Ministry of Environmental
Peru

Readiness Preparation Proposal for the Reduction of Greenhouse Gas Emissions from Deforestation and Forest Degradation

(R-PP Peru)

Mid-Term Report

January 2017

Ministry of Environmental
Peru

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Acronyms

AFS	Agroforestry systems
AGB	Above-ground biomass
AIDER	Association for Research and Integrated Development
AIDESEP	Interethnic Association for the Development of the Peruvian Amazon Forests
ANGR	National Assembly of Regional Governments
ANP	Natural protected area
ARA	Regional Environmental Authority
BAU	*Business-as-usual*
BGB	Below-ground biomass
BID	Inter-American Development Bank
BMU	Federal Ministry of the Environment, Nature Conservation, and Nuclear Security, Germany
BPP	Permanent production forests
BUR	Biennial Update Report
CAF	Latin American Development Bank
CEPLAN	National Center for Strategic Planning
CGFFS	Forestry and Wildlife Management Committee
CIAM	Inter-Amazon Regional Council
CIAT	International Center for Tropical Agriculture
CIF	Climate Investment Fund
CIFOR	Center for International Forestry Research
CO2e	Carbon dioxide equivalent
COFIDE	Banco de Desarrollo para el Perú
CONAFOR	Consultative National Council for Forest Policy
CONAP	Peruvian Confederation of Amazonian Nation
CNCC	National Climate Change Commission
COP	Conferences of the Part
DCI	Joint Declaration of Intent between Norway, Germany, and Peru

DEVIDA	National Commission for Development and Life without Drugs
DGCCDRH	General Directorate for Climate Change, Desertification and Water Resources
EDD	Economic Development Directorate, of the regional governments
ERP	Emissions Reduction Program
ERPA	Emission Reductions Purchase Agreement
ER-PD	Emissions Reduction Project Design
ER-PIN	Emissions Reduction Project Idea Note
ESMF	Environmental and Social Management Framework
ETS	Emissions Trading System
FAO	Food and Agriculture Organization, United Nations
FCBM	Forest cover base map
FCPF	Forest Carbon Partnership Facility
FEMA	Special Attorney for Environmental Matters
FINNIDA	Finnish Agency for International Development
FIP	Forest Investment Program
FONDAM	Fund of the Americas
FREL	Forest reference emissions level
GCF	Green Climate Fund
GEF	Global Environmental Facility
GHG	Greenhouse gases
GiZ	German Agency for Technical Cooperation
GLAD-Peru	Global Land Analysis and Discovery system – Peru
GOFC-GOLD	Global Observation of Forest and Land Cover Dynamics
GOP	Government of Peru
GORE	Regional Government
IADB	Inter-American Development Bank
ICRAF	World Agroforestry Center
IIAP	Peruvian Amazon Research Institute
ILO	International Labor Organization
INFOCARBONO	National Inventory of greenhouse gases

IPCC	Intergovernmental Panel on Climate Change
ITMR	Internationally Transferable Mitigation Reductions
JICA	Japanese Agency for International Cooperation
KfW	German Development Bank
$kgCO_2e$	Kilograms of carbon dioxide equivalents
LEC	Local environmental committee
LoI	Letter of Intent
LULUCF	Land use, change of land use, and forestry
MAC	Mechanism for Citizen Services
M&E	Monitoring and evaluation
MEF	Ministry of Economy and Finances, Peru
MGD	Map of gross deforestation
MINAGRI	Ministry of Agriculture and Irrigation, Peru
MINAM	Ministry of the Environment, Peru
MINCU	Ministry of Culture, Peru
MP-FEMA	District attorneys specialized in environmental affairs, Public Ministry, Peru
MRV	Measuring, reporting, and verification
MtCO2e	Millions of tons of carbon dioxide equivalents
NAMA	Nationally Appropriate Mitigation Actions
NCCS	National Climate Change Strategy
NDC	Nationally Determined Contributions
NFCMP	National Forest Cover Monitoring Program
NFCMS	National Forest Cover Monitoring System
NFIP	National Forest Inventory Project
NGO	Non-governmental organization
NICFI	Norway's International Climate and Forest Initiative
NORAD	Norwegian Development Cooperation Agency
NPFCCCM	National Program for Forest Conservation to Climate Change Mitigation
NSEIA	National System for Environmental Impact Evaluation
NSFCC	National Strategic About Forest and Climate Change

OECD	Organization for Economic Cooperation and Development
OEFA	Organism for Environmental Evaluation and Oversight
OSINFOR	Forestry Resources Supervision Organization
OTCA	Amazon Cooperation Treaty Organization
PCM	Presidency of the Council of Ministers, Peru
PES	Payments for Ecosystem Services
PMR	Partnership for Market Readiness
PPIA	Stakeholder participation and involvement plan
PRODUCE	Ministry of Production, Peru
PROFONANPE	Peruvian Trust Fund for National Parks and Protected Areas
PTRT3	Rural Land Titling and Registration Project, Peru, IADB
REDD+	Reduction of Emissions from Deforestation and Forest Degradation
REL/RL	Reference emission level/reference level
RIA	Amazonian Indigenous REDD+
R-PIN	Readiness Plan Idea Note
R-PP	REDD+ Readiness proposal
RREE	Ministry of Foreign Relations, Peru
SEEG	System for the Estimation of GHG Emissions
SERFOR	National Forestry and Wildlife Service, Peru
SERNANP	National Service of Natural Protected Areas, Peru
SESA	Strategic Environmental and Social Assessment
SFM	Sustainable forest management
SINANPE	National Service for Protected Natural Areas
SIS	Safeguard Information System
SNIFF	National Forestry and Wildlife Information System
SNIP	National System for Public Investment
tCO_2e	Tons of carbon dioxide equivalents
TDC	Conditional direct transfers
TMU	Territorial Management Unit
UNDP	United Nations Development Program

UNEP	United Nations Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
UNREDD+	United Nations Program to Reduce Emissions from Deforestation and Forest Degradation
USAID	United States Agency for International Development
VCS	Verified Carbon Standard
WCMC	World Conservation Monitoring Centre
WWF	World Wildlife Foundation

1. Introduction

At the international level, under the UNFCCC, REDD+ is defined as "positive policy approaches and incentives for issues related to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries".

REDD + for Peru is the set of actions, policies, interventions proposed at national and subnational levels, taking into account the vision of the different levels of governments and actors of civil society and indigenous peoples, which facilitate the implementation, both by public and private actors from the five eligible activities[1] considered in the UNFCCC to reduce GHGs in the LULUCF sector. The effective implementation of these actions will allow access to financing linked to payment for results.

At the national level[2], Peru is in the preparatory phase, that is, it is developing the four pillars of REDD+ according to the UNFCCC:

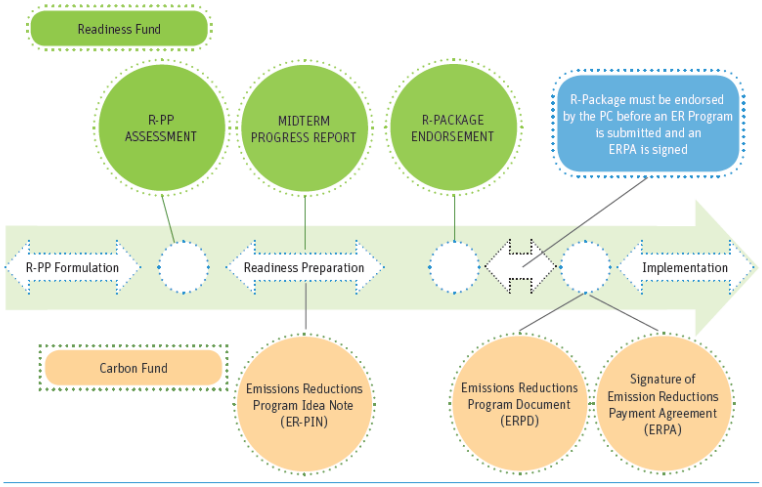
i. National Strategy on Forests and Climate Change - NSFCC.
ii. Forest Coverage Monitoring Module.
iii. Forest Reference Emissions Level (FREL): Elaborated for the Amazonian biome and submitted to the UNFCCC as a first step to later expand it to a national reference level (including dry forest biome and Andean forests).
iv. Design a system for reporting on safeguards. In this phase the institutional architecture of the elements is constructed, as well as the establishment of REDD + processes.

The Forest Carbon Partnership Facility (FCPF) is a global alliance that supports the reduction of emissions from deforestation and forest degradation, sustainable management of forests, conservation of forest carbon and the enhancement of carbon stocks (REDD+). The FCPF supports countries with tropical and subtropical forests develop systems and policies conducive to REDD+ and provides them with performance-based payments for reducing emissions.

The fund is administered by the World Bank as a trustee for the Readiness Fund (which finances changes in policies, incentives and institutional procedures and capacities to reduce emissions) and the Carbon Fund (which finances payments for reductions of GHGs in national, subnational or biome jurisdictions). The FCPF provides Secretariat services for the funds and technical support for participating REDD countries and conducts due diligence process on fiduciary policies and environmental and social safeguards. Other Delivery Partners for the implementation of the FCPF are UNDP and the Inter-American Development Bank (IDB) (Figure 1).

[1] REDD+ is implemented through five eligible activities: (i) reduction of emissions from deforestation, (ii) reduction of forest degradation; (iii) the role of conservation of carbon forest reserves, (iv) management sustainable development of forests and (v) increased forest carbon stocks.
[2] By national level, we refer to the instruments being designed by the State, while recognizing the efforts promoted at the subnational level through REDD+ projects.

Figure 1. The R-Package in the readiness preparation and carbon finance process (FCPF, 2013)[3].



