TAP Review of the R-Package submitted by Peru[1]

25 February 2019

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[1] This TAP Expert Review consisted of a desk study of Peru's R-Package report, discussions with staff of the Peruvian Ministry of Environment and other stakeholder during a mission to Lima (February 11-15, 2019) and review of additional documentation on Peru's REDD+ readiness process. The review was carried out by G. Ken Creighton, independent TAP Expert, between February 8th and February 20th, 2019.

Table of Contents

Core Tasks of the TAP Expert Review

1. This document contains the independent review by the Technical Advisory Panel (TAP) of the Self-Assessment Process of the R-Package[2] undertaken by Peru through a participatory multi-stakeholder consultation process. The purpose of the review is to assess both progress and achievements of REDD+ Readiness in the country, as well as the remaining challenges (if any) that will need to be addressed to make the transition from Readiness to implementation of performance-based REDD+ activities.

2. The TAP-review is a background document for the Participants' Committee (PC) in its decision-making process on the endorsement of the R-Package. The endorsement of the R-Package is a prerequisite for the formal submission of Peru's Emissions Reduction Program Document (ER-PD) to the PC. Peru's ER Program is planned for implementation at sub-national level, starting with the

Methods Applied for the TAP Expert Review

3. This TAP Expert Review of the multi-stakeholder self-assessment process of REDD+ in Peru follows the FCPF R-Package Assessment Framework Guide. The TORs for the current TAP expert review are as follows:

- Perform a review of Peru's progress and the self-assessment report, based on guidelines in the R-Package Assessment Framework
- Review Peru's documentation of stakeholders' self-assessment, including the process that was used for the self-assessment and the reported outcome.

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[2] The purpose of the R-Package is threefold: (i) Provide an opportunity to REDD Country Participants to self-assess the progress on REDD+ implementation; (ii) Demonstrate a REDD Country Participant's commitment to REDD+ Readiness; and (iii) Generate feedback and guidance to REDD Country Participants through a national multi-stakeholder self-assessment and Participants' Committee (PC) assessment processes (FCPF Readiness Assessment Framework guide June 2013).

- Review key outputs and documents that underpin, and are referenced in, the R-Package, including documents pertaining to the national REDD strategy and ESMF, reference levels and forest monitoring, and national institutional structures.
- Provide constructive and targeted feedback, as required to align the processes used for self-assessment and reported outcome, comparing with the R-Package Assessment Framework guidance

The TAP expert will verify completeness of the R-Package, including:
      i. A summary of the readiness preparation process;
      ii. A report of the multi-stakeholder self-assessment process;
      iii. The results of the national multi-stakeholder assessment;
      iv. References to documentation pertinent to the nine subcomponents, prepared during the readiness preparation process

5. The purpose of the TAP's expert review is not to second-guess the outcomes of the country's self-assessment, as this is based on a comprehensive multi- stakeholder process that was guided by the FCPF's readiness assessment framework. The review should rather focus on determining whether a due process and approach was followed while performing the self-assessment, and provide constructive feedback to the FCPF Participants Committee.

TAP Review Part A: Review of the Self-Assessment Process and the Documentation
This part of the TAP report provides feedback on the multi-stakeholder self- assessment process, as documented in the R-package report.

6. Self-Assessment process conducted according to the R-Package guidelines. Peru submitted its Mid-Term Report to FCPF on the implementation of the REDD+ Readiness Phase in January 2017. The current evaluation (**Peru REDD+ Readiness Package, February 7, 2019**) covers the progress made since the end of 2016 to the end of 2018 and is focused mainly on those processes and decisions that have taken place between January 2017 and December 2018.The evaluation was performed following the Guide to the FCPF Readiness Assessment Framework addressing the indicators in **Box 1**. The achievements identified in the previous mid-term report were not accounted for but, instead, the Readiness Package analysis carried out in the stakeholder workshop scored the current status of each indicator against the desired final status.

7. The geographical scope of the evaluation was national and includes information regarding processes that have taken place at the regional and local levels as well. It analyzes actions performed by national and regional government institutions, civil society and indigenous people's organizations, international cooperation agencies, as well as the private sector. Approval of the National Forests and Climate Change Strategy (ENBCC) in 2016 established the framework lines of action to ensure that forests which are Peru's most extensive terrestrial biome, can contribute more substantially to national development, to the well-being of the population that inhabits and/or depends on them and to addressing the challenges posed by climate change at local, regional, national and global levels (**Box 2**).

8. The self-assessment workshop took place in Lima on January 17th, 2019, with the attendance of 65 representatives from national and regional governmental entities, civil society and indigenous people organizations, international cooperation agencies and universities. The work was organized in groups, corresponding to the 9 sub-components of FCPF's Readiness Assessment Framework. The groups discussed and agreed on the grading of each one of the 34 indicators, provided

information regarding main strengths, weaknesses and needs identified during the REDD+ Preparation phase, and proposed options for future solutions to the identified problems.

9. The self-assessment process of the Readiness for REDD+ Phase conducted by MINAM consisted of four stages: (1) Information review and interviews with stakeholders that included officers from the Ministries of the Environment and Agriculture, representatives of civil society and indigenous peoples organizations; (2) preparation of a consultation document, circulated to participants a week before the workshop, (3) a one day Self-assessment workshop; (4) Preparation of the final report for submission to the FCPF incorporating key information generated during the discussions of the work groups.

Principal conclusions of the Workshop

- The governance framework for REDD+ has worked in establishing planning and decision-making processes for specific projects and initiatives, establishing coordination and cooperation mechanisms among public sector institutions and other stakeholder groups. However there is room for improvement by establishing "cross-cutting" institutional arrangements to achieve more "holistic" management of REDD+ in the national context;

- Although the level of participation during the REDD+ Preparation phase has been adequate, it has been achieved to date in a project by project manner, multiplying the associated coordination costs. Establishment of stable coordination and collaboration relationships between stakeholders engaged in REDD+ on various levels would benefit future actions, increasing efficiency and effectiveness;

- The involvement of certain critical stakeholders such as the Ministry of Transportation and the business sector has been limited to date and needs to be increased in the future. The potential for more effective engagement of such actors has been shown during 2018, by the design of an NDC measure to incorporate the deforestation-free approach in the planning and building processes of roads in the Amazon, but the need for closer coordination is recognized;

- The approval of the National Strategy For Climate Change (ENBCC) has been an important landmark in the establishment of a common view about the role of forests as an asset but has not yet been effectively used to promote development and the improvement of the economic, social and environmental condition of the whole country and the welfare of local dwellers. Its focus on both emissions mitigation and adaptation is a key strength that allows for the development of integrated actions that address both issues.

