

MANDATORY ANALYSES

The information below includes gender, environmental, and climate risk considerations and provides a general overview of the context of the potential areas of intervention. These are analyses that USAID conducted and that applicants are required to address these aspects in their proposals, as relevant and applicable.

a. Gender assessment

Gender. Per Section 5b of ADS Chapter 201sam, USAID Peru will use gender analyses previously conducted at the project level (attached to this solicitation). Applicants will validate assumptions in their applications. The selected implementing partner will conduct a baseline analysis to prepare its gender action plan. Ethnographic studies carried out in former coca growing communities have found that women play a pivotal role in the family's decision to stop or continue growing coca. Among the poorest families interviewed, women usually supported the husband's decision to grow coca after eradication to meet shorter-term food security needs. However, among families who were better off or had more diversified sources of income, women tended to support licit crops and "staying out of trouble." The decision to not grow coca is based on the assumption that security will improve for the community as soon as they are coca free and that families do not want to go back to the dark days of narco-trafficking. And women are willing to have reduced incomes in favor of a more secure future. The 2019 and 2020 assessments found that, despite the progress made in gender equity, such as access to education and health, gender gaps persist in the political (local, provincial, regional, and national levels) and economic participation of women (particularly in decision-making processes). Furthermore, greater disadvantages in accessing opportunities are greater in rural areas. Finally, division of labor and stereotypes were identified as major barriers to access to economic, political, and social opportunities.

Gender Barriers: Agency, Decision Making, and Credit access.

Agency. The main barrier faced by women that has been identified by past and current AD activities is a limited development of their agency as defined by Amartya Sen. According to Sen, *"a person's agency achievement refers to the realization of goals and values she has reasons to pursue, whether or not they are connected."* This limited agency of rural Peruvian women is mainly explained by social norms of a patriarchal, *machista* establishment in Peru. Thus, focusing only on access to knowledge (i.e., training or *capacitación*, even with supporting systems like childcare) will not be sufficient to ensure women's economic autonomy, increased participation in decision-making processes, or to improve their livelihoods.

Rural women in AD areas face emotional, social, and cultural norms that severely impact their self-esteem. The way that rural women perceive themselves in AD areas dramatically impacts the results of USAID's best efforts through well-designed coaching programs to improve women's agency. The provision of leadership training only does not automatically guarantee female leadership. As one female participant in a leadership coaching session put it: "why do I even bother attending this training if all I know is how to raise kids and care for the elderly in my family?". Thus, going a few steps back to strengthen women's self-esteem and perception before developing leadership skills will be key. More stories like that of Abenazarita León, a farmer leader in Huanuco trained by a USAID activity are needed. Ms. León resumed her college studies and graduated as a Food Science Engineer after a long pause

when she dedicated herself to raising a family. At a recent meeting she expressed: “through this training, I realized I was able to excel at something else than household chores”.

Of course, not all women face the same challenges. That is why it is important to thoroughly understand the social, economic, and cultural profiles of the female targeted population in order to implement a differentiated approach or proof of concept to ensure efficiency and development impact at each subgroup. The development of basic accounting skills, entrepreneurship incubation, women-owned certification, and networks (e.g., Fundación ANA) will be prioritized by this activity. A good point of reference is the Feed the Future Initiative’s Indicator Handbook. This document describes a Women’s Empowerment in Agriculture Index (WEAI), which measures the empowerment, agency, and inclusion of women in the agriculture sector. The WEAI addresses female and male decision makers within the same household and female decision makers in households with female but no male adults. This index includes the Five Domains of Empowerment (5DE), and the Gender Parity Index (GPI). The 5DE assesses the degree to which women are empowered in five domains of empowerment in agriculture: (1) decisions about agricultural production; (2) access to and decision-making power about productive resources; (3) control over the use of income; (4) leadership in the community; and (5) time allocation. The GPI measures gender parity within surveyed households and reflects the percent of women who are as empowered as men in their households.