Peru's involvement with the FCPF began in 2008, when the Peruvian government requested inclusion in the Forest Carbon Partnership Facility (FCPF) process. At that time, an Idea Note for the REDD+ Preparation Plan (R-PIN) was presented and approved the same year. However, preparation and approval of the proposal for REDD+ preparation and financing (R-PP) was delayed until May 2014. In that year, Peru also prepared the Idea Note for the Emission Reduction Program (ER-PIN) to the FCPF Carbon Fund, which was approved in October 2014. With the approval of the ER-PIN, the World Bank was authorized to negotiate with the country the Letter of Intent (LOI[4]) to develop the ER-PD, the which was signed in March 2016. Currently, REDD+ preparation activities are funded by the FCPF, but the funds are managed by the Inter-American Development Bank (IDB) in Peru.

The proposal for REDD+ preparation (R-PP) presented by Peru includes the following components: i) organization and consultation to define the national management entity, with the capacity to coordinate REDD+ activities with all relevant stakeholders, ii) the REDD+ strategy, which includes strategic options to respond to the main drivers of deforestation and forest degradation, (iii) the development of the national reference scenario (the national reference level of GHG emissions); and, iv) the development of the National Forest Monitoring System (National Forest Coverage Monitoring) and Information about Safeguards (Safeguards Information System - SIS).

The agreement between Peru and the FCPF establishes that a half-term self-assessment of the results achieved and the pending activities related to the REDD+ preparation phase should be carried out. This evaluation is necessary to receive additional funding to complete the preparation for REDD+ in Peru. It focuses on identifying the main processes and results obtained during the preparation of REDD+ through financial support provided by the FCPF or other sources of external cooperation, as well as the remaining tasks to complete the REDD+ preparation process.

[3] FCPF (2013). A Guide to the FCPF Readiness Assessment Framework. Forest Carbon Partnership Facility, World Bank.
[4] Letter of Intent.

1.1 Objectives of the Evaluation

The **overall objective** of this evaluation is to assess current progress and pending tasks needed to achieve REDD+ Readiness under FCPF guidelines and to submit a financial plan for the pending activities.

The **specific objectives** are:

i. Evaluate the overall progress and basic action for readiness preparation in Peru and the incorporation of REDD+ within the framework of the National Strategy for Forests and Climate Change (NSFCC).
ii. Identify the principal lessons learned, limiting factors, and barriers that limit the implementation of REDD+ and recommendations that will facilitate further progress in the future.
iii. Identify pending activities needed in order to complete REDD+ Readiness.
iv. Analyze the finances needed in order to complete the REDD+ Readiness process.

The evaluation, based on the review of key documents, data bases, and interviews, is focused principally on Peru´s compliance with 34 indicators corresponding to the four components of REDD+ outlined in the FCPF´s "A Guide to the FCPF´s Readiness Assessment Framework". A summary of the indicators is shown in Table 1 below:

Table 1. FCPF´s REDD+ Readiness assessment framework.

Component	Sub-Component	Indicators
Organization and consultation	REDD+ management at the national level	1. Accountability and transparency
		2. Operating mandate and budget
		3.Mechanisms of multi-sectoral coordination and collaboration
		4. Technical supervision capacity
		5. Capacity to manage funds
		6. Feedback and grievance redress mechanisms
	Consultation and participation	7. Participation and engagement of key stakeholders
		8. Consultation process
		9. Information access and sharing of information
		10. Implementation and public disclosure of key outcomes
REDD+ Strategy	Evaluation of drivers of deforestation, governance, and legal and policy framework	11. Assessment and analysis of land use trends, rights, tenure, forestry laws, policies, and governance
		12. Prioritization of direct and indirect drivers/barriers to forest carbon stock enhancement
		13. Links between drivers/barriers and REDD+ activities
		14. Action plans to address natural resource rights, land tenure, and governance
		15. Implications for forest laws and policies
	REDD+ strategic options	16.Selection and prioritization of REDD+ strategy options
		17. Feasibility assessment of the options
		18. Implications of strategy options on existing sectoral policies
	Implementation framework	19. Adoption and implementation of legislation/regulations
		20. Guidelines for implementation

		21. Benefit sharing mechanisms
		22. National REDD+ registry and system for monitoring REDD+ activities
	Social and environmental impacts	23. Analysis of social and environmental safeguard issues
		24. REDD+ strategy design with respect to impacts
		25. Social and environmental management framework
Reference level		26. Demonstration of methodology
		27. Use of historical data and adjustment for national circumstances
		28. Technical feasibility of the methodological approach, and consistency with UNFCCC/IPCC guidance and guidelines
Forest and safeguards monitoring system	National forest monitoring system	29. Documentation of monitoring approach
		30. Demonstration of early system implementation
		31. Institutional arrangements and capacities
	Information system for benefits, other jmpacts, governance, and safeguards	32. Identification of relevant non-carbon aspects and social and environmental issues
		33. Monitoring, reporting, and information sharing
		34. Institutional arrangements and capacities

2. Context

Peru is one of the ten countries with the largest forest area, the second country with the largest expanse of Amazonian forests, and the fourth largest in tropical forests - only surpassed by Brazil, the Congo and Indonesia; and ranks sixth in primary forests according to the Global Forest Resources Assessment 2015 (FAO, 2015)[5]. However, accelerating deforestation and forest degradation threatens its diverse natural resources. For the Amazonian eco-region, which includes approximately 95% of the country's forests, the average annual deforestation is estimated at 106,604 ha between 2000 and 2010, but increased to 132,328 ha annually between 2005-2014[6]. In the nationally determined contributions (NDC) of Peru, reported to the UNFCCC in 2015, it is estimated that deforestation contributes to 51% of national GHG[7] emissions, and that under the trend scenario (BAU), national emissions from Land Use, Land Use Change and Forestry (LULUCF) sector will increase by more than 50% between 2015 and 2030. At the same time, mitigation of 53.6 MtCO2e / y of emissions from the LULUCF sector will contribute Two thirds of the goal of reducing emissions by 30% by 2030[8].

2.1 Development of REDD+ in Peru

The beginning of Peru's participation in REDD + started in 2008, when it was selected as a pilot country of the FCPF, a process previously mentioned. Important legal and institutional landmarks related to REDD+ and the forestry sector are shown in Figure 2. Recent progress includes:

[5] Http://www.fao.org/forest-resources-assessment/current-assessment/en. According to Global Forest Resources 2015), Peru ranks 9th in the list of countries with the highest forest area in the world, considering forests as forest plantations http://www.fao.org/3/a-i4808s.pdf.

[6] MINAM (2015). Peru´s submission of a Forest Reference Emission Level (FREL) for reducing emissions from deforestation in the Peruvian Amazon.

[7] National inventory of greenhouse gases, 2012.

[8] MINAM (2015). http://www.minam.gob.pe/wp-content/uploads/2015/06/contribucion-NDC21.pdf

- The decentralization of forest governance involving the regional governments,
- The new Forestry and Wildlife Law and its four regulations,
- The new National Forest and Wildlife Policy, presently under development,
- The recently approved Law and regulations for the Redistribution of Benefits Provided by Ecosystem Services,
- The Law on Prior and Informed Consent of Indigenous Communities, including its operational regulations,
- The formulation and approval of the National Strategy for Forests and Climate Change (NSFCC),
- The Approval of the Guidelines for the Management and Implementation of REDD + (Ministerial Resolution No. 187-2016-MINAM),
- Creation of the National Registry REDD + and approval of the Provisions for the implementation and Conduct of the National Registry REDD +.

The preparation of the R-PP between 2009 and 2013 and was jointly assumed by the MINAM, MINAGRI, MEF, regional governments, the Vice-Ministry of Intercultural Affairs under the Ministry of Culture, AIDESEP and CONAP indigenous organizations, and involved wide stakeholder participation. However, the grant agreement was signed in May, 2014. Peru´s Emissions Reduction Project Idea Note (ER-PIN) to the FCPF Carbon Fund was also presented in October, 2014; the Letter of Intent (LoI) enabling the next step - the Carbon Fund Emissions Reduction Project Document (ER-PD) - was signed in March, 2016.

In 2010, Peru was also chosen as a pilot country by the Forestry Investment Program (FIP) of the Climate Investment Fund (CIF). Peru´s FIP Idea Note was approved in October, 2013; projects are presently being designed following the guidelines of the National Public Investment System (SNIP) of the Ministry of Economy and Finances. This process has been long and complex, but will guarantee Peru´s counterpart contribution to the donation approved by the FIP sub-committee of the CIF.

Since 2011, Peru has also been an observer of the UN REDD+ Program as well as the REDD+ Partnership and has received targeted support for REDD+ related technical cooperation from UNDP (2 projects), UNEP (1 project) and FAO (1 project). Other REDD+ Readiness related initiatives, recently terminated or currently underway, include (Figures 2 and 3, Table 2):

i. The REDD+ MINAM Project (this project began with funding from the Gordon and Betty Moore Foundation, continued with financing from the KfW, and finished in December 2016);
ii. The Readiness project of the FCPF, actually in implementation;
iii. The design of the FIP projects (donation of the CIF through the World Bank and IADB);
iv. The pilot project funded by JICA and the Hatoyama Initiative;
v. Declaration of Intent (DCI) between the Government of the Republic of Peru, the Government of the Kingdom of Norway and the Government of the Federal Republic of Germany.

Figure 2. Important legal and institutional landmarks related to REDD+.