- The ENBCC lacks a clear and robust monitoring and evaluation mechanism to track progress for implementation on its strategic actions objectives, this is intended to be developed in the course of future project implementation;

- There is a need to increase the understanding and familiarity with the scope, objectives and goals of the ENBCC and the REDD+ process among critical stakeholders, local ones in particular, using not only the establishment and maintenance of transparency portals or internet-based mechanisms, but also other customary means such as radio or leaflets, that are still used effectively for rural development initiatives;

- While understanding and endorsement of REDD+ among different stakeholders has increased, a need remains to build capacities at local, regional and national levels in order to increase understanding of the implications for development and to facilitate the participation of diverse stakeholders and ensure the adequate application of safeguards to protect their rights;

- Development of technical capacity for establishment of reference emissions scenarios and forest monitoring has progressed among public sector institutions, civil society at large and indigenous peoples organizations. The development of specific tools to measure and track Amazonian forest degradation as well as Andean and tropical dry forests are expected to take place during 2019.

- Although they have been discussed and analyzed in the formulation of specific technical inputs, safeguards and social issues, such as the redress of grievances or the benefit-sharing mechanisms, have made only minor progress during the REDD+ Preparation phase in Peru. This will require key institutions to adopt and institutionalize the use of participative validation processes and establish permanent mechanisms for monitoring the results.

- There is a high level of dependence on international cooperation resources for the funding of MINAM´s technical team in charge of REDD+ issues, a situation that creates a sustainability risk in the medium term, once the initiatives currently underway conclude.

- Limited advance has been evidenced to date in the compliance of the commitments agreed with AIDESEP in the Aide Memoire signed by PNCBMCC after the submission of the RTM. Actions are being planned by MINAM to advance in issues of land titling and alignment of the land tenure legal framework with ILO´s 169 Agreement during 2019 with resources from R-PP, while the incorporation of indigenous REDD+ as a valid approach for REDD+ implementation in Peru is being supported by the UNREDD and DCI projects. In the case of the Aide Memoire signed with Proética, most of the commitments have been met.

TAP Conclusion. The FCPF Readiness Assessment Framework was followed conscientiously throughout the self-assessment exercise and involved effective multi-stakeholder participation from the national government agencies, regional government authorities and civil society at both national level and the regions where the ER-PD will focus its efforts. The R-Package workshop had 65 participants representing a diverse cross-section of government officials, civil society and indigenous peoples representatives and provided useful inputs into the assessment of progress to date and identification of focal issues to be addressed during future implementation of the national climate strategy (ENBCC). The structure and methodology of the exercise appear to be an appropriate model for similar future exercises to facilitate public participation and maintain transparency and an open dialog with stakeholders. There has been progress in implementing the agreements between MINAM and AIDESEP noted in the last bullet above with regard to funding to advance land titling for indigenous peoples communities including a study to determine priorities for land titling that will include over 800 communities. More than 100 communities have received assistance and over US$ 1 million has been disbursed to support these efforts.

TAP Review Part B: summary of the REDD+ Processes – Strengths and Weaknesses of the R-Package as highlighted by Peru's self- assessment *This part of the TAP review focuses on the self-assessment results; progress indicators (color scores) for the nine subcomponents, and highlights significant achievements and areas requiring further development.*

10. The R-Package report and supporting documents provide adequate documentation to assess progress with REDD+ Readiness, as well as the perceptions of the different REDD+ stakeholder groups on progress to date and the remaining challenges.

11. The discussion of indicators from the self-assessment FCPF Assessment Guide presented in Chapter 5 of the R-Package review describing progress and major achievements is well structured and provide a clear assessment of the status of progress in REDD+ readiness and also where gaps remain in capacity and needs for further actions to operationalize the ENBCC.

TAP Conclusion: The R-Package report, in combination with the documents referenced in it, gives a comprehensive account of REDD+ Readiness progress in Peru. It would have been helpful to have links in the text to public documents such as the Stakeholder Participation and Involvement Plan (PPIA), the SESA and more detail on the outputs from the working groups of the evaluation workshop.

Recommendation: It would have been useful to have more information on the breakdown of views across the major groups of participants in the workshop to identify issues where there is significant divergence in their views of different classes of stakeholders.

Box 1. Box 4 from from Chapter 5 of the RPP Self-Assessment provides an overview of the outcome of the multistakeholder workshop participant's assessment of current status of the 34 key indicators from the FCPS Assessment Guide. These are discussed in more detail in this section. The status is scored using a color code with **Green** indicating significant progress, **Yellow** – partially achieved, **Orange** – further development needed and **Red** – no or very little progress.

