and strengthening the functionality of official structures at the sub-national level is of fundamental importance.

Recommendation 2: When designing the core areas and DC programmes, the BMZ and the implementing agencies should ensure that both national and heterogeneous sub-national development needs are taken into account within the portfolio and that structural development obstacles in the regions are sufficiently addressed. In the future, this will require increased support of official structures at the regional level.

Portfolio management

Conclusion: The predominantly strong internal complementarity of the topics addressed in the portfolio over time and the high degree of coherence regarding the overarching development policy goals contributed to sharpening the profile and promoted the achievement of goals. However, the partial fragmentation within the DC programmes as well as conceptual weaknesses regarding the definition of goals and indicators at the DC programme level made impact-orientated management more difficult and require stronger adjustment.

Recommendation 3.1: The BMZ should ensure that the internal coherence and focus of the portfolio relative to the strategic goals is ensured in the future, too. To prevent fragmentation, the BMZ should continue to ensure that individual projects are integrated into the existing core areas or at least implemented adjacently to these. Additionally, the BMZ, in consultation with the implementing agencies, should sharpen the strategic focus within the individual DC programmes and reduce the number of modules from the number present in 2022.

Recommendation 3.2: In order to improve impact-oriented management, the BMZ should conceptually sharpen the country strategy and DC programmes and request measurable target proposals and indicators from the implementing agencies.

Use of instrument

Conclusion: Through the use of different financing tools and project types as well as through the interlinking of TC and FC, it was partially possible to achieve synergies. Corresponding potential was not always realised, however.

Recommendation 4: The BMZ should further strengthen the complementarity of the use of instruments. As far as possible, the TC and FC tools should be even more strongly linked in order to realise synergic potential. To ensure this, the BMZ should ensure that the synergies envisioned in the planning are regularly evaluated by the implementing agencies within the scope of project monitoring.

Cooperation with internal and external stakeholders

Conclusion: In the past, BMZ-financed DC has predominantly used project-related cooperation with other DC stakeholders to achieve shared development policy goals. By using sector reform programmes, resources could also be strategically bundled. Given the deteriorating economic and political framework conditions in Peru as well as decreasing financial resources, the future expansion of the strategic cooperation with other German and international DC stakeholders is important. The Climate Partnership, cooperation with the United Kingdom and Norway in the forest sector, and the Team Europe Initiative on Circular Transition offer promising approaches to this end.

Recommendation 5: In light of the increasing challenges in Peru and scarce resources, the BMZ should, in future, further intensify the cooperation with other DC stakeholders in order to bundle the implemented resources in a way that boosts efficiency. This relates both to the cooperation with the German federal ministries active in Peru as well as the cooperation with other donors and potential cooperation partners from the private sector and civil society.

Conclusions and recommendations in regard to individual core areas and fields of action

Core area “Conserving nature and natural resources, protecting life on Earth”/Areas of intervention “Biodiversity” and “Forest”

Conclusion: Given the increasing pressure placed on natural resources, long-term support of biodiversity and forest protection is advisable in order to secure the achieved changes and prevent regression. To this end, it must be secured for the future that the Peruvian government assumes the necessary responsibility. Cooperation with other donors and stakeholders from the economic sector can contribute to bundling resources and strengthening the effectiveness and sustainability of the measures. It is important to sufficiently take into account the interests and needs of the different stakeholders and to develop possible solutions in order to be able to address conflicts of interest. These stakeholders comprise local communities, vulnerable groups, government organisations, and both private as well as civil stakeholders.

Recommendation 6: The BMZ and the implementing agencies should continue to pursue the current approach in the areas of intervention of “biodiversity” and “forest”. In order to ensure the effectiveness and sustainability of the measures, cooperation possibilities with other donors as well as stakeholders from the private sector and civil society should be identified in a targeted manner in addition to cooperation with the Peruvian government and the government authorities in the areas of environment and forest. Considering rising poverty rates, socio-economic needs and the rights of local and vulnerable populations should be more strongly considered.

**Core area “Climate and energy, just transition”/
Area of intervention “Sustainable urban development”**

Conclusion: The BMZ engagement in the core area of “Climate and energy” is very fragmented and requires stronger focussing. The DC programme “Sustainable urban development in times of climate change” carried out in the core area comprises a plurality of projects which address different topics and which are partially implemented independently of each other. Potential for linking work to reform dynamics became evident, in the traffic and transportation sector for example, while challenges in relation to effectiveness and sustainability became visible in the area of drinking water supply/wastewater disposal.

Recommendation 7: The BMZ should more strongly thematically bundle its engagement in the area of intervention “Sustainable urban development” and reduce the number of projects within the existing DC programme in order to combat the fragmentation of the portfolio and allow for strategically focussed management of the portfolio. In addition, the BMZ should ensure that the monitoring and evaluation activities of the implementing agencies provide valid information on the results achieved in the area of promoting climate-neutral and sustainable urban development.

**Core area “Peaceful and inclusive societies”/
Area of intervention “Good governance”**

Conclusion: The thematic focus determined by the DC programme “Alignment with OECD standards for official provision of service” allows for connections to be made to important priorities of the Peruvian government on the one hand while offering synergic potential through the interfaces with the BMZ engagement in the other core areas of the portfolio on the other. Additionally, there is potential for strengthening the territorial development through supporting official institutions in the regions as well as for supporting the implementation of reforms.

Recommendation 8: The BMZ and the implementing agencies should maintain the focus on the support of reforms within the scope of Peru’s OECD membership process which were determined in the area of intervention “Good governance” and should in particular support the implementation of these reforms at the sub-national level. To this end, the BMZ and the implementing agencies should ensure that the area of intervention is implemented so that it corresponds to the strategic orientation of the portfolio toward climate and biodiversity protection and remains in line with the other two core areas in the future.