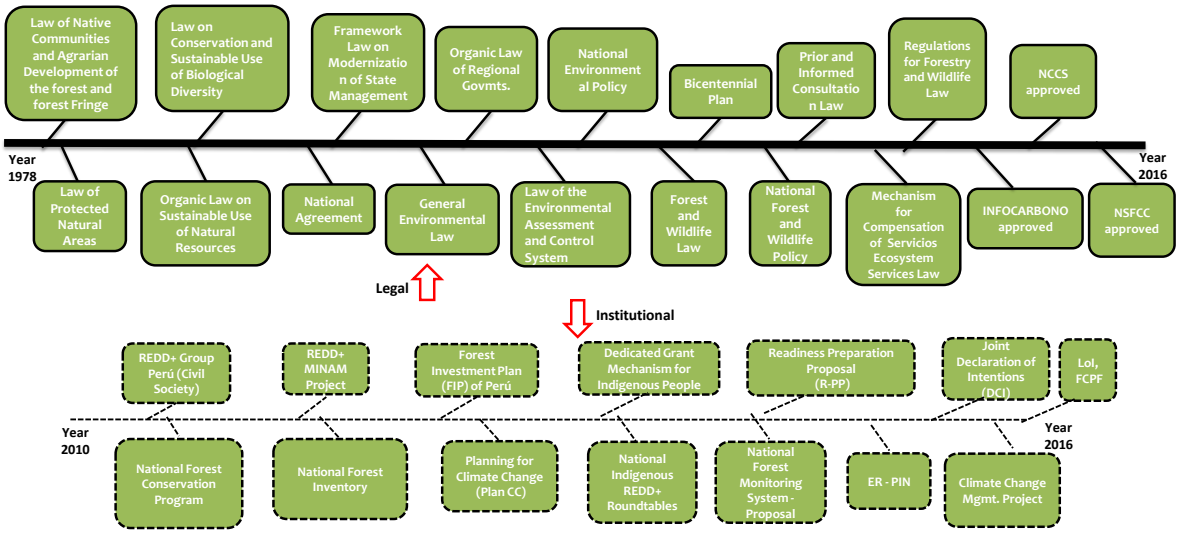


Figure 3. The REDD+ roadmap.

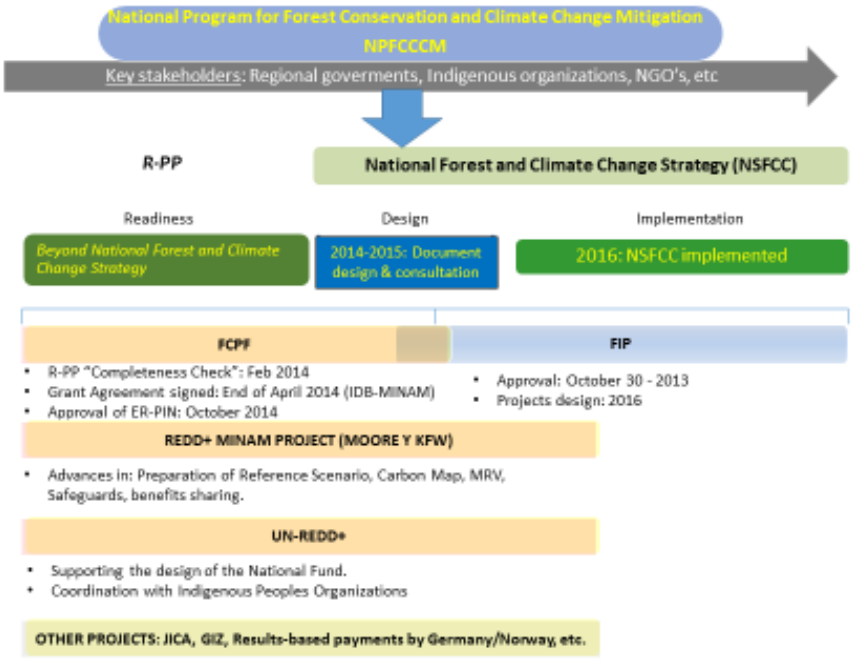


Table 2. Principal international donor supported REDD+ projects and activities executed by the donors or the GOP.

#	Name	Donor	Amount ($)	Dates
	Completed Projects			
1	Conservation of community forests - first phase	BMU, GiZ	4,140,000	11/2010-2/2014
2	Forest conservation in indigenous communities	FONDAM	1,068,760	1/2012-5/2013
3	Strengthening of capacities of indigenous peoples for the design and implementation of REDD+	UNDP/UN REDD, Hatoyama	295,150	7/2012-6/2013
4	Promotion of private sector involvement in forest conservation and REDD+	UNEP	370,000	1/2015-6/2016
5	National preparation for the future implementation of REDD+	UNDP/UN REDD	544,050	3/2015-7/2016
6	National Forest Inventory and Sustainable Forest Management of Peru in the face of Climate Change	FAO, FINNIDA	4,550,000	2014-2015
7	Strengthening of technical, scientific, and institutional capacities for REDD+/REDD-MINAM	BETTY MOORE, KFW	9,701,878	1/2011-12/2016
	Sub-total		**20,669,838**	
	On-going Projects for REDD+ preparation			
8	Implementation of the R-PP	FCPF	3,800,000	4/2015-3/2017
9	Support for the Joint Declaration of Intent Germany/Norway (by WWF)	NORAD/NICFI	5,696,000	2016-2017
10	Development of capacities for forest conservation and REDD+	JICA	2,120,000	2016-2020
	Sub-total		**11,616,000**	
	On-going Projects related to REDD+			
11	Conservation of community forests - second phase	GiZ, BMU	6,895,026	1/2014-2/2018
12	Mitigation of deforestation in Brazil nut concessions, Madre de Dios/PROFONANPE	GEF	1,561,557	2015-2018
13	Preparation of the ER-PD	FCPF	650,000	2016-2017
14	Sustainable forest development in the Peruvian Amazon/SERFOR	CAF	73,208,000	2016-2021
15	Conservation in Datem, Marañon/PROFONANPE	GCF	6,200,000	2016-2021
16	Implementation for the Joint Declaration of Intent Germany/Norway	NORAD/NICFI	6,156,000	2016-2018
	Sub-total		**94,670,583**	
	Projects being designed/planned			
17	Preparation for REDD+	UNREDD	3,800,000	2017-2020
18	NPFCCC in Amazonas, Lambayeque, Loreto, Madre de Dios, Piura, San Martín, Tumbes, and Ucayali	JICA	63,000,000	7/2010-7/2020
19	Productive sustainable landscapes in the Peruvian Amazon	GEF	19,998,150	2017-2023
20	Implementation of the Joint Declaration of Intent Germany/Norway, results-based payments	NORAD/NICFI	250,000,000	2017-2030
21	FIP (Included grant for design for US$ 1.5 million)	CIF, IADB, World Bank	50,000,000	2017-2021
22	Payments for results, Carbon Fund	FCPF	33,000,000	2017-2020
	Sub-total		**419,798,150**	
	TOTAL		**546,754,571**	

Between 2013 and 2015, MINAGRI approved the Forestry and Wildlife Policy and the new Forestry and Wildlife law and its regulations; it is expected that the R-PP will assist with the formulation of the National Forestry and Wildlife Plan. MINAGRI also published in 2016 the National Agrarian Policy which identifies the reduction of deforestation and forestry degradation as a strategic action. Additionally, the National Forest Inventory and Sustainable Forest Management for Climate Change in Peru (NFI) project financed by FAO-Finland was completed in 2015. The forest development support project financed by the Latin American Development Bank (CAF-MINAGRI) is presently being implemented, as are the community forest management (GiZ) and the forest conservation technical assistance (JICA) projects. Other projects and instruments include the policies to promote Forest Development Public Investments, largely focused on the development of forest plantations.

The forestry sector has also received support from the Peru Forests project, financed by USAID, for forestry institutional strengthening. ProAmbiente project financed by GiZ to strengthen SERFOR and the Ucayali regional government. The latter two projects are implemented by the donors.

Within this context, the contribution of NGOs to the development of Peru´s environmental and forestry policy has been significant. Various projects are focusing on integrated forest landscape management, including the GEF, UNDP, the FIP, and studies financed by UNEP and Norway (NORAD/WWF) on business models and opportunities to simultaneously increase agricultural productivity while decreasing deforestation.

In parallel, MINAM and MINAGRI are developing Nationally Appropriate Mitigation Actions (NAMAs) for coffee, cocoa, livestock, and biofuels, in collaboration with international entities such as ICRAF, CIFOR, CIAT, Rainforest Alliance, and the Green Commodities Program of UNDP and UNEP.

3. Overall Evaluation

A summary of results of the evaluation of Readiness in relation to the Indicators is shown in Table 3 below and is followed by a discussion of the individual indicators. In general, completion is greatest in Component 3 (Reference Level), followed by Components 2 (REDD+ Strategy), and Component 1 (Organization and consultation). Substantial progress was only recently achieved in Component 4 (Monitoring and Information Systems) and is related to the development of the conceptual and legal framework for forest monitoring. The safeguards evaluation is tied to the Strategic Environmental and Social Assessment (SESA) that will be developed during the implementation of the component 2 (REDD+ Strategy). The SESA study will also help prioritize REDD+ interventions that will in turn help determine the architecture of the safeguard information system (SIS) of Component 4.

Table 3. Summary of the evaluation of Readiness in relation to indicators of the FCPF.

Indicator	Description	Evaluation
1	Accountability and transparency	Partial
2	Operating mandate and budget	Partial
3	Mechanisms of multi-sectoral coordination and collaboration	Acceptable
4	Technical supervision capacity	Partial
5	Capacity to manage funds	Partial
6	Feedback and grievance redress mechanisms	Further development required
7	Participation and engagement of key stakeholders	Acceptable
8	Consultation process	Acceptable
9	Information access and sharing of information	Acceptable
10	Implementation and public disclosure of key outcomes	Further development required
11	Assessment and analysis of land use trends, rights, tenure, forestry laws, policies, and governance	Acceptable
12	Prioritization of direct and indirect drivers/barriers to forest carbon stock enhancement	Acceptable
13	Links between drivers/barriers and REDD+ activities	Partial
14	Action plans to address natural resource rights, land tenure, and governance	Partial
15	Implications for forest laws and policies	Partial
16	Selection and prioritization of REDD+ strategy options	Partial
17	Feasibility assessment of the options	Partial
18	Implications of strategy options on existing sectoral policies	Further development required
19	Adoption and implementation of legislation/regulations	Partial
20	Guidelines for implementation	Further development required
21	Benefit sharing mechanisms	Further development required
22	National REDD+ registry and system for monitoring REDD+ activities	Partial
23	Analysis of social and environmental safeguard issues	Further development required
24	REDD+ strategy design with respect to impacts	Further development required
25	Social and environmental management framework	Little or None
26	Demonstration of methodology	Acceptable
27	Use of historical data and adjustment for national circumstances	Acceptable
28	Technical feasibility of the methodological approach, and consistency with UNFCCC/IPCC guidance and guidelines	Acceptable
29	Documentation of monitoring approach	Acceptable
30	Demonstration of early system implementation	Partial
31	Institutional arrangements and capacities	Partial
32	Identification of relevant non-carbon aspects and social and environmental issues	Little or None
33	Monitoring, reporting, and information sharing	Further development required
34	Institutional arrangements and capacities	Further development required

It should be noted that given the magnitude of the overall budget for REDD+ related activities, the contribution of the FCPF for Readiness to date ($3.8 million) is relatively small and accounts for about 20%

of the budget dedicated specifically to preparations for REDD+ (approximately $21.3 million). The portion of the original tranche of $3.8 million from the FCPF that has been spent is shown in Table 4A, while the budgets of activities contracted are presented in Table 4B (56.6% of the first track). The execution of the funds to date generally corresponds to Component 2, the preparation and dissemination of the NSFCC. This Component also includes the studies of changes in land use and the SESA that will serve as inputs into the design and implementation of the safeguard information system.