Participation in Decision Making and Economic Activities. At the national level, the reported participation of women in crop production is lower than that of men. The 2020 Gender Gaps report by INEI (Instituto Nacional de Estadística e Informática) shows that in all Amazonian regions, including San Martín, Ucayali, and Huanuco, less than 30% of agricultural producers are women. Additionally, the average area cultivated by women is close to 60%. However, these numbers must be carefully considered because even though a man may be reported as responsible for production in a plot of land, the woman likely contributes to the production activities taking place in that land. In terms of income, the gap between women and men is also significant. At the national level, women are 2.4 times more likely to earn wages below the poverty line than men. In all Amazonian regions, the income gap closely follows the national proportion. Throughout Peru this gap increased between 2012 and 2020. The “Caracterización del Entorno Financiero Local con Perspectiva de Género” study in selected communities in San Martín, Ucayali, and Huanuco found that, of those who filled out a survey, 43 percent of women worked as farmers, while the remaining 57 percent worked in commerce, services, or had small shops.

Furthermore, during an evaluation of gender roles within the cacao value chain in Peru, a team of evaluators found that women are usually in charge of obtaining and selecting seeds, installing nurseries, fertilizing, grafting, pruning, harvesting, drying, fermentation, and price negotiation at market. Their male counterparts are usually in charge of preparing the soil, designing the plot distribution, plant maintenance, production transport, storage, deciding who to sell to, and sales. Regardless of the above distribution of roles, which clearly shows that both men and women actively participate in the process of growing and selling the crop, the financial decisions (e.g., sale price negotiation and income management) related to farming are usually handled by men.

Thirty percent of all participants in USAID/Peru’s AD activities are women. To date, the following context characteristics have been identified:

- Approximately 4.4 out of every 10 Telecenter users is a woman. Furthermore, female users have demonstrated a comparatively higher willingness to learn new technological tools than men.

- 34% of Agricultural Field School participants are women. Nonetheless, the application of the newly acquired knowledge is not guaranteed and is sometimes dismissed by their male partners.
- Women make up over one third of community promoters. Evidence shows that women trainers have a higher success rate in agricultural extension to women participants in USAID activities.
- 24% of loan recipients are women. This activity seeks a more equitable financial decision-making process within the household, as well as an increase in female access to credit.
- Almost one third of all agricultural committee members are women. This activity wishes to increase more senior leadership positions held by women.

b. Youth assessment

Most AD activities provide services (e.g., including technical assistance, access to credit, etc.) to the adult population, mainly farmers. Most of these farmers have had limited access to formal education (e.g., primary and/or secondary education) and aspire to have their kids obtain a higher degree of education to obtain off-farm jobs (administration, nursing, law, etc.). Farmers proudly use their in-farm income to fund their kids' off-farm training. This has resulted in a generational void in the cacao and coffee farms in AD areas and youth migration to urban areas. This is a tough challenge to address due to its complex multi-factor nature. Nonetheless, vocational training, liaising with local higher education centers, and other approaches can be used to gear youth towards career development that can contribute to the development of their communities (e.g., cacao and coffee tasters or "catadores", loan officers, agricultural inputs vendors, etc.) Similar to the continuing education approach described under the gender subsection above, past and current AD activities have demonstrated that GOP-accredited certificates have a positive impact in youth employment promotion. Another interesting experience is that of USAID FOREST activity and its component strengthening research and education in natural resources management, linking US universities with promising young students from Peruvian universities.

Another barrier to youth development in AD areas is limited digital connectivity. The more digitally connected youth are, the more effectively they can help their parents develop and improve their in-farm businesses. Youth are more prone to find updated agricultural information, price information, and opportunities to apply for competitive funds. In several USAID activities, they use technological tools to obtain information to help solve their parents' needs, including agricultural technical assistance, access to credit, agricultural inputs, etc. Youth are more willing to promote environmental conservation than their parents (e.g., app development, social media communication, etc.). Applicants may fund the incubation of startups led by youth.