Box 1. Results at Indicator Level of the Mid-term Review and R-Package

Indicator	Mid-term Review 2008-2016	R-Package Self-assessment 2017-2018
1. Accountability and transparency		**green**
2. Operating mandate and budget		**yellow**
3. Multi-sector coordination mechanisms and cross-sector collaboration		**yellow**
4. Technical supervision capacity		**yellow**
5. Funds management capacity		**orange**
6. Feedback and grievance redress mechanism		**orange**
7. Participation and engagement of key stakeholders		**yellow**
8. Consultation processes		**yellow**
9. Information sharing and accessibility of information		**yellow**
10. Implementation and public disclosure of consultation outcomes		**orange**
11. Assessment and analysis		**green**
12. Prioritization of direct and indirect drivers/barriers to forest carbon stock enhancement		**green**
13. Links between drivers/barriers and REDD+ activities		**yellow**
14. Action plans to address natural resource rights, land tenure, governance		**yellow**
15. Implications for forest law and policy		**yellow**
16. Selection and prioritization of REDD+ strategy options		**yellow**
17. Feasibility assessment		**yellow**

18. Implications of strategy options on existing sectoral policies		**orange**
19. Adoption and implementation of legislation/regulations		**orange**
20. Guidelines for implementation		**red**
21. Benefit sharing mechanism		**red**
22. National REDD+ registry and system monitoring REDD+ activities		**red**
23. Analysis of social and environmental safeguard issues		**yellow**
24. REDD+ strategy design with respect to impacts		**orange**
25. Environmental and Social Management Framework		**orange**
26. Demonstración of methodology		**green**
27. Use of historical data, and adjusted for national circumstances		**green**
28. Technical feasibility of the methodological approach, and consistency with UNFCCC/IPCC guidance and guidelines		**green**
29. Documentation of monitoring approach		**yellow**
30. Demonstration of early system implementation		**green**
31. Institutional arrangements and capacities		**green**
32. Identification of relevant non-carbon aspects, and social and environmental issues		**yellow**
33. Monitoring, reporting and information sharing		**yellow**
34. Institutional arrangements and capacities		**green**

12. The score assigned to each of the indicators in the current evaluation represents the agreed result of the discussions among the stakeholder/participants in the self-assessment workshop. The decline in the rating of several of the indicators compared with the Mid-term Review is due a stricter application, by the workshop participants, of the guiding questions of the Readiness Assessment Framework, especially in the case of those indicators requesting evidence of the establishment or functioning of specific mechanisms such as for benefit-sharing or establishment of a safeguards information system. A lower rating does not necessarily mean a setback in national progress, but rather, indicates the need to make greater efforts to address those issues.

Tap Conclusion: The documentation is fully transparent concerning the differences between the Readiness scores in the mid-term review and this evaluation. The assessment covers the progress made since the end of 2016 to the end of 2018. The R-Package notes that a decline in the rating of several of the indicators compared with that of the Mid-term Review is due a stricter application of the guiding questions of the Guide for the application of FCPF´s REDD+ Readiness Assessment Framework by the consulted stakeholders, especially in the indicators requesting evidence of the establishment or functioning of specific mechanisms such as the benefit-sharing one or the safeguards information system. It is understood that a lower rating does not necessarily mean a setback in national progress, but is a status report on progress to date and provides guidance on where additional efforts will be needed going forward.

Table 1. Summary of Self-Assessment Scores by Sub-Component

Green Significant progress	Yellow Partially Achieved	Orange Further development required	Red No or very little progress

Components	Sub Components	Progress Status Average Score
1. Organization and Consultation	1a. National Readiness Management Arrangement (criteria 1-6)	Yellow -
	1b. Stakeholder Consultation and Participation (criteria 7-10)	Yellow
2. Prepare the REDD Strategy	2a. Assessment of Land Use, Forest Policy and Governance (criteria 11-15)	Yellow +
	2b. REDD Strategy Options (criteria 16-18)	Yellow -
	2c. REDD Implementation Framework (criteria 19-22)	Red
	2d. Social and Environmental Impacts (criteria 23-25)	Orange +
3. Reference emission level/reference level (criteria 26-28)		Green
4. Forest monitoring systems and safeguard measures	4a. National forest monitoring system (criteria 29-31)	Green -
	4b. System of information on the multiple advantages, governance and safeguards (criteria 32-34)	Yellow +

Component 1: Readiness, Organization and Consultation

Sub-Component 1a: National REDD+ Management Arrangements (Criteria 1- 6, Average score: yellow -)
Indicator 1 - Accountability and transparency – green – significant progress
Indicator 2 - Operating mandate and budget – yellow - partially achieved
Indicator 3: Multi-sector coordination mechanisms and cross-sector collaboration – yellow partially achieved
Indicator 4: Technical supervision capacity – yellow - partially achieved

13. As the national authority on climate change, MINAM has a clear mandate regarding the implementation of REDD+ issues in general and of the ENBCC in particular, something that has been reinforced with the approval of the Framework Law on Climate Change and its regulation proposal, that is currently under discussion. The MINAM team has made good progress in engaging other sectoral ministries and in engaging a broad range of relevant stakeholders in the process.

14. Accountability and transparency has met acceptable standards throughout the REDD+ Preparation Phase, during formulation of the ENBCC and in the formulation and implementation of specific initiatives such as R-PP, the Forest Investment Program (FIP), the Peru-Norway-Germany Joint Declaration of Intent (DCI) or UN-REDD+ all of which have included public engagement with a range of relevant stakeholders. Challenges remain to mainstream coordination and accountability, across multiple government agencies and expand engagement with regional government authorities and the private (business) sector.

15. As the national authority on climate change, MINAM has a clear mandate regarding the implementation of REDD+ issues in general and of the ENBCC in particular, something that has been reinforced with the approval of the Framework Law on Climate Change and its regulation proposal, currently under discussion.

16. During the REDD+ Preparation Phase, the public financing gaps for REDD+ were partially covered by bilateral and multilateral international donors, in particular, the work on land titling for indigenous peoples communities led by AIDESEP. The coordination between different funding sources which support REDD+ implementation has progressively improved, allowing a complementarity in the use of resources and an expansion of the potential for impact.

17. From the onset of REDD+ Preparation activities in 2008, Peru has recognized the multi-sectoral nature of the subject and deployed number of mechanisms to achieve coordination among government agencies (at multiple levels) and to engage civil society and the private sector through mechanisms such as the Multi-sector Committee for the Coordination of Policies and the Coordinating Group for the Implementation of REDD+ at the national level, the Regional Environmental Commissions (RECs) and the regional-level REDD+ and indigenous REDD+ roundtables.