Table 4A. Execution of the first tranche of FCFP Readiness funds.

Component	Principal Activities	Funds Executed ($)
1- Organization and consultation	Formulation and implementation of participation plan (PPIA)	19,277
2 – Preparation of the Strategy	Strategy consultation and dissemination	203,000
	Evaluation of land use change, logistic operator, guidelines for forest monitoring system, mid term report, investment program design proposal for NSFCC, and others	291,792
Administration	Project Coordination Unit and executive unit support	282,954
Total		**797,023**

Table 4B. Activities contracted in order to complete the first tranche of REDD+ Readiness.

Component	Principal Activities	Estimated Amount ($)
1 – Organization and consultation	i. Implementation of the PPIA and the REDD+ Communications Plan.	278,676.47
	ii. Operational proposal for the REDD+ Authority.	93,497.65
2- Preparation of the NSFCC	iii. Evaluation of changes in land use	327,698.24
	iv. Strategic Environmental and Social Assessment and Safeguards Information System.	289,681.76
	v. Support services for NSFCC designed (various)	470,169.26
4-Forest and safeguard information monitoring	vi. MRV Team	226,470.59
	vii. Implementation of safeguards information system	124,149.41
Administration	viii. Coordinator and technical project management	236,977.06
	ix. Administration project management	103,684.93
Total		**2,151,005.37**

Table 4C. Overall distribution of funds from the first tranche of REDD+ Readiness.

Component	Principal Activities	Amount and % of total funds
1 – Organization and consultation	REDD+ PPIA, REDD+ Operativity.	($384,277) 10.1 %
2- Preparation of the NSFCC	Divulgation and consultation of the NSFCC, Evaluation of land use and land use change, SESA.	($1,435,059) 37.8 %
3- Reference level	Emission factors for land use and land use change. Updating of reference levels.	($228,380) 6.0 %
4- Forest and safeguard information monitoring	Institutionalization of the Forest Cover Monitoring Unit.	($1,157,500) 30.5 %
Administration	Project Coordination Unit team, including operating costs.	($489,784) 12.8 %
Audit	Overall Project evaluation, including financial audit.	($75,000) 2.0 %
Monitoring and Evaluation	Evaluation of the project	($30,000) 0.8 %
TOTAL		**($3,800,000) 100%**

Review of Peru´s Compliance with the Common Approach

Peru started the social and environmental assessment taking into account not only the Cancun safeguards standards and World Bank´s and IADB´s Common Approach, but also considered its own National System for Environmental Impact Evaluation (NSEIA), the Methodological Framework for the Carbon Fund of the Forest Carbon Partnership Facility (FCPF) and the Law and Convention No. 169 of the International Labour Organization. With these reference documents considered and with guidance from relevant entities, the compliance of Peru with common approach is presented as follows [9]:

The Delivery Partner's environmental and social safeguards

During the readiness process, the IADB, Peru´s delivery partner, has been supporting the government with the development of the activities included in the RPP. The components were reviewed by the coordination unit and the supervisor from the IADB as a good practice prior to presentation to the Multi-Sectoral Committee for approval. The IADB supported the government to apply best practice used in other countries and put government staff in contact with its own professional staff as well as with other experts on environmental and social safeguards.

In the discussions with IADB on safeguards, particular emphasis was placed on the development of the SESA/ESMF study. At first, the expectation was to carry out the analysis as a process prior to the design of the national REDD+ strategy. However, the timing of the SESA had to be adjusted and the group in charge

[9] Based on FMT Template: FMT Note 2012-7 rev (Point 3, Annex 1).

of development the REDD+ Strategy document proceeded ahead of the strategic environmental and social study.

Nevertheless, the REDD+ Strategy for Peru has been developed taking into consideration important aspects of the FCPF's guidelines, including issues related to participation, institutional analysis, dissemination of information, among others. As such, the strategy approved by the Government of Peru in July 2016, ensures an adequate and inclusive development process and provides for social and environmental considerations during implementation.

In order to give greater assurance to the fulfillment of safeguards standards, terms of reference to conduct the SESA study were defined by the Ministry of Environment with support from the IADB safeguards team. The SESA will serve as an elemental analysis to inform the best way to implement the National REDD+ Strategy. More specifically, the SESA will allow the Peruvian government to have a comprehensive understanding of potential impacts and benefits that are expected from Strategy implementation and will provide guidance to opt for the most effective route of implementation. The SESA study is currently under development and progress will be reported to donors in the next semiannual report.

Similarly, the design of the National Strategy on Forests and Climate Change was guided by the FCPF's principles on safeguards. The Government of Peru included an exclusive section on REDD+ as part of the strategy. This particular section will be informed by the SESA study, which will help to identify those REDD+ actions that result in the greatest favorable impact. The Environmental and Social Management Framework (ESMF) will subsequently guide implementation of REDD+ actions derived from the strategy to mitigate any potential social or environmental impact.

Both analysis, SESA and ESMF, together with the complementary national policy measures and set of regulations, will help to build in the medium term the Safeguards Information System (SIS) required by the United Nations Framework Convention on Climate Change Climate.

The development of these three key elements for the fulfillment of safeguards requirements (SESA, ESMF, SIS) will be completed during the first part of the present year 2017 and will be based on the participation of other partners cooperating with the Government of Peru on REDD+ readiness preparation. .

The SESA and ESMF analysis is conducted by the General Directorate of Climate Change, Desertification and Water Resources in a collaborative way with the National Forest Conservation Program for the Mitigation of Climate Change. The objective is to have in the medium term a national approach to safeguards that conforms with the guidance from the United Nations Framework Convention on Climate Change and correlates closely with the legal arrangements of the country.

Stakeholder engagement

National and regional stakeholders from public and private sectors and from civil society have been included in the design of national public policies. For example, this has been the case for the forestry laws, as well as the elaboration of the National REDD+ Strategy. Likewise, the government also conducts participative processes for the design of investment projects or for the participatory budget scheme at local and regional levels. In Peru, stakeholder involvement is a public practice for generating stakeholder participation in decision-making processes, whether related to budgetary issues or related to allocation

of rights. For the development of the national safeguards approach, of which SESA/ESMF/SIS is a part, the same principle will be respected, starting with the presentation of the scope of analysis at each development stage to the various actors involved.

The National Forest Conservation Program for the Mitigation of Climate Change has systematized the participation of stakeholders at the various stages of REDD+ implementation (Organization and consultation, Strategy, Reference Level and Monitoring System) since 2010. The first step is an adequate identification of the interests of the different stakeholders involved. In support of this process, a Participation and Stakeholder Involvement Plan (PPIA) has been designed, taking into account the degree of stakeholder dependence on the forests. The PPIA is also expected to enhance the capacity of stakeholders involved in the processes led by the national government, including safeguards (More information about this can be found in the section on Indicator 23).

Disclosure of information

Information on the REDD+ process in Peru, including all its components, regardless of greater or lesser degree of progress, has been shared consistently through various information portals of the national government, including through those of the Ministry of Environment. For example, the Infocarbono portal (on greenhouse gas inventory) and the Forest Portal (www.bosques.gob.pe) have disseminated information on historical loss of forests, as well as other relevant information about REDD+. There is further a large number of reports that has been brought to the attention of all stakeholders. More detail regarding this topic can be found in the section on Indicator 9.

Grievance and accountability

The Ministry of the Environment has performed accountability processes on management at the end of the government period in 2016. A report was presented on the actions taken in the area of forests, which includes REDD + topics. This report can be accessed through the Forest Portal (www.bosques.gob.pe).

On the topic of grievance, a mechanism for feedback and grievance redress is still under development, and expected to function as part of the current information systems of the government, but with the particularity of addressing the requirements of the population on REDD+ issues in particular.

More information on this topic can be found in the section on the indicator 1 and 6.

4. Component 1: Preparation, Organization, and Consultation

Within the REDD+ Readiness Assessment Framework, Component 1 is related to the development of accountable and transparent management of REDD+ at the national level via five core functions: 1) organize and coordinate REDD+ activities, 2) integrate REDD+ into broader sectoral or national strategies, 3) manage REDD+ funding, 4) manage information, complaints, and grievances by affected stakeholders,

and 5) organize information sharing and stakeholder participation and consultation. Progress with regards to these functions is measured by 10 indicators in the framework of REDD+ activities preparation.

It should be noted that the Readiness proposal and its subsequent implementation incorporate responses to key recommendations provided by the Participants´ Committee Resolution PC/8/2011/7 related to Component 1: the participation of the REDD+ Roundtables and indigenous peoples in the preparation and implementation of the R-PP, the strengthening of linkages between the R-PP and FIP investment strategy, and the strengthening of REDD+ registry and information sharing.