c. Environmental and climate assessment

Environment. Peru suffers from the highest rate of deforestation in the Americas, largely due to migratory small-scale agriculture. Furthermore, this type of agriculture is the main cause of the greenhouse gas (GHG) emissions in Peru. According to Peru's Ministry of Environment (MINAM), soil use change or deforestation is responsible for 47% of greenhouse gas emissions, making it the main driver of climate change. Approximately 2.8 million hectares have been deforested in the target AD regions since 2001 mainly due to coca growing, illegal logging, and livestock farming. Cultivation of coffee and cacao combined with a variety of commercial tree varieties provides an environmentally sustainable agroforestry model. An important aspect of this new activity would be to consider agroforestry systems that provide an alternative to illicit coca cultivation and prevent further destruction

of the rainforest. That being said, designing and implementing the ideal agroforestry model for each of the AD geographical areas of intervention may need the assistance of specialized research institutions (public or private) and will require buy-in of local farmers. While USAID has made progress in helping the GOP and other partners to mitigate negative environmental impacts – including through methods to prevent soil erosion and safely dispose of organic and inorganic waste, and through adoption of integrated pest and disease management – additional focus will be placed on climate-smart agriculture, as described below. All proposed tasks will comply with U.S. environmental regulations, Perú's Agricultural Sanitary Act (Law No. 1059), and guidelines issued by Perú's National Agricultural Sanitary Service (SENASA).

Given the strong focus on climate change mitigation and adaptation of this activity, before award, the technical office in conjunction with the Mission Environmental Officer (MEO) will conduct a thorough Initial Environmental Examination (IEE) to identify potential environmental hazards and their corresponding mitigation measures. Upon award, all applicants will be required to develop an Environmental Monitoring and Mitigation Plan (EMMP) that will be reviewed annually. Also, the activity will submit an internal annual Environmental Compliance Report (ECR). Furthermore, USAID will conduct an external ECR on an annual basis.

Climate risk. The risks from climate change for the interventions proposed in this activity are moderate and are related to potential decreases in yields caused by increases in pests and diseases, rising temperatures, changing weather patterns (including timing and variability of rainfall), and decreasing water availability from melting glaciers. For each activity, specific risks will be identified and addressed through the development of the Environmental Mitigation and Monitoring Plans (EMMP) under Reg. 216.

Opportunities to strengthen climate resilience include:

- Analyze climate data and gather new data to identify specific site-based risks and mitigation strategies (liaise with ESG)
- Build GHG mitigation considerations into this activity IEE and EMMP. For example, incorporate climate-smart agriculture and incorporate changing weather patterns into the activity implementation.
- Explore collaboration of this activity with ESG activities to generate and use climate data.
- Support the generation, use and access to science-based information to build public awareness and influence decision making for emergency preparedness.

d. Access to credit assessment

At the national level, the 2020 INEI Gender Gaps Study showed that during 2012, 10% of male agricultural producers had access to credit, while only 6% of female producers did, and that the proportion is paralleled in the Amazonian regions. Evidence from past and current USAID activities show that, with respect to access to credit, difficulties are greater for women. Even though they participate in the financial decision-making processes of their families and work side by side with their husbands, it is men and not women who are seen as heads of household and as representatives of the family before financial institutions. As such, women have no proof of income separate from that of their family, which is generally attributed to the man. The study also found that only five financial institutions in those areas offer products and services especially designed for women.

Past and current USAID/Peru's AD activities have promoted approaches to more equitable access to financial services, including:

- **Financial and digital inclusion.** Implement an affirmative action approach to train women and other disadvantaged groups on Digital Literacy and Financial Education.
- **Closing the digital gap.** The COVID pandemic in Peru presents a unique opportunity to expand electronic wallet services and digital ecosystem development in rural settings. All Request for Information (RFI) respondents and stakeholder consultations singled out digital connectivity and tools as a major constraint to development in AD areas.
- **Innovative and differentiated approaches.** In those areas where traditional lending is limited (e.g. coffee growers), applicants must explore methodologies tested in Peru and abroad, like the Savings and Credit Groups (UNICAS in Spanish).
- **Facilitating loan products for women.** USAID activities have successfully worked with financial institutions to design loan products tailored for women. This must be scaled up.