18. MINAM is the lead agency for implementing REDD+, the National Carbon Inventory of Greenhouse Gases (INFOCARBONO) and gathering data for the National Registry of Initiatives to Reduce Greenhouse Gas Emissions in Peru (NRMI), in coordination with other competent entities. The Framework Law on Climate Change mandates MINAM to monitor and assess the reduction of emissions from deforestation and forest degradation and to report on progress made to UNFCCC. The development of national capacities for forest monitoring and land use change in Peru has advanced considerably over the last ten years, evolving to the current capacity to provide periodic reports with a precision of one tenth of a hectare for some forest biomes and regions. The transition has involved the consolidation of a series of monitoring initiatives that were originally dispersed among different units within MINAM and their articulation in the GEOBOSQUES platform, as have efforts to achieve their interoperability with other monitoring mechanisms such as GEOSERFOR. Civil society organizations have also significantly improved their capacity to analyze and use data on forest monitoring and this benefits cooperative planning and implementation among public and private sector institutions at regional and local levels.

19. Since the beginning of REDD+ efforts in Peru I 2008, the Peruvian government has benefitted from commitments of over $500m in support from multiple international finance and technical assistance initiatives (**see Table 3 in Chapter 5 of the R-Package**) and has gained expertise in the management of these funds in executing actions in the REDD+ Preparation phase and preparing for Implementation of REDD+ actions to qualify for Results-based Payments. The future prospect of attracting new investments, based on the results-based payment mechanism of the FCPF´s Carbon Fund or the Green Climate Fund (GCF), will require significant improvement of management, channeling and monitoring capacities to better use and account for the impacts of such resources.

20. Peru does not yet have a formal mechanism to redress grievances that may arise in the course of REDD+ but plans to develop a plan to address grievances related to REDD+ initiatives during 2019.

Tap Conclusion: Peru has made good progress in establishing effective management arrangements, engaging a diverse array of stakeholders from both government and civil society and creating appropriate mechanisms such as the information portals to promote transparency. Significant progress is also noted in technical supervision capacity with the consolidation of monitoring mechanisms into an interconnected set of platforms that can be accessed by a diverse array of stakeholders. Further progress is needed in the ability to manage funds as the program expands. While notable progress has been made in developing plans to increase the scope and diversity of participation there is [still] the need to increase the information exchange among different cooperation agencies. The need to establish an efficient and transparent mechanism to address grievances and document their resolutions is recognized and creating such a mechanism in collaboration with diverse stakeholders as a component of a broader "Citizen Attention Mechanism for REDD+" (MAC REDD+) is part of the intended work program for 2019.

Subcomponent 1b: Consultation and participation (criteria 7 – 10) Average score ==yellow -==
Indicator 7: Participation and engagement of key stakeholders – ==yellow== – partially achieved
Indicator 8: Consultation processes – ==yellow== – further development needed
Indicator 9: Information sharing and accessibility of information ==–yellow==– further development needed
Indicator 10: Implementation and public disclosure of consultation outcomes – orange – further development needed

21. Since its inception in 2008, the REDD+ Preparation process in Peru has actively involved a large and diverse range of actors at the national and subnational levels, from government, civil society, indigenous peoples and the private sector. The Plan for Stakeholders Participation and Engagement (PPIA) is designed to ensure effective participation and the incorporation of civil society priorities in three key processes: 1) The formulation of the ENBCC; 2) The design of the implementation framework of the Strategy, and 3) The approval of the reference level, and the design of the MRV system. **Actions to be taken going forward** include the validation and formal approval of the PPIA, the drafting of the PPIA communications plan, the adoption of gender and intercultural guidelines, and increasing the participation of the business sector in REDD+ consultation and planning processes.

22. To effectively reach rural residents including indigenous peoples, greater effort is needed to increase the use and effectiveness of information dissemination methods that go beyond the use of transparency portals or web pages, including use of more customary means of written or audio-visual communication and accessibility in native languages. These needs are to be addressed in

preparation of the PPIA communications plan and in future mechanisms under development for public communications such as MAC REDD+ and *Dialoguemos* that are described in e R-Package.

23. As noted in the preceding paragraphs, additional efforts and methods are needed to increase dissemination of many kinds of information including the outcomes from consultations. Testing and mainstreaming of the PPIA and the design and implementation of the Redress Mechanism, MAC-REDD, the Safeguards Information System (SIS) and the Environmental and Social Management Framework (ESMF) will need to take this into account in their design and implementation.

TAP Conclusion: The average score for sub-component 1-b was yellow, indicating partially achieved. Indicator 10 was scored orange, further development needed. The reviewer recommends that MINAM formalize and expand consultation processes, increase information accessibility for a broader range of stakeholders and increase capacity for public disclosure and dissemination of information to constituents that lack or have limited access to digital "portals". These needs are recognized in documents such as the PPIA and can be addressed with the implementation of systems such as the Safeguards Information System, the MAC REDD+, use of "traditional" public media and greater engagement of regional authorities and civil society. These needs are recognized and planning is already underway to design and implement broader capacity for communication, including in indigenous languages, and to receive feedback.

Component 2: REDD+ Strategy Preparation

Subcomponent 2a: Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy and Governance (criteria 11-15) Average score (yellow+)
Indicator 11: Assessment and analysis – green – significant progress
Indicator 12: Prioritization of direct and indirect drivers/barriers to forest carbon stock enhancement – green – significant progress
Indicator 13: Links between drivers/barriers and REDD+ activities – yellow – partially achieved
Indicator 14: Action plans to address natural resource rights, land tenure, governance – yellow partially achieved
Indicator 15: Implications for forest law and policy – yellow – partially achieved

24. The National Forest and Climate Change Strategy (ENBCC) adopted in 2016, is based on the "sustainable forest landscape management" approach, integrates elements for the mitigation of greenhouse gas emissions from land use change, including REDD+, as well as those related to the role of forests in actions to adapt to the effects of climate change, and recognizes the significant contributions forests can make to national development, the welfare of the peoples living there and depend on them. The ENBCC includes a detailed analysis of direct and indirect drivers of deforestation, and describes the relative importance of the direct causes of deforestation stemming from their relative contribution to the problem. It identifies twelve fronts of deforestation that together account for about 77.1% of deforestation in the Amazon for the period 2001-2013 with a particular focus on montane regions where deforestation has been occurring most rapidly.. The analysis identifies three direct causes of deforestation: 1) Expansion of the agricultural frontier; 2) Illegal and informal extractive activities, and 3) Expanded communication, energy and extractive industries.