In response to these observations, the final version of the R-PP, was coordinated among various sectors and levels of government, with a strong emphasis on the participation of diverse actors, in particular, organizations of indigenous peoples. This process concentrated on the explanation of REDD, the socialization of the proposal, and the incorporation in the final version of the document of recommendations from the different actors. The proposal also incorporated elements derived from early initiatives related to the design of a nested jurisdictional scheme in two regions, a product based on important collaboration with the national and regional REDD+ Roundtables, as well as progress related to norms and institutional arrangements during the process of formulation of the FIP. More specific examples of responses related to the Participants´ Committee recommendations during the implementation of the Readiness proposal and the preparation of the NSFCC are included in the corresponding sections of this document below.

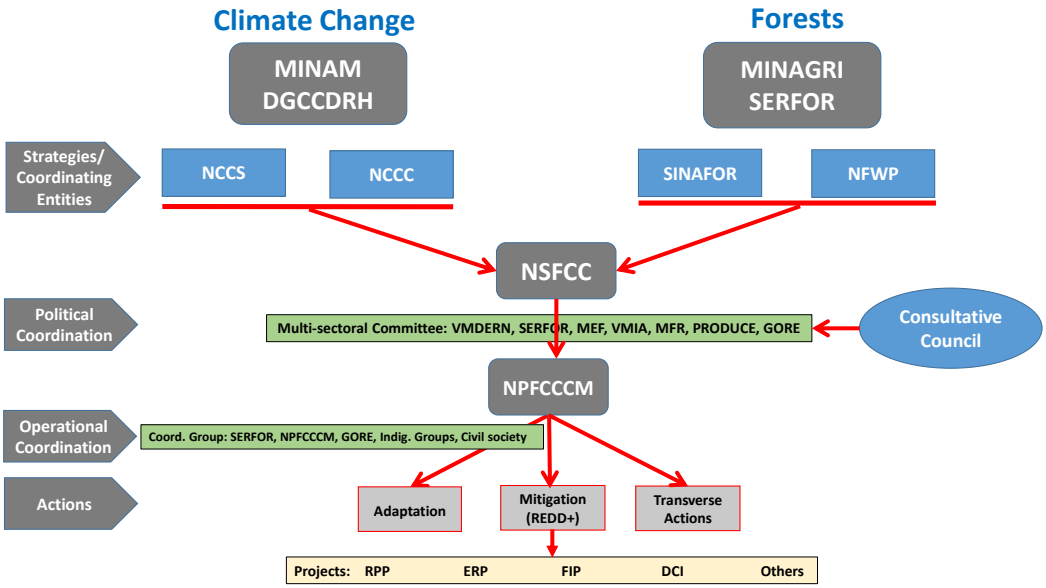
4.1. Indicator 1: Organization, accountability, and transparency of REDD+ management at the national level

The NSFCC/REDD+ was jointly designed by the NPFCCCM of MINAM and SERFOR of MINAGRI, the two sectors involved in forest and climate change issues. Implementation of the Strategy is led by the NPFCCCM in coordination with SERFOR and the members of the Multi-sector Committee (Figure 4), which also serves as the Steering Committee of the R-PP. Currently, the study on the role and functions of the REDD + National Authority in Peru is being developed, including the analysis of institutional options for exercising them, as well as the complementary legal framework and the management instruments required to achieve an adequate operation on REDD + inside of the MINAM. Emphasis is placed on the role/coordination/function of the national REDD+ authority.

A key component of the NSFCC is the proposed vertical and horizontal coordination of institutions and policies, including REDD+ (Figure 4). Under this scheme, political coordination is guided by the Multi-sectoral Committee, composed of representatives of the Ministries and regional governments, and advised by the Consultative Group composed of representatives of civil society and indigenous organizations. Operational coordination is guided by the Coordination Group, composed of representatives of SERFOR, PNFCCCM, indigenous organizations, civil society, and project representatives. The Multi-sectoral Committee is also articulated with the National Climate Change Commission, whose mission is to coordinate the multi-sectoral management of climate change activities as well as monitoring

the implementation of the National Strategy to Climate Change. This management structure needs to be established, and institutional roles and procedures for internal, as well as vertical, coordination need to be defined and consolidated.

Figure 4. Proposed articulation of climate change and forests in the context of the NSFCC and REDD+.



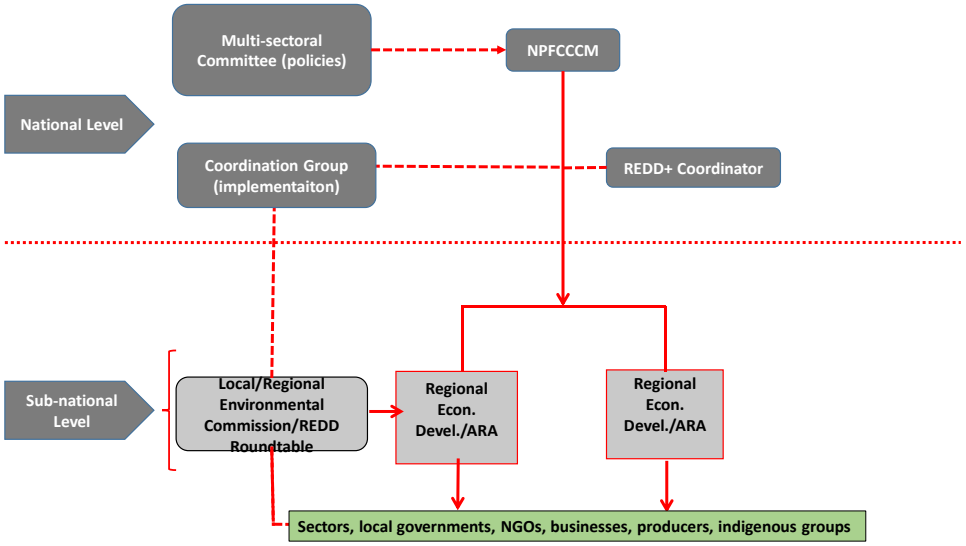
At the regional and local levels, the NSFCC and REDD+ coordinating institutions are the Economic Development Directorates (EDDs) and Regional Environmental Authorities (ARAs) or Natural Resource and Environmental Management of the regional governments, and the Management Committees of the Forestry and Wildlife Management Unit of SERFOR. Elements of the NSFCC/REDD+ will be incorporated in the Regional Concert Development Plans (RCDP), the main planning tool of the regional governments.

Consultation with regards to regional/local REDD+ program design and implementation, decision making, and the monitoring of project activities and achievements is done through the local/regional environmental commissions (LECs), composed of civil society actors and led by the regional governments in each region. Additionally, the LECs provide feedback to the national level in order to assure the flow and integration of information to the national levels and assure widespread support of the Program (Figure 5). In the future, the LECs may assume the role of decentralized REDD+ focal points in regions with significant area of forests. The LECs would be articulated with REDD+ at the national level and would be active in communication, capacity strengthening, and stakeholder participation at the regional scale.

Civil society linkages to the NSFCC/REDD+ include inputs into the Multi-sectoral Committee at the national level and representation in the Coordination Group and in the LECs at the regional level. In addition, REDD+ Roundtables at the national and regional levels include a variety of public, private and civil society representatives. The National REDD+ Roundtable, founded in 2008, is formed by 70 public and private

institutions as well as indigenous organizations, focusing on technical, economic, and legal issues related to REDD+. This has helped form Regional REDD+ Roundtables in San Martin, Madre de Dios, Ucayali, Loreto, and Piura, composed by public and private actors, civil society representatives, including indigenous groups, which have been formally recognized by some regional governments as consultative bodies for REDD+ and climate change issues. At present, these groups are being reorganized in order to respond to the needs identified in the NSFCC and the new Forestry Law and regulations.

Figure 5. Articulation of REDD+ between national and regional levels, including the participation of stakeholders.



Indigenous REDD+ Roundtables also exist at the national and regional (San Martín, Loreto, Madre de Dios, Ucayali and Amazonas) levels and are aimed at sharing experiences and developing policy, strategy, and project proposals involving indigenous groups, under the umbrella Amazonian Indigenous REDD+ proposal (RIA). Indigenous REDD+ Roundtable representatives also participate in the national and regional REDD+ Roundtables. The Indigenous REDD+ Roundtable has contributed significantly to the process of the NSFCC designed; MINAM has agreed to assign resources to RIA as a complement to the NSFCC. REDD+ Roundtables, as well as Indigenous REDD+ Roundtables, at both the national and regional levels, should be re-oriented based on the new NSFCC and Forestry Law.

It should be noted that MEF is a key player at the national level, since it designs, proposes, executes, and evaluates national economic and financial policies and controls expenditures by national, regional, and local governments. Although MEF has a Climate Change Unit, housed with the General Office for Productivity, Competitiveness, and International Economic Affairs, and is represented in the Multi-sectoral Committee, it is generally perceived as a neutral actor within REDD+ due partly to the bureaucratic procedures of the National Public Investment System (SNIP) required to access funds, and the limited advances related with forest valuation, ecosystem services, and carbon markets. This situation

could change due to changes in the government, but nonetheless, greater effort is needed in order to more fully educate and incorporate MEF within the REDD+ and climate change framework.

Coordination of REDD+ between the national and regional levels is critical, since the regional governments are responsible for territorial (including forests) zoning and planning, assigning rights to forests, and controlling the use of forests and wildlife, as well as general economic development of the regions and its impact on forests. Although there is evidence of a more inter-sectoral and territorial based focus and planning within various regional governments (such as San Martin and Ucayali), as well as greater capacity, the regional governments suffer from inadequate budgets and trained personnel and continue to be a weak managerial link in the REDD+ planning and implementation chain, despite orientation and training provided by MINAM and MINAGRI. Greater donor support as well as a focused program of coaching are needed in order to upgrade the capacities of the regional governments.

Coordination with civil society, via the participation and consultation of stakeholders, a grievance feedback and redress mechanism, and instruments for accessing and dissemination information to the public are addressed in sections 4.6 and 4.9 below. Nevertheless, it should be noted that greater efforts should be made to incorporate the private sector in consultations at the national and regional levels; a more constant presence in the regions may be needed.