USAID understands there might be additional challenges that women face in their quest to access productive economic assets and decision making, but the three barriers presented here are the most common in AD areas. To address these barriers, some illustrative actions include:

- **Continuing education for adults.** Evidence shows that education certificates with some level of GOP validity (e.g., SINEACE) are a great alternative for women (and men) with incomplete formal education to find employment. In 2016, DEVIDA provided a workshop called "Capacitacion y Certificacion de Competencias en Cacao" for women producers in the Monzon Valley to increase productivity and incomes and to promote female economic autonomy. More recently, the Peru Cacao Alliance hosted several months-long training programs for agricultural extensionists and professional tasters ("catadores"). Graduates received SINEACE certificates that have allowed them to find employment and participate in national and international events.
- **Access to training.** Provision of complementary services like childcare to enable women to attend farm field schools or any other training is not enough. The cultural limitations regarding the exercise of agency described above must be addressed for women to have real access to productive economic resources.
- **Do not bite off more than you can chew.** With limited resources USAID activities may not be able to address all barriers to women, including land titling, access to savings and credit services, contracts, arrangements and payments from off takers, training and certification from technical service providers, leadership coaching, and training and jobs related to post-harvest handling and technical extension. Thus, focusing on a few themes and leveraging expertise (e.g., the Uniterro subcontract under a USAID activity using volunteers) to support efforts to reduce gender gaps may be important to consider.
- **Assess first, intervene after.** Applicants shall conduct a thorough survey of participants to understand the differences between men and women in time use, roles, and decision making in the field and the household. This survey will guide any intervention to best address any gaps in participation. The design team is including a few illustrative indicators later in this document, but applicants are welcome to revise, include more, or reduce indicators to address women's participation and income gaps between men and women. Applicants may be required to submit an illustrative M&E Plan as part of their applications that will be validated after award.

Finally, while these barriers apply nationwide in Peru, it is particularly critical in rural and isolated communities affected by narcotrafficking and illegal coca cultivation in the Peruvian Amazon. Past and current AD activities have found that rural women have lower education access, a higher rate of school dropout, and heavier family responsibilities at an earlier age (including raising kids and caring for elderly family members) compared to rural men. Applicants to this solicitation shall provide a detailed approach to address this barrier and must demonstrate a comprehensive understanding of the context and propose credible solutions to address this and other limitations. Upon award, the implementing partner must include a solid anthropological and sociological assessment that will inform or adjust the design of the intervention. Finally, applicants must clearly reflect their proposed gender technical approach in their proposed budgets (including USAID and non-USAID funds). Applicants will consider generational, social, economic, and cultural aspects when describing their gender approach.

e. Intercultural matters

This activity is not expected to have a pivotal role in promoting or developing social and economic development among native communities. Nonetheless, some AD activities have worked and are currently working with native communities, mainly in the promotion of economic activities, such as cacao and handicrafts. Evidence shows that a key success factor is ensuring native communities have a legitimate voice in the design of any USAID intervention. Also, USAID activities have found that beyond the production of communication materials in native languages, a prior assessment of the best communication tools per ethnic group is a must. Some communities prefer oral communication over written or visual communication.

Recent evidence shows that products from indigenous value chains most likely will not satisfy the demand from large retail companies, but rather, they should seek niche or boutique markets that do pay premium prices as a recognition of forest conservation. In other words, markets that recognize products with a story, origin, and environmental protection are most likely to best suit indigenous communities. Incubation of such demand-driven products could be prioritized under this activity.

USAID expects a true alliance of partners (public and/or private) that provides a win-win situation for all partners involved (including target population), while at the same time it ensures provision of the technical approach beyond USG funding after the five years of this activity. Applicants are expected to partner with universities, think tanks, technical experts, etc., as relevant.

This activity will be implemented by a local organization, as dictated by the new localization policy and Mission Order on Activity Design. USAID Peru recognizes that local organizations may have lower capacity to administer USAID awards to the point where administrative complications and compliance issues may derail the achievement of development impact. Thus, partnerships between local organizations with international firms or consultants will be encouraged. The nature of this partnership will be left to applicants to decide, as long as the prime implementing partner is local. Furthermore, due to the multidisciplinary nature of this intervention, applicants may include partnerships with other relevant organizations.

[END OF ANNEX 3 - MANDATORY ANALYSES]