25. Based on an analysis of direct and indirect causes of deforestation the ENBCC identifies seven priority themes and actions. Priorities among these will vary in relation to the circumstances in each of the geographical areas identified in the R Package Evaluation Document. These include:

1) Consolidation of the conservation system and lifestyles of indigenous peoples and other forest dwellers;
2) Promotion of the efficient use of deforested areas incorporating the most productive agriculture styles and low carbon emissions;
3) Increasing the efficiency and sustainability of timber and non-timber products extraction;
4) Establishing and/or consolidating markets for forest ecosystem services;
5) Increasing investments in ecologically sustainable, inclusive and competitive agricultural value chains that replace those with a strong "deforestation footprint";
6) Establishing or consolidating enabling conditions to ensure adequate tenure and use of land and a fair distribution of the rights and usufruct of the forest, and
7) Improved governance and transparency, as well as enhance public and industry involvement in processes to determine access to the forest and its resources.

TAP observation: These seven priority themes were identified based on the analysis and the substantial public consultation that took place in the preparation of the ENBCC and benefited from the public dialog established through implementation of the PPIA. As noted, the drivers will vary in relation to the particular circumstances in each geographical are thus more detailed and localized information gathering, analysis and dialog with stakeholders will be needed to "fine tune" actions to reflect local circumstances and address locally identified needs and priorities.

26. The ENBCC identifies specific actions that will be needed to remove existing barriers for the allocation of rights over natural resources, land tenure, and establish effective forest governance. While a number of localized initiatives are underway, managed by different organizations, there is not yet a "unified" approach to dealing with this on a national scale. Future work will be needed to document ownership claims to land and natural resources, identify gaps and inconsistencies in the current legal framework, identify conflict zones and evaluate the effectiveness of the strategies and instruments used so far.

28. Preparation of the ENBCC included an analysis of current laws and policies related to land tenure rights and ownership of natural resources and identified to a limited degree where these will need amendment or elimination to reduce or eliminate incentives that contribute to deforestation and forest degradation. Other important issues to be addressed include improvement in the quality of and access to information about land rights and land claims and consideration of the potential consequences of new roads and highways in or near areas classified for forest protection

TAP Conclusion: Considerable high quality analytical work was done in the course of preparing the National Forest and Climate Change Strategy (ENBCC) to document the importance of forests and land use to achieving Peru's NDCs and to identify direct and indirect drivers of deforestation for the country overall and for specific regions or "fronts" where current or future risks of deforestation and forest degradation are most severe. Significant progress (green) was noted for indicators 11 and 12 (assessment, analysis and prioritization). Indicators 13,14 and 15 were scored as partially achieved (yellow) <u>*Specific needs for future work*</u> *to address links between drivers and barriers and the implementation of REDD+ actions, develop action plans to address natural resource rights, land tenure, and governance in the context of REDD+ initiatives and the need to establish formal legal mechanisms to implement the ENBCC and appropriate instruments to achieve better inter-sectoral*

coordination are described. In the reviewer's opinion, Peru would benefit from prioritizing and developing a timetable for the accomplishment of the actions described in this section.

Subcomponent 2b: REDD+ Strategy Options (criteria 16-18) Average score (yellow -)
Indicator 16: Selection and prioritization of REDD+ strategy options – <mark>yellow</mark> – partially achieved
Indicator 17: Feasibility assessment – <mark>yellow</mark> – partially achieved
Indicator 18: Implications of strategy options on existing sectoral policies – orange – further development needed

29. The ENBCC prioritizes REDD+ strategic options, based on the analysis of the causes of deforestation, as well as the feedback received from a range of stakeholders during public hearings. **Implementing many of these actions will require implementation plans that take account of their impact at the national, regional or local levels, are adapted to varying circumstances in different priority geographical areas, and have local endorsement and the support of local stakeholders.** In this regard, recent process to identify the Nationally Determined Contributions, after a technical analysis and participatory process for public input, has identified eight mitigation measures linked to the LULUCF sector, that would represent a potential reduction of GHG emissions from 43.1 MtCO2eq to 2030, approximately 62.1% of the total NDC goal. Implementation of these measures will require cooperation among sectoral ministries, regional authorities and a transparent process of public consultation to achieve the impact that is needed to achieve these ambitious goals.

30. Recent establishment of a Multi-sectoral and Intergovernmental Commission to Determine Priority Public Actions for the Promotion of Sustainable Development of Amazonian Territories and the proposed Priority Axes to Combat Deforestation, both provide potential platforms for participatory review and redesign of sectoral policies that are relevant to reducing deforestation and forest degradation and a forum for greater involvement of civil society in that process.

TAP Conclusion: Both the selection and prioritization of REDD+ strategy options and the feasibility assessment were scored as yellow (partially achieved) by the R-Package evaluation report. Implications of Strategy options on existing sectoral policies was scored as orange (needing further development). Together the ENBCC and the recently completed process to identify the Nationally Determined Contributions (NDCs) describe clearly the strategic options and mitigation measures for LULUCF in meeting national goals for emissions reductions that have benefitted from public input through a variety of participatory processes. The task of reconciling sectoral policies to align with the ENBCC is ongoing and the R-Package acknowledges this in scoring Indicator 18 - Implications of strategy options on existing sectoral policies – as needing further development. In the reviewer's opinion the options and mitigation measures described in the ENBCC and the analyses for establishing NDC's provide a strong basis for taking the dialog forward to align sectoral policies that can support these measures. Doing so should continue to include well-organized public consultation as was done for the development of the ENBCC and the NDCs and maintaining records that document the participants, locations, dates and inputs received in the public consultations.