Indicator 1. Organization, accountability and transparency.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	Good progress has been made in the formulation of the NSFCC, which incorporates REDD+. Clear lines of authority, multi-sectoral leadership, and multi-sectoral collaboration and civil society representation in decision making, coordination, and supervision at multiple levels are being established in order to improve overall management of REDD+ as well as accountability and transparency. As this management system evolves, greater efforts are needed to refine and consolidate management organization and procedures at the national level, vertical coordination, reorientation of REDD+ and Indigenous REDD+ Roundtables, coordination mechanisms and participation by civil society, strengthen capacities of regional governments, and obtain greater buy-in from MEF.			

4.2. Indicator 2: Operating mandate and budget

The Directorate General for Climate Change, Desertification and Water Resources - DGCCDRH, has been designated by MINAM as a REDD+ focal point to the UNFCCC, and the PNCBMCC is responsible for implementing the NSFCC/REDD +.

Operationally, REDD+ will be overseen by the REDD+ Coordinator, under the leadership of the REDD+ focal point (NPFCCCM or the National REDD+ Authority)). The Coordinator will be responsible for coordinating, implementing, and supervising all REDD+ activities, as well as interfacing with the regional level.

Although political leadership of the NSFCC/REDD+ occurs in close collaboration with other sectors, especially SERFOR, operations and budgeting are less coordinated. Although the NPFCCCM and SERFOR have different institutional mandates, since 2015 they have been coordinating their budgetary programs in order to increase complementarity and avoid duplication. Despite this coordination, it is still difficult to assess holistically the availability of funds for REDD+ related activities, how those funds are used, the magnitude of financial needs, or whether key actors have access to full financial information.

Within this context, it should be noted that SERFOR and activities for regional government strengthening have received only a fraction of the public funds solicited and are under-budgeted. This situation may be transitory, due to the relatively new programmatic focus and leadership of SERFOR resulting from the new Forestry and Wildlife law and regulations, reflecting a "wait-and-see" attitude on the part of MEF. In the meantime, however, the ability of SERFOR to make meaningful progress in the establishment of enabling conditions for reducing deforestation is compromised.

Although public funding for REDD+ related or forest based activities has increased in recent years and may be indicative of increasing financial sustainability, the incremental cost of LULUCF mitigation measures contained in the NDCs is estimated at approximately $4.7 billion during the period 2016-2030, of which approximately a third ($1.7 billion) is estimated to come from the GOP or international cooperation[10]. Currently, four line items of Peru´s public budget contribute approximately $78 million annually, equivalent to $1.17 billion for the period 2016-2030, assuming constant annual investments, but not all these investments contribute directly to REDD+. As a result, a financial gap for REDD+ exists.

International cooperation has filled much of this gap. Peru has had the good fortune, product of its large expanse of relatively untouched tropical forests, to attract large amounts of international donor funds for REDD+, but this financial assistance has complicated the budgeting process, since new incomes sources are frequent, donor requirements are varied, the timing of funding is unpredictable, the process for establishing priorities are largely donor-driven, and thematic gaps or overlaps among projects occur. As a result, although fund management to date has been adequate, fund management and reporting has grown more complex, which has potentially negative impacts on the planning and management of personnel, equipment, and information in the future.

In the future, the coordination and focus of international assistance, as well as the articulation of this assistance with public entities active in the forestry sector, should be improved by implementation of the NSFCC, which indicates clearly the priorities for REDD+ and forest-based climate change activities. However, public investment as well as international cooperation in relation to REDD+ financing may be inadequate.

This potential shortfall may be covered by continued or increased international assistance or market-based mechanisms that generate funds that can partially cover the costs of REDD+ implementation, but

[10] MINAM (2015). http://www.minam.gob.pe/wp-content/uploads/2015/06/contribucion-NDC21.pdf

the viability and adequacy of these funding sources is uncertain. Clearly, contingency plans need to be formulated for managing potential budgetary short-falls in the future.

Indicator 2. Operating mandate and budget.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	MINAM has a clear mandate for political leadership of the NSFCC/REDD+ and coordination with SERFOR has been well, but operational coordination needs to be improved. At present, gaps in public financing for REDD+ have in part filled by international donors, however, some activities, especially those related with regional government strengthening, forest plantations, and enforcement of land use, are under-budgeted. Budget coordination between the NPFCCCM and SERFOR has greatly improved, but budgeting is still complex, due to different institutional agendas and the large amounts of international cooperation. Although largely adequate at present, there are questions whether future public funding and international cooperation are sufficient, especially in light of the change in government or policies. Contingency plans need to be formulated for managing potential budgetary short-falls in the future.			

4.3 Indicator 3: Mechanisms of multi-sectoral coordination and collaboration

As mentioned in the introduction to section 4, the NSFCC/REDD+ is part of a multi-sector strategy for contributing to Peru´s international climate change commitments (the NDCs). As such, it contributes to national development policies and multi-sectoral coordination, improves territorial planning and development at the regional level, and sustainable economic development and social inclusion, especially of indigenous groups, at the local level. It may also help increase economic opportunities as well as reduce the carbon footprint of export products, thus increasing their competitiveness in markets that value that characteristic.

The multi-sectoral and public-private sector coordination and collaboration needed in order to achieve Readiness and implement REDD+ is formalized in a number stakeholder groups for REDD+ consultation, governance, and supervision at the three government level: national, regional, and local (see also sections 4.6 - 4.8). These include the Multi-sectoral Committee for policy coordination and the Coordination Group for the national coordination of REDD+ implementation, the REDD+ and Indigenous REDD+ Roundtables at the national level, and the LEC and Regional REDD+ and Indigenous REDD+ Roundtables at the sub-national level.

The REDD+ Roundtables and Indigenous REDD+ Roundtables at the national and regional levels are important mechanisms for participation and consultation and both national Roundtables participate in

the REDD+ Consultative Group. The Roundtables are considered a principal mechanism for executing the PPIA and the NSFCC, especially the reference levels, SESA and MRV. During Readiness, various mechanism were implemented to increase the technical and financial strengthening of the REDD+ and Indigenous REDD+ Roundtables at the national and regional levels. However, due to the new Forestry Law and regulations and the recent approval of the NSFCC, the REDD+ and Indigenous REDD+ Roundtables need to be reorganized and reoriented.

Within these coordination mechanisms, the private sector has been under-represented, especially considering its importance for investments and innovation in the mitigation of GHG emissions from the LULUCF sector. In the future, a plan needs to be developed for increasing the active presence of the private sector in REDD+ consultation and planning processes.

Indicator 3. Multi-sector coordination and collaboration.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	REDD+ institutional arrangements include multi-sectoral participation and collaboration at the national, regional, and local levels and contribute to national development policies and multi-sectoral coordination, improve territorial planning and development at the regional level, and sustainable economic development and social inclusion, especially of indigenous groups, at the local level. In the future, these institutional arrangements need to be monitored; the REDD+ and Indigenous REDD+ Roundtables need to be reorganized; and more needs to be done to increase the participation of the private sector in REDD+ consultation and planning, given the importance of this group for mobilizing investment and innovation to mitigate GHG emissions from the LULUCF sector.			

4.4. Indicator 4: Technical supervision capacity

MINAM coordinates REDD+ at the national level; at the regional level this task can and in some cases is carried out by the Regional Environmental Authorities (ARA) or Directorates of Natural Resources Management. Operationally, the supervision of the implementation of projects and programs by NPFCCCM is the responsibility of the Programs and Inversion Projects Area Coordinator.

The NPFCCCM has the following technical capacities related to the management of projects and international cooperation:

- Program and Projects Area.
- Technical Assistance Area.
- Area of Promotion of Sustainable Productive Systems.

These Areas are complemented by thematic groups in the areas of participation and consultation, safeguards, and forest monitoring, where the majority of the personal of the NPFCCM are employed. At present, the readiness projects and consultancies are under supervision by NPFCCCM staff. Additionally, there are 24 persons dedicated to coordinating or supporting the implementation of REDD+ in the NPFCCCM.

Within SERFOR, REDD+ related activities include: ecological restoration, promotion of ecosystem services, integrated territorial management, community forest management, forest concession management, forest land use planning and zoning, and forest and logging control. However, there is no team or area dedicated specifically to REDD+. Climate change related themes are addressed horizontally by the Climate Change Technical Group, composed of specialists from each of the four SERFOR directorates.

At the regional level, the ARAs/National Resource Management Directorates are concerned with the environmental aspects of integrated territorial planning and development, and as a result, collaborate closely with the Economic Development Directorates (EDDs) within the regional governments and the Management Committees of the Forestry and Wildlife Management Units of SERFOR. Nevertheless, technical capacity related to REDD+ is limited in all of the regional governments.

Although Peru has made great strides in technical progress and supervision of REDD+, a number of gaps are evident. Perhaps most importantly, at present there is no national REDD+ Coordinator in charge of the operational coordination of REDD+ who can effectively integrate individual projects as well as technical units. This gap is in the process of being filled, but will need to be consolidated and operationalized. A REDD+ monitoring and evaluation (M&E) system is needed for compiling and tracking information on overall REDD+ goals, projects, activities, resources, and persons/institutions responsible; project-based information (goals, activities, budgets, chronograms, actors); and the characteristics of emissions reductions. Operative responsibility for M&E of Readiness it is of the MINAM.

At the regional level, there is a need to strengthen the technical capacities of the regional governments, especially with regards to improving overall REDD+ organizational and technical capacity and inter-institutional coordination.

Indicator 4. Technical supervision capacity.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	MINAM is responsible for REDD+ operations and for overall technical supervision at the national level. At the moment, exist the Area of Programs and Inversion Projects at NPFCCCM responsible for technical supervision and the operative budget of REDD+ projects. At the regional level this role is performed by the Regional Environmental Authorities (ARA) or Regional Directorates of Natural Resource. At the national level, technical capacities are adequate, and coordination is under the Vice Minister for the Strategic Development of Natural Resources. An M&E system is also needed for compiling and tracking information on REDD+ projects. At the regional level, organizational and technical capacities need to be improved.			

