

EMISSION REDUCTIONS IN THE PERUVIAN AMAZON

ER PIN submitted by the Ministry of the Environment-Peru to the Carbon Fund of the Forest Carbon Partnership Facility

Executive Summary

Peru proposes to reduce expected adjusted emissions of 62.1 MTCO₂e from the Amazon regions of San Martin and Ucayali during 2017 – 2020 by 20.5%. Of the 12.8 MTCO₂e of reductions generated, 6.4 MTCO₂e (50%) will be offered to the FCPF Carbon Fund. The emissions reductions will be achieved by interventions based on an integrated landscape approach that are aimed at 1) generating enabling conditions that improve the governance and control of forest land and land rights, and facilitate private investment, 2) developing innovative production systems, business models, and value chains for increasing agricultural and forestry productivity and competitiveness, and 3) increasing institutional, organizational, and productive capacities and their access to resources and markets. The interventions will also produce substantial non-carbon benefits: the reduction of poverty, especially among indigenous peoples; the maintenance of biodiversity and ecosystem services; improved forest and environmental governance; better systems for the monitoring, control, and assignment of land use and land use rights; improved productivity and competitiveness of forest land and resources; greater knowledge, access to capital, and linkages that underlie more effective market participation; and strengthened capacities of producers, organizations, and governments.

Peru's ER Program proposal is notable due to: 1) the large size (a total of 15.6 million ha, of which approximately 13.1 million ha were forested in 2011) of the jurisdictional areas of intervention; 2) the mechanisms for including indigenous peoples in decision-making related to the design, management, and implementation of the interventions; 3) the emphasis on establishing enabling conditions for land use and productive activities; 4) the attempt to conciliate and coordinate the IADB and World Bank procedures and policies in a common approach; 5) the alignment of the ERP with broader national strategies related to forests and climate change and green growth; 6) the effort to link the payments for emissions reductions by the ERP with a broader national system of payments for ecosystem services and environmental compensations (the Peru Forest and Climate Fund), and 7) the emerging steps for using the ERP to improve the country's competitiveness in low emissions global markets and to foster green growth in the Peruvian Amazon and at the national scale. Overall, the ERP will help reduce deforestation by increasing the value of forests and helping improve the country's competitiveness in low emissions global markets.

On the other hand, the ERP will contribute to solving problems that affect deforestation and emissions in the LULUCF sector in Peru:

- The lack of effective institutional and political coordination at both vertical and horizontal levels.
- The strengthening of new local institutions (such as the ARAs and the REDD+ Roundtables) and participatory mechanisms to ensure greater and more effective participation in REDD+ implementation.
- The inclusion and strengthening of diverse stakeholders, especially indigenous peoples, which have been historically marginalized and inadequately prepared to respond to challenges and opportunities of REDD+.
- The emphasis on improving enabling conditions and local governance as a key to reducing deforestation, conserving forest, and improving productivity in production systems within forest lands.

The Program has strong governmental and cross-sectorial commitment and will build upon numerous measures undertaken recently by the Peruvian government to reform the forestry and forest use (LULUCF) sector and enable REDD+, especially cooperation between the Ministries of the Environment and Agriculture and Irrigation, the Amazon regional governments, indigenous organizations, and civil society organizations. The Program will be developed and implemented under the leadership of the National Forest Conservation and Climate Change Mitigation Program of the Ministry of the Environment, as part of its emerging National Forest and Climate Change Strategy, which encompasses REDD+ and incorporates REDD+ international guidelines; local implementation will be the responsibility of the participating regional governments and local organizations. Key features of Program management include formal structures for the participation of cross-sectorial government stakeholders in overall

direction and supervision and the inclusion of civil society stakeholders, especially indigenous groups, in Program consultation, oversight, and evaluation at the national and local levels.

Financially, the ERP is supported by the FCPF of the World Bank; IADB assistance to R-PP and FIP; support from other donors such as KfW, UNREDD+, CAF, GIZ, JICA, and CAF to REDD+ and forestry; Peruvian government funds; sales of emissions reductions; and income generated by agricultural and forestry related to REDD+. Financial projections are positive during the life of the Program and long-term financial sustainability appears to be feasible.

The characteristics of the target regions will enable the extension of Program results and lessons learned to other areas affected by deforestation in the Peruvian Amazon, since together they exhibit the main drivers of deforestation in the Peruvian Amazon (shifting agriculture, medium to large scale agro-industrial production, and selective logging) as well as principal underlying causes (migration; illegal activities; weak governance related to lands rights, titling, land use zoning, and monitoring, control, and sanctions of inadequate land use; unproductive forestry and agricultural production systems; and weak linkages with markets and market support systems. They also represent the three principal socio-environmental contexts present: settled areas with agricultural-forest mosaics, the agricultural frontier, and relatively intact forest..

Principal tasks pending tasks in the completion of Readiness and the Program preparation phase include: the further definition of ERP governance and administrative structures and the involvement of actors; updating of the reference levels; the identification of target areas within the regions and the design of the interventions there; further analysis of forest degradation and risks related to land rights; further progress on detailing SESA and the design of ESMF; consolidating the National REDD+ Initiatives Information Platform and the National REDD+ Initiatives Information Registry; designing the benefits distribution system; and ensuring future financial sustainability of REDD+.

It should be noted that the current version of the ER-PIN responds directly to comments and questions contained in the Chair’s summary of the June meeting in Bonn:

Comment	Response	Comment	Response
1. Jurisdictional approach and regional description	<i>Section 4.1, p. 21-24; Section 5.1, p. 30-33</i>	8. Nesting of current REDD+ projects within ERP	<i>Section 8.1, p. 51; Section 15.1, p. 67-69; Section 15.3, p. 69-70</i>
2. Details on interventions	<i>Section 5.3, p. 34-38; Section 7.1, p. 43-44</i>	9. Risks of land use zoning and land tenure interventions	<i>Section 5.4, p. 38-40 Section 14.1., p. 66-67</i>
3. Funding sources and relation with FIP	<i>Section 7.5, p. 47-50; Annex 1</i>	10. Participation of remote indigenous peoples	<i>Section 6.2, p. 41-43</i>
4. Readiness timeframe	<i>Section 3.2, p. 17-18</i>	11. Relation between benefit sharing and land resource rights	<i>Section 14.1, p. 66-67 Section 15.1, p. 67-69</i>
5. Consistency of MRV with Methodological Framework	<i>Section 8.1, p. 50-52; Section 9.1, p. 54-58</i>	12. Prioritize zoning and land registry	<i>Section 5.3, p. 34-38</i>
6. Determination of biomass and carbon	<i>Sections 8.1 and 8.2, p. 50-54</i>	13. Details on safeguard system	<i>Sections 13.1 and 13.2, p. 63-65</i>
7. Forest degradation	<i>Sections 8.1 and 8.2, p. 50-54</i>		