



Peru REDD+ Emission Reductions Program

Carbon Fund 20th Meeting, Washington DC
July 8, 2019



ER Program Preparation Support

Milestone	Date
Signature of new LOI	July 2018
ERPD (first draft) submitted	January 2019
First TAP review	April 2019
Second TAP review	June 2019
World Bank Concept Review	June 2019

ER Program specific support:

- 7 individual consultants provided support to MINAM in preparing the ERPD
- Firm specializing in carbon accounting providing recommendations on nesting approach
- Defining safeguards approach
- Providing technical support through preparation missions and regular communication



Alignment with WBG objectives and Country Partnership Framework (CPF)

- Consistent with World Bank Group corporate goals of ending extreme poverty and boosting shared prosperity.
- Aligned with Peru's FY17-21 Country Partnership Framework
 - Objective 8 – strengthening the management of natural resources
- ER Program preparation is embedded in the World Bank's existing country portfolio and builds on the REDD+ Readiness work.



World Bank support in Peru's forest sector

- Offers a programmatic approach that aligns several forest financing initiatives, such as the Forest Investment Program (FIP) and the Forest Carbon Partnership Fund (FCPF), which support Peru in addressing climate change and contributing to climate smart development through:
 - Titling and registration of rural properties and communal lands;
 - Strengthening environmental and forest governance;
 - Improving the value of forests and degraded areas; and
 - Promoting innovative activities and market development



World Bank support in Peru's forest sector

Two Operations under implementation:

(1) Integrated Forest Landscape Management Project in Atalaya, Ucayali (US\$12.2 million), 2019 - 2023

Strengthening sustainable management and use of forest landscapes in the Raimondi, Sepahua and Tahuania districts of the Atalaya province, through:

- Provision of land use rights in forest landscapes and promoting community-level land-use planning.
- Strengthening enabling conditions for forest management
- Strengthening technical and business capacities of forest communities and small producers to better manage forests

(2) Saweto Dedicated Grant Mechanism (US\$5.5 million), 2015 - 2020

Supporting indigenous peoples in selected communities in the Peruvian Amazon in their efforts to improve their sustainable forest management practices, through:

- Titling land in native communities
- Sub-projects related to food security, small-scale community agroforestry, and timber products



Coordination with development partners

Donor coordination has been key:

- Coordination on shared objectives with other programs, including: Peru-Norway-Germany Joint Declaration of Intent (DCI), IDB's FIP projects (one national and two regional) and REDD+ Readiness phase, UN-REDD's preparation phase
- Missions coordinated with other key donors and agencies, for example Norway and IDB
- Regular updates and coordination calls with Norway's team working on DCI
- Close coordination with IDB on all milestones of REDD+ readiness as well FIP project preparation



Status of WB Due Diligence

- **Concept Review Meeting successfully held in June 2019 confirming WB support for the Program and authorizing preparation.**
- **Main findings and feedback from review meeting :**
 - Program technically-very sound, built on solid analytical foundation
 - Building on strong institutional arrangements and coordination mechanisms (with recognized leadership from MINAM)
 - Significant resources channeled to the Program (including generating a financing surplus and thus positive economic results)
 - Strong MRV system and expertise
- **Key issues to advance and/or finalize** during continued preparation include:
 - Benefit Sharing Plan
 - Safeguards approach
 - Carbon Accounting
 - Nesting approach



Status of WB Due Diligence

- **Development Objective:** The objective of the proposed carbon finance transaction is to incentivize reduced deforestation and forest degradation, and enhancement of forest carbon stocks (REDD+) in San Martin and Ucayali regions of Peru, through payment of verified emission reductions (ERs) and to ensure that paid amounts are distributed according to an agreed benefit Sharing Plan (BSP).
- **Key risks (SORT):** Overall risk rating is rated “Substantial” (*mainly due to complexity and innovative features of technical design, fiduciary aspects, stakeholder risks, as well as decentralized implementation arrangements*).
- **Safeguards assessment:** environmental and social risks rated “substantial” under the World Bank’s new Environmental and Social Framework (ESF); (*key documents to be prepared: ESMF, Integrated Pest Management Guidelines, Biodiversity Action Guidelines, Labor Management Procedure, Forest Management Guidelines, IP Framework, Resettlement Policy Framework, Process Framework*)
- **Program financing:** ERPA value up to \$32 million; Program financing is estimated at \$317million over the lifetime of the project, with total program cost (implementation, transaction, administration, etc) estimated at \$226 million, thus generating surplus of \$90 million over lifetime of Program.



Next Steps

- **ER-Program Decision Review Meeting:** October 2019
- **Appraisal:** October 2019
- **ERPA negotiation process:** November - December 2019
- **ERPA signature:** January 2020