4.5. Indicator 5: Funds management capacity

The NPFCCCM is presently involved in managing or overseeing 4 Readiness projects with a budget of approximately $21 million. In addition, there are 5 other REDD+ related projects with a budget of $88.5 million that are managed and overseen by a variety of institutions and donors (Table 2). As a result, the responsibility for the financial and administrative management and supervision of these projects is dispersed among donors, donor agents, or the financial administration of the NPFCCCM and MINAM, which makes financial management difficult.

Within the NPFCCCM, the Finance and Administration; Planning, Monitoring and Evaluation; and Legal Areas of the NPFCCCM assist with project and fund administration. In the case of funds from FCPF, financial management procedures are based on the operational procedures of the IADB. In the latter case, financial reports are prepared on a semester basis, but an external audit of the R-PP will be performed only in the last semester of the project (2017).

In the case of the other REDD+ related projects, financial management procedures and requirements differ, which make it difficult to obtain a holistic view of the availability and management of REDD+ funds. Moreover, existing government and donor bureaucracies have caused delays in procurement processes, translating into delays in the implementation of some activities of the R-PP and REDD+ projects. There is clear need for simplifying and unifying measures used for financial management.

To date, overall financial management has been adequate. Internally, however, financial information may not be complete, up-to-date, or coordinated. Moreover, future budget increases would increase the demands on the current system, which currently appears to be near full capacity.

Clearly, contingency plans need to be formulated for managing larger budgets in the future; better management systems, including a central data base incorporating financial information on REDD+ and

forestry projects or activities implemented by NPFCCCM and other institutions, such as SERFOR or the regional governments, are needed. At the very least, a centralized financial registry or data base is needed.

Financial information is accessible to the public, as stipulated by the law on access to public information, although it may not be up-to date. Requests for proposals and consultancy opportunities are published in newspapers and on web sites. Financial reports are published on a semester and annual basis. MINAM and SERFOR maintain web sites and respond to public queries received by email or other media.

Indicator 5. Funds management capacity.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	Current financial management results are adequate, but management systems need to be improved, especially if budgets and/or funding sources increase in the future. Contingency plans need to be drawn up for dealing with this scenario and financial information management systems, including a central data base of forestry projects or activities implemented by SERFOR and the NPFCCCM is needed. A centralized financial data base is needed.			

4.6. Indicator 6: Grievance feedback and redress mechanism

The design and implementation of REDD+ and its safeguards requires ongoing feedback from stakeholders. Feedback procedures should allow for diverse forms of communication, to allow for oral methods for reporting grievances. The inclusion of a feedback and grievance mechanism will help in resolving disputes as well as ensuring transparency.

The grievance feedback and redress mechanism should operate at the national, subnational and local levels, be transparent, impartial, and have a clearly defined mandate, adequate expertise, and resources. In addition, potentially impacted communities and people should be aware of, and have access to, the mechanism, which should be responsive to feedback and grievances.

Peru has yet to implement a feedback and grievance redress mechanism, although a prototype, the "Mechanism for Citizen Services" (MAC) is in the final stage of development. This mechanism will be specific for REDD+ and will receive oral, written or electronic complaints. It will incorporate the existing standard embodied in the PPIA guidelines for access to public information and the agreement between the MINAM and the Office of the Ombudsman to jointly prevent and resolve socio-environmental conflicts. The grievance redress mechanism will be based on existing operational capacity in order to maintain costs low.

Indicator 6. Grievance feedback and redress mechanism.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	The mechanism is in the final stages of development and has not been implemented. The mechanism should be based on existing institutional mandates and operational capacity.			

4.7. Indicator 7: Participation and engagement of key stakeholders

Within the framework of the new Forestry and Wildlife Law, the National Forestry and Wildlife Commission (CONAFOR) is SERFOR's advisory body on participation, consultation and exchange of information on the national forestry and wildlife policy. CONAFOR maintains coordination with SINAFOR member institutions and consultation spaces at the regional level. It is made up of specialists from state and civil society organizations linked to forestry and wildlife. It includes representatives of regional governments; of provincial and district municipalities and those located in rural areas; Organizations of indigenous peoples, etc. These mechanisms are oriented towards the participation of all citizens, under the principles of good governance. In the case of indigenous peoples, the Prior Consultation Law provides additional guarantees focused on this group. The participation of the actors is also foreseen in the Working Group of the National Commission on Climate Change and the Multisectoral Committee.

Engagement and consultation of potential REDD+ stakeholders began in 2011, as part of design process of FIP, and later as part of the Readiness proposal process. This process included a broad spectrum of civil society, indigenous organizations and the public sector, and was carried out in a transparent manner and in accordance with the laws of Peru and the safeguards of the multilateral development banks. The Plan for the Participation of Actors used initially by the FIP was subsequently adapted and actualized for the REDD+ Readiness implementation and the design and implementation of the NSFCC.

The R-PP identified information access and dissemination, consultation, and training, especially of indigenous peoples, as key themes. In response, consultations were carried out with AIDESEP, CONAP, and other indigenous organizations and these recommendations were incorporated in the FIP Plan for the Participation and Involvement of Actors to form the prototype Stakeholder Engagement Plan (PPIA), a formal mechanism for participatory design and prior consultation used during the Readiness and NSFCC preparation processes; it will also be used during the implementation of the NSFCC in the future.

The PPIA is designed to ensure effective participation and the incorporation of civil society priorities in three key processes: (i) the formulation of the NSFCC, (ii) the design of the implementation framework of the Strategy, and (iii) the approval of the reference level, and the design of the MRV system. Within the PPIA, various actors have been identified and characterized in function of their involvement with forests and their potential roles in REDD+ in order to better define strategies for their participation. This characterization is shown in Table 5.

Table 5. Characterization of potential stakeholders in REDD+.

Type	Actors	Roles in REDD+
1: Actors whose lifestyles depend directly or indirectly on forests.	• Indigenous and *campesino* communities. • Organizations representing indigenous peoples • *Campesino*/farmer organizations. • Other social groups dependent on forests without formal rights. • Executors of Contracts of Administration in the Communal Reserves of SINANPE.	Contribute to good local forest governance. Assure respect for collective and individual rights. Strengthen local management, including the conservation, of forests under their charge.
2: Actors with specific roles related to the governance, administration, management and control of forests and forests goods and services.	• Public entities that transfer rights to forests. • Public entities that supervise and enforce rights over forests (OSINFOR, OEFA, SERFOR, FEMA). • Public entities with roles related to titling and forest planning and zoning. • Public entities (national, regional and local) that design and implement policies that impact forests. .	Strengthen public management, administration, and supervision of forests, thereby contributing a better REDD+ governance.
3: Private sector actors and organizations whose economic activity is directly or indirectly relation to forests and REDD+.	• Businesses of various sizes that operate on the forest margins, whose economic activities are associated with the drivers of deforestation. These include businesses or economic agents and their organizations that are active in different links (primary production, product stockpiling, processing and exportation) of the productive chains of agricultural commodities (coffee, cocoa, oil palm) and livestock. • Businesses or economic agents of diverse sizes that operate within forests or on forest margins in value chains related to tourism, timber, non-timber forest products, and others. They may or may not have assigned rights. • Private companies with the potential to invest in forest conservation. • Businesses that are indirectly linked with deforestation and/or forest degradation via the commercialization of products that enable the functioning of value chains within forests or on forest margins that result in deforestation or forest degradation.	Foment productive economic activities that have positive effects on the reduction of deforestation and forest degradation.
4: Actors with linkages to early REDD+ initiatives.	• Indigenous and *campesina* communities involved in REDD+ projects. • Proponents of early REDD+ initiatives. • Promoters of initiatives.	Contribute to the reduction of GHG emissions stemming from deforestation via strengthening of REDD+ governance.
5: National and international cooperation.	• Sources of official international financial cooperation and investment focused on forest related themes. • Sources of private international financial cooperation focused on forest related themes. • NGS that offer training and technical assistance to actors along agricultural values chains or those based on forest biodiversity. • National Institutions that administer and/or execute funds for forest conservation and/or assistance related to the competitiveness and sustainability of agricultural value chains.	Establish collaborative alliances and synergies for forest conservation and REDD+.
6: Academic and/or research institutions related to forest conservation and REDD+.	• Universities, institutes, and other research organizations that work on themes related to REDD+. • Research institutions that contribute to technological innovation of agricultural value chains or those based on forest biodiversity.	Capitalize knowledge, innovation, and technology to optimize processes associated with REDD+.

At the regional level the PPIA is used to activate and strengthen synergies and interactions between the decentralized entities of the MINAM, the MINAGRI, the CIAM, regional (especially the Economic Development and Environmental Directorates) and local governments, indigenous organizations, and private institutions that are directly and indirectly involved in forest management and REDD+.

With regards to indigenous peoples, the PPIA establishes mechanisms for the participation of indigenous peoples in decision making processes, including the planning, implementation, monitoring and evaluation, and generation of reports on REDD+ measures that involve indigenous peoples. It incorporates the following principles and guidelines, recommended by indigenous groups, which should be followed during the processes of participation and consultation:

- Access to information, justice, and transparency
- Participants act in good faith
- Respect for the rights and cultural diversity of the actors
- Inclusiveness and representativity
- Effective governance
- Equality and gender equity
- Interculturality

The consultation and participation of indigenous groups is conducted in accordance with both national (Law No. 29785) and international regulations (ILO Convention 169). In addition, AIDESEP and CONAP are members of the Multi-sectoral Committee and Coordination Group at the national level, and indigenous groups participate in the Local Environmental Commissions at the regional and local level and in the REDD+ and Indigenous REDD+ Roundtables. The REDD+ and Indigenous REDD+ Roundtables are also represented in the Central Coordination Group of the PPIA.

During the year-long consultation and feedback process related with the preparation of the NSFCC/REDD+, 761 actors participated in the various phases, including 154 representatives of indigenous organizations (Table 6).

Table 6. Stakeholder participation in the various phases of preparation of the SNFCC/REDD+.

Strategic Stakeholders	Phase of Preparation				Total
	Preparatory	Informative	Dialogue-Feedback	Final Inputs	
Regional governments	29	80	66	0	**175**
Indigenous and campesino organizations	3	46	83	22	**154**
Civil society	17	77	84	0	**178**
Business associations	8	54	32	0	**94**
Independent persons	0	1	1	0	**2**

National and regional representatives of the Multisectoral Commitee	14	80	60	4	**158**
Total	**71**	**338**	**326**	**26**	**761**

A training component has been established to strengthen the capacity of actors, including indigenous groups, in REDD+ consultation and participation. A consultancy is presently under way in order to strengthen capacities and develop a REDD+ communications plan for indigenous groups and other local actors and the formulation and use of regional reference levels. The objectives are: 1) design and implement a training plan in order to contribute to the informed participation and effective involvement of relevant actors, 2) design and implement a REDD+ Communications Plan, and 3) contribute to the establishment of spaces for the participation and involvement of actors that favor REDD+ governance. The consultancy is placing special emphasis on the participation of AIDESEP and CONAP as well as 4 subnational centers: Loreto (Iquitos); Amazonas – San Martin – Yurimaguas; Pucallpa and Atalaya; and Madre de Dios.

Although the Readiness and FIP processes include a great variety of government and civil society stakeholders, and have given special attention to indigenous peoples, the private sector has been under-represented in the stakeholder engagement process, especially considering its importance for investments and innovation in the mitigation of GHG emissions from the LULUCF sector. In the future, a plan needs to be developed for increasing the active presence of the private sector in REDD+ consultation and planning.

Indicator 7. Participation and engagement of key stakeholders.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	The Readiness process has included a wide variety of stakeholders at the national and subnational levels, with special emphasis placed on indigenous groups. This process was guided by the Stakeholders Engagement Plan (PPIA), a formal mechanism for participatory design and prior consultation, which has been continually updated. In the future, the PPIA should guide the participation of the stakeholders in the processes related with the implementation of the NSFCC and the approval of the reference level, and the design of the MRV system. As mentioned in section 4.3, in the future, more needs to be done to increase the participation of the private sector in REDD+ consultation and planning, given the importance of this group for mobilizing investment and innovation to mitigate GHG emissions from the LULUCF sector.			

4.8. Indicator 8: Consultation processes

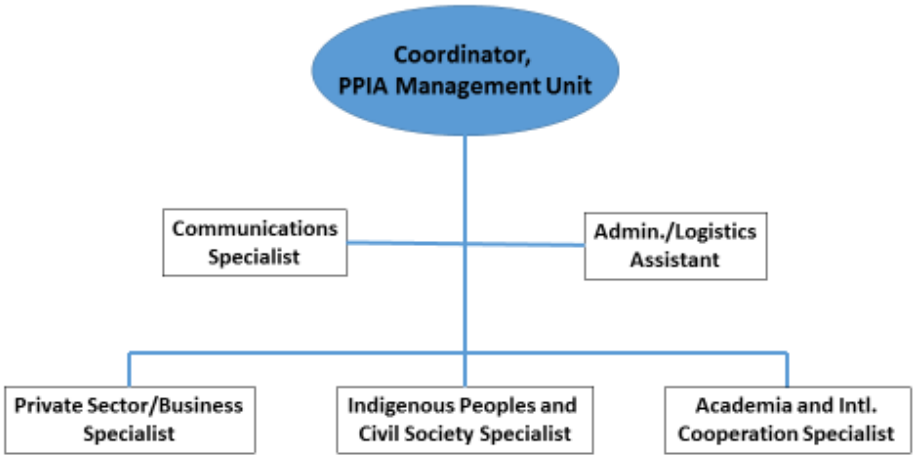
The Readiness consultation process is guided by the Stakeholders Engagement Plan (PPIA), and uses four mechanisms for consulting and sharing information with stakeholders at both the regional and national levels, with special emphasis afforded to indigenous groups: 1) public workshops which included the participation of the Natural Resource and Environmental Management Office of the Regional Governments, representatives from the productive sectors, heads of Protected Natural Areas (ANPs), representatives of local governments, local and international NGOs, the private sector, and representatives of indigenous peoples; 2) REDD+ Roundtables, composed of around 70 public and private institutions; 3) coordination with Inter-ethnic Association for the Development of the Peruvian Forest (AIDESEP) and the Confederation of Amazonian Nationalities of Peru (CONAP) indigenous organizations and the Indigenous REDD+ Roundtable; and 4) a web page for receiving public input.

Up to 2014, 40 events were held (23 for the R-PP and 17 for the FIP) and included the participation of more than 1,000 people. Between 2014 and the present date, the construction and consultation of the NSFCC has included 60 events, including macro-regional and regional workshops, 9 technical meetings, and national meetings, and a web site was created to receive public inputs. As a result, more than 1100 comments or suggestions have been received from more than 80 local, regional, or national government or private entities, 159 experts, or the general public. Public entities closely participating in the Strategy consultation process included: the National Center for Strategic Planning (CEPLAN), the National Natural Protected Areas Service (SERNANP), the National Commission for Development and Life Without Drugs (DEVIDA), and the SERFOR.

In order to assure the participation of remote indigenous groups, methodologies adapted from the FIP process are used. These include holding meetings, convoked by the regional organizations of AIDESEP and CONAP and attended by ERP personnel, in centralized locations accessible to remote indigenous groups and the use of local interpreters and materials produced in local languages.

In the future, the implementation of the PPIA will be responsibility of NPFCCCM that will coordinate with the REDD+ components. The Management Unit team will consist of a coordinator, a communications specialist, articulators with the business/private sector, indigenous peoples and civil society, academia/international cooperation, and a logistics/administrative assistant (Figure 6). The articulators of these areas will serve as channels for consultation and communication with stakeholders and provide direction, coordination, follow up, and technical advice to REDD+ at the national level. At the regional or local level, the LECs will also provide information and feedback to the national level in order to ensure the flow of information between the hierarchical levels and ensure broad-based support for the program.

Figure 6. The PPIA management structure.



Indicator 8. Consultation processes.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	The PPIA has been used as a formal mechanism to guide the participation and engagement of key stakeholders, especially indigenous groups, and is continually updated. Mechanisms used have included public workshops, REDD+ Roundtables, coordination with indigenous groups and the Indigenous REDD+ Roundtable, and a web page for public input. Indigenous consultations use local interpreters and materials produced in local languages. Other formal participatory mechanisms include membership of key stakeholders in REDD+ management structures at the national and subnational levels. Up to 2014, 40 events were held (23 for the R-PP and 17 for the FIP) and included the participation of more than 1,000 people. Between 2014 and the present date, the construction and consultation of the NSFCC has included 60 events, including macro-regional and regional workshops, 9 technical meetings, and national meetings, and a web site was created to receive public inputs. As a result, more than 1100 comments or suggestions have been received from more than 80 local, regional, or national government or private entities, 159 experts, or the general public. In order to continue the consultation process in the future, the new management structure proposed by the PPIA needs to be implemented, consolidated, and monitored.			

4.9. Indicator 9: Information sharing and accessibility of information

With regard to information access and dissemination, during the Readiness proposal preparation and implementation processes various events were held to identify and prioritize relevant issues. The design of the information component incorporates the following recommendations from Amazon Indigenous REDD+: a) specific concerns for communicating information to indigenous peoples, b) the establishment of adequate conditions for open dialogue, c) respect for the customs and uses of the indigenous peoples, and d) inclusion of indigenous institutions in communication structures and instruments.

A number of platforms exist for information dissemination to the general public. A pilot version of the REDD+ Registry was recently made available (see section 5.12). The objective of the REDD+ Registry is to generate, administer, and publish information related to the reduction of emissions of GHG due to the implementation of eligible REDD+ activities.

MINAM established of INFOCARBONO platform in order to reinforce national transparency related with the reporting of sectoral GHG emissions by public institutions. INFOCARBONO will enable the rapid updating of (GHG emission) reports and inventories, and will make this information available to the public. It will also contribute to the transparency of emission estimations and will contribute to the development of policies, strategies, and plans focused on inclusive, competitive, and low carbon growth. Information for INFOCARBONO from the LULUCF sector will be provided by the REDD+ Registry, which will contain data on REDD+ projects and activities, baselines, emissions reductions, and transactions.

In addition, the System for the Estimation of GHG Emissions (SEEG) Peru is a platform from civil society and academic institutions (the Center for Conservation Data of the National Agrarian University La Molina, with financing from AVINA), whose purpose is to generate estimations of GHG emissions. Data, methodological notes, analytical documents, and the evolution of emissions are available on-line and are accessible to the general public (http://pe.seeg.global/).

There are also a number of web sites maintained by government entities or stakeholders that disseminate information on REDD+ activities, programs, and results:

REDD+ Registry: http://mer.markit.com/br-reg/public/peru/index.jsp#/registry
INFOCARBONO/MINAM: http://infocarbono.minam.gob.pe/
Bosques en tus manos: http://www.bosques.gob.pe/
REDD UNFCCC: http://redd.unfccc.int/
UN REDD: http://www.un-redd.org/
FCFP: https://www.forestcarbonpartnership.org/
CIF: http://www-cif.climateinvestmentfunds.org/
AIDESEP: http://www.aidesep.org.pe/
CONAP: http://www.conap.org.pe/

The public institutions also publish a variety of more detailed publications in these areas and also respond to public inquiries received via email or public fora.

Indicator 9. Information sharing and accessibility of information.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	A number of registries and websites with REDD+ related information exist and MINAM and SERFOR publish a variety of technical publications related to REDD+ and respond to public inquiries received via email or public fora. A pilot version of the new REDD+ Registry is now in study inside of NPCCCM.			

4.10. Indicator 10: Implementation and public disclosure of consultation outcomes

At present, a Citizens Service Mechanism (MAC) is under development (see Indicator 6). MAC design takes into account Peru´s legal framework, as well as international references for social and environmental safeguards. Its purpose is to respond to inquiries, complaints, and grievances related to REDD+ and to disclose consultation outcomes.

Indicator 10. Implementation and public disclosure of consultation outcomes.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