Subcomponent 2c: Implementation Framework (criteria 19-22) (<mark>red</mark> +)
Indicator 19: Adoption and implementation of legislation/regulations – orange – further development needed
Indicator 20: Guidelines for implementation – <mark>red</mark> – minimal progress
Indicator 21: Benefit sharing mechanism – <mark>red</mark> – minimal progress
Indicator 22: National REDD+ registry and system monitoring REDD+ activities – <mark>red</mark> – minimal progress

31. Mechanisms for the distribution of benefits from REDD+ are still in the formulation stage. A related issue is the nesting process of the early REDD+ initiatives within the framework defined by the Forest Reference Emissions Level submitted to the UNFCCC by Peru in 2015. Reconciling the different methodologies used to calculate emissions reduction achieved or anticipated from these early action projects with the national framework for tracking FREL/FRL should be a priority.

32. A prototype national REDD+ registry was established in July 2016, and was open to the public until mid-2017 when it was removed. Necessary steps should be taken to re-establish a transparent mechanism for tracking REDD+ activities and achievements.

TAP Conclusion: Sub-component 2c was given an overall score of red (minimal progress) indicating there will be a substantial amount of work and planning required to achieve an adequate legislative agenda and establish the necessary regulatory framework to move from the policy level to the operational level. Current initiatives such as the discussion of the Regulation for Land Classification by Greater Use Capacity, the promotion of Regional Productive Roundtables aimed at promoting deforestation-free value chains, and the 2018 guidelines for the Ministry of Transport concerning planning of highway projects that affect protected areas or indigenous peoples' reserves, all of which have direct relevance to the future evolution of deforestation drivers, provide models of how the necessary legal and regulatory re-alignment could be achieved. Development of a benefit-sharing mechanism will require a well-designed process to include the meaningful participation of a diverse universe of stakeholders and a well-structured institution with a clear mandate to carry out its task with transparency, and ultimately, the establishment of a competent and well-respected fiduciary agent operating with transparency and public accountability. The R-Package describes in detail in Sections 5.2.3.3 and 5.2.3.4 the process intended to be carried out in 2019 involving substantial public consultation with a broad range of stakeholder to develop the Benefit Sharing Mechanism and a comprehensive mechanism for registering and tracking transactions that will enable the monitoring of mitigation projects or activities during their life cycle, from the design and registration of the project, the approval of the emissions reduction credits (including the steps of the approval process), and the transfer and eventual retirement of the credits. In the TAP reviewer's opinion this is an essential task to complete in the early phase of program implementation. Also the SESA should be completed and validated prior to project effectiveness.

Subcomponent 2d: Social and Environmental Impacts (criteria 23-25) (orange +)

Indicator 23: Analysis of social and environmental safeguard issues – <mark>yellow</mark> – partially achieved
Indicator 24: REDD+ strategy design with respect to impacts – **orange** – further progress needed
Indicator 25: Environmental and Social Management Framework - **orange** – further development needed

33.   Over the past two years, the evaluation of environmental and social safeguards applicable to REDD+ in Peru has been progressing through a participatory process aimed at generating a National Safeguards Approach to establish a harmonized response to Peru's various safeguards commitments. An initial information brief describing the way REDD+ safeguards are being addressed and met in Peru and providing a summary of the country's progress on safeguards during its preparation phase for REDD+ has been drafted. The R-Package document states: "The progress in complying with Indicator 24 depends on SESA's results, currently under review by MINAM."

TAP Comment: The information brief was not seen and no further information on the SESA was available at the time of this review (20 Feb 2019) other than an indication that it was under review

by MINAM. The R-Package states that a draft proposal for the establishment of an Environmental and Social Management Framework's (MGAS) exists but it, likewise, was not seen by this reviewer. The design of this mechanisms should benefit from the findings and recommendations of the SESA and the feedback received when that is available for public comment as well as the additional feedback that can be expected as the regional councils are established and the *Dialoguemos* initiative is implemented.

TAP Conclusion: The R-Package states that Peru has made progress on its analysis of environmental and social safeguard issues (Indicator 23) that includes: (1) Adoption of a methodology for the national interpretation of safeguards for REDD+, which aims to specify how the principles foreseen in the REDD+ safeguards of the UNFCCC translate into concrete principles or objectives in the Peruvian context; and (2) An initial information brief describing the way REDD+ safeguards are being addressed and met in Peru and providing a summary of the country's progress on safeguards during its preparation phase for REDD+. The SESA, ESMF, Resettlement Policy and Process Frameworks are safeguard instruments required by the World Bank Operational Safeguard Policies so will need to be finalized – including documentation of public review and input - before financing can be approved.

Component 3: Reference Emissions Level/Reference Levels (criteria 26-28) <mark>green</mark>
Indicator 26: Demostration of methodology – <mark>green</mark> – significant progress
Indicator 27: Use of historical data, and adjusted for national circumstances – green – significant progress
Indicator 28: Technical feasibility of the methodological approach, and consistency with UNFCCC/IPCC guidance and guidelines – <mark>green</mark> - significant progress

34. The approach adopted by Peru to develop its Forest Reference Emissions Level (FREL)[3] is evidence-based and takes a step-wise approach, based on a linear projection of historical emissions (2001-2014) of GHG to estimate deforestation for the 2015-2020 period. The projection of the FREL results in deforestation estimates of 168,672 ha for 2015, and foresees that by 2020 it would reach up to 202,400 ha (an average of 185,536 ha/year over the six FREL years). The estimated emissions for 2020 would represent 93,703,903 tCO_2eq.

35. The establishment of the FREL for the Amazon is based on historical data for 2001-2014, analysis of satellite images and complemented with field level data from the National Forest Inventory. The historical reference period chosen for the construction of the FREL is a good proxy for a scenario without improved mitigation measures for the post-2014 period, to the extent that it is constructed within a period prior to the policy changes influencing national conditions that have been evolving in Peru since 2015. The estimate of emissions was done using the 2006 IPCC guidelines. The data in the reference level report submitted to the UNFCCC, as well as technical reports produced by MINAM, are available for consultation by the general public. In addition, the basic information used to generate the FREL is also used to construct the compensation baselines of the results-driven payment programs and for the periodic inventory of greenhouse gases for LULUCF and the national inventory.

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[3] FREL is the amount of gross emissions from a geographical area estimated within a reference time period. It is used to demonstrate emission reduction from avoided deforestation and forest degradation, while FRL is the amount of net/gross emission and removals from a geographical area estimated within a reference time period and is used to demonstrate emission reduction from conservation, sustainable forest management and enhancement of carbon stocks.

TAP Conclusion: With considerable input from leading experts, Peru has made substantial progress in developed a high quality capacity for tracking and measuring changes in forest cover and the associated flux in CO2-equivalent greenhouse gases (FRE/FREL) for the Amazonian biome (which includes the San Martín and Ucayali regions) and is moving forward to develop and deploy similar methodology for the other biomes within the country and to develop a methodology to measure and track forest degradation in the Amazon. The use of historical data, and the methodology used for measuring forest cover change and estimate the related emissions level are all consistent with IPCC Guidance (2006). Data inputs submitted to the UNFCCC are publically accessible. All three Indicators in Component 3 were scored green indicating significant progress by the participants in the January 2017 Evaluation Workshop.

Component 4: Monitoring Systems for Forests, and Safeguards
Sub-component 4.a National Forest Monitoring System (criteria 29-31) (green-)
Indicator 29: Documentation of the monitoring approach – yellow – partially achieved
Indicator 30: Demonstration of early system implementation – green – significant progress
Indicator 31: Institutional arrangements and capacities – green – significant progress

36. The monitoring approach of the Forest Cover Monitoring Module (MMCB) uses a number of methods deploying internationally recognized remote sensing techniques and complements them with field-level data produced as part of the National Forest Inventory. The methods are complementary and internally consistent, and are based on established protocols, all compatible with UNFCCC guidelines.

37. Peru has made substantial progress in building the capacity for forest and land use change monitoring over the last ten years and can now provide periodic reports accurate down to 1/10 of a hectare for the tropical forest biome. This has facilitated developing sophisticated tools to manage forests, such as land use maps, and to identify changes in deforestation and issue deforestation alerts at regular intervals. The transition has required consolidating a number of monitoring initiatives formerly dispersed among various divisions within MINAM and connecting them through the GEOBOSQUES platform, as well as finding ways to operate them jointly with other monitoring mechanisms, such as GEOSERFOR.

38. Legislative Decree No. 1220 and Ministerial Resolution No. 324-2015-MINAM gave the Ministry of the Environment, through the National Forest Conservation Program for the Mitigation of Climate Change, the responsibility to carry out the MMCB, in coordination with SERFOR. MMCB's design comprises the following sub-modules: a) Deforestation (annual frequency), b) Degradation of forests (currently in preparation), c) Land use and land use change related to forest cover; d) Early warning of deforestation (biweekly) and e) Reference scenarios (calculation of GHG emissions and reductions).

39. The information generated by the MMCB is accessible to a broad range of users, including regional governments, the National Service of Natural Protected Areas by the State (SERNANP), the Forest Resources Oversight Agency (OSINFOR) and prosecutors and courts specializing in environmental crimes. In parallel to the consolidation process of monitoring capacities in public institutions, both national and regional, civil society organizations have also significantly improved their capacity to analyze forest and land use changes' monitoring information, allowing technical data sharing aimed at enhancing the accuracy of monitoring by forestry and environmental authorities, and accessible to entities such as prosecutors and environmental courts.

TAP Conclusion: As currently deployed the Forest Cover Monitoring Module (MMCB) measures forest cover and land use and can detect deforestation with a high level of precision (0.1 ha) and has been institutionalized within MINAM with well-trained staff and ongoing technical support. MMCB's design comprises sub-modules to track deforestation (annual frequency), land-use and land-use change, early warning of deforestation, and work is ongoing to develop a capacity for measuring forest degradation and to measure forest and land use change in the other biomes in Peru (beyond the Amazon). The system also provides precise estimate of GHG emissions and reductions enabling the development of reference scenarios for REDD+ projects (FRLs/FRELs). Overall, the sub-component has made good progress, and was scored green.

Sub-component 4.b Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards (criteria 32-34) (yellow+)

Indicator 32: Identification of relevant non-carbon aspects, and social and environmental issues – yellow partially achieved
Indicator 33: Monitoring, reporting and information sharing – yellow – partially achieved
Indicator 34: Institutional arrangements and capacities – green - significant progress

40. Included in the consultations for the R-PP, ER-PIN and FIP and preparations of the Peruvian NDCs, the National Program for Forest Conservation and Climate Change Mitigation; (PNCBMCC) conducted a preliminary analysis of the potential benefits other than carbon resulting from the mitigation measures in LULUCF. In addition, in 2014, the PNCBMCC and the World Conservation and Monitoring Center (WCMC) carried out a spatial analysis of biodiversity, erosion control and water regulation of forests, estimated the respective opportunity costs at district level, and devised a set of spatial analysis tools to link co-benefits to emission reductions.

41. During the design of mitigation measures for LULUCF and agriculture NDCs, benefits beyond carbon of environmental, social and economic nature were identified, such as biodiversity conservation, Climate regulation, Improvement of the quality of live of local populations, including native communities and rural producers), both through higher incomes resulting from better natural environments, Stronger local associations and organization, New sources of jobs and formal revenues for local households, Less informal and illegal local economic dynamics, More diverse sustainable local economic activities, such as ecotourism, Increased forest productivity and, Improved food security, mainly through production of agroforestry and non-timber goods.

42. Peru is currently designing its Safeguards Information System (SIS). This instrument is one of the four elements that outline the structure for REDD+ implementation, pursuant to UNFCCC provisions. The SIS is the instrument that will collect, process, manage and provide periodic information on how to approach and enforce the safeguards, through REDD+ actions consistent with the guidelines set forth by the national authority on matters of climate change.

43. The Climate Change and Desertification General Directorate of MINAM is responsible for preparing the national approach to safeguards. Specifically, DGCCD has competence to manage REDD+ safeguards to provide and monitor periodic information for the different sources and types of financing for the Results-based Payment mechanism.

TAP Conclusion: This Component was scored as yellow (partially achieved) in the R-Package. Various studies noted above have contributed to identification of non-carbon benefits both in terms of climate and broader environmental and social values that will feed into the design of a tracking system for

measuring these benefits. More work will be needed to measure these benefits either by data collection or adoption of proxy estimators. Currently, work is beginning on the design of a Safeguards Information System that will track information identified as important by the Strategic Environmental and Social Assessment (SESA) that was recently completed. Responsibility for monitoring safeguards is based in MINAM's Climate Change and Desertification General Directorate of MINAM (DGCCD). The system(s) for measurement and monitoring of non-carbon benefits, impacts, safeguards and governance are still at an early stage of design but making them operational will be essential prior to project effectiveness.

TAP Review Part C: Summary Assessment and Recommendation to the PC

The R-Package report, in combination with the documents referenced in it, gives a comprehensive account of REDD+ Readiness progress in Peru. It would have been helpful to have links in the text to public documents such as the Stakeholder Participation and Involvement Plan (PPIA) the SESA and more detail on the outputs from the working groups of the evaluation workshop. The FCPF Readiness Assessment Framework was followed conscientiously throughout the self-assessment exercise and involved effective multi-stakeholder participation from the national government agencies, regional government authorities and civil society at both national level and the regions where the ER-PD will focus its efforts.

During the February mission, as requested, the TAP reviewer met with representatives of AIDESEP and MINAM who confirmed that significant progress has been made in carrying out the agreed actions in the respective agreements between the Ministry of Environment and Proetica and AIDESEP. To date, approximately US$1 million has been made available from the UNREDD and DCI projects to AIDESEP to advance land titling for indigenous peoples and more that 100 communities have or are currently receiving assistance. The R-Package also reports on good progress in implementing the agreements with Proetica though it does not provide details on that.

As noted in the Conclusions of the R-Package, limited information is provided on how activities under the additional financing from the Carbon Fund will be related to other ongoing climate/REDD related initiatives such as the FIP, UNREDD, DCI and other activities funded by bilaterals and foundations. A simple matrix showing how activities under the additional financing will be related to other ongoing initiatives would be helpful.

The self-assessment workshop that took place in Lima on January 17th, 2019, with the attendance of 65 participants, representing national and regional governmental entities, civil society and indigenous people organizations, international cooperation agencies and universities provided useful inputs into the assessment of progress to date and identification of focal issues to be addressed during future implementation of the national climate strategy (ENBCC). The structure and methodology of the exercise appear to be an appropriate model for similar future exercises to facilitate public participation and maintain transparency and an open dialog with stakeholders. Future consultation activities should make greater efforts to include the private (business) sector.

Peru has made good progress in establishing effective management arrangements, engaging a diverse array of stakeholders from both government and civil society and creating appropriate mechanisms such as the information portals to promote transparency. Significant progress is also noted in technical supervision capacity with the consolidation of monitoring mechanisms into an interconnected set of platforms that can be accessed by a diverse array of stakeholders. Further progress is needed in the ability to manage funds as the program expands. While notable progress has

been made in developing plans to increase the scope and diversity of participation, development of a mechanism to address grievances that is functional and effective for the full range of stakeholders is a priority as the program activities expand in scope and content. As noted in the R-Package, "there is [still] the need to increase the information exchange among different cooperation agencies". The need to establish an efficient and transparent mechanism to address grievances and document their resolutions is recognized and creating such a mechanism in collaboration with diverse stakeholders as a component of a broader "Citizen Attention Mechanism for REDD+" (MAC REDD+) is part of the intended work program for 2019.

Further development will be needed to formalize and expand consultation processes, increase information accessibility for a broader range of stakeholders and increase capacity for public disclosure and dissemination of information to constituents that lack or have limited access to digital "portals". These needs are recognized in documents such as the PPIA and can be addressed with the implementation of systems such as the Safeguards Information System, the MAC REDD+, use of "traditional" public media and greater engagement of regional authorities and civil society. These needs are recognized and planning is already underway to design and implement broader capacity for communication, including in indigenous languages, and to receive feedback.

The assessment identifies specific needs for future work to address links between drivers and barriers and the implementation of REDD+ actions, to develop action plans to address natural resource rights, land tenure, and governance in the context of REDD+ initiatives, and the need to establish formal legal mechanisms to implement the ENBCC and appropriate instruments to achieve better inter-sectoral coordination. In the reviewer's opinion, Peru would benefit from prioritizing and developing a timetable for the accomplishment of the actions described in Section 2b on Strategy Options.

As noted in Section 2b – REDD and Strategy Options more work is needed to engage sectoral ministries such as the Ministry of Transportation in the multi-sectoral planning and coordination of REDD+ program activities because of the close relationship between infrastructure, land values, agricultural expansion and migration.

Success in reducing deforestation and forest degradation will depend strongly on efforts to establish clear rights of indigenous peoples to forest territories and land tenure for agriculture. To accelerate progress in addressing these complex and sensitive subjects a comprehensive review of Peru's laws, policies and international agreements and commitments as they relate to the ENBCC and the architecture of the ER program should be carried out early in program implementation so that potential barriers can be identified and addressed.

Actions that should be addressed prior to project effectiveness or early in ER program implementation include: (1) validation of the SESA and development of an explicit plan for implementing and tracking implementation of the Safeguards; (2) completing the design and implementation of the Safeguards Information System to ensure transparency and make information available to the full range of stakeholders; (3) identification of legal issues related to benefit sharing, land tenure and resource rights and access that need to be addressed to ensure effective program implementation.

Based on the documents consulted and discussions with MINAM and other stakeholders during the ER-PD review mission (February 11-15 2019), the TAP reviewer is of the opinion that Peru's R-package report provides a reasonably accurate picture of REDD+ readiness progress in the country.

End 25 Feb 2019