

	Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.3.
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1.2 Summary of the Action

Peru's strong growth of the last two decades helped reduce levels of poverty. However, it followed a linear and resource-intensive model of exploitation of its vast primary natural and mineral resources. The integration of sustainable practices in the economic system, industry and agro-livestock sectors is still incipient, but Peru laid the foundations for embarking on a green growth agenda, strengthening its policy and regulatory frameworks.

There is strong EU presence: Member States, cooperation, development banks, private sector and civil society organisations (CSOs). The EU is by far the main investor in Peru. Its private sector is dominant in economic areas in everything sustainable, environmental, social, and governance-related (ESG) and interested in increasing its engagement further. The EU market is of utmost importance for Peruvian agro-livestock exports. The EU is committed to greening its global value chains. Peru can be a privileged partner to provide quality produce, strategic raw materials and clean energy.

Convinced that Team Europe approach can have a transformative impact driving Peru's the greening of Peru's economic system, EU partners in Peru have agreed and committed to the Team Europe Initiative (TEI) *Circular Transition*. The present Action is at the core of the TEI, supporting its steering and the bundling of EU policy and cooperation instruments, trade and investment. It will in particular support the TEI's Circular Economy component, assisting Peru advance in a green transition, towards a low-carbon, resource-efficient, climate resilient and inclusive economy.

As the circular transition requires an integrated inter- sectoral approach, the Action will act at macro/legal, meso/institutional and service and micro/business level. It proposes to address several obstacles hampering the adoption of circular economy practices, namely i) the lack of a clear institutional framework for the development of circular economy practices; ii) the limited capacity and resources of central and regional governments for its deployment and implementation; iii) the limited articulation between stakeholders (public, private, academia and civil society); iv) the lack of affordable and accessible green financing instruments; and, v) the limited knowledge of public and private sector about circular economy concepts and opportunities.

The overall objective is to support Peru's transition towards a more inclusive green economic growth pathway. Specifically, the Action pursues the following induced outcomes (see 3.1):

1. Specific Objective 1: The enabling environment for circular economy development is strengthened.
2. Specific Objective 2: A multi-actor alliance of public and private sector, academia, and civil society actors for promoting circular economy is consolidated.
3. Specific Objective 3: Circular businesses and value chains are promoted with a gender perspective.

It shall be implemented through directly managed service and grant contracts as well as in indirect management with EU MS. Side by side with TA that will support public policy design and implementation, the EU will engage directly with private sector, academia and civil society. Interventions at territorial level shall both prove the viability of circular approaches and bring clear benefits to populations. This is also where this Action links up with the ongoing EU (INTPA-DE-ES) programme *Sustainable economic development and SME promotion at subnational level* (LA/2017/038-907).

The Action shall allow setting up a strong coordination mechanism and joint technical support cell for the TEI Peru. The action will provide for cross-sectoral coordination and articulation of EU action under the TEI.

This Action contributes to the progressive achievement of SDG 8 (Decent employment and economic growth), SDG 9 (Industry, innovation and infrastructure) and SDG 12 (Responsible consumption and production). It also contributes to SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), SDG 14 (Life below Water), and SDG 15 (Life on Land).

Aid to environment is the principal objective. Transitioning to a circular low-resource economy will i.a. have significant impact on climate change mitigation and adaptation, and biodiversity. With a strong potential for women's economic empowerment in selected value chains the Action is rated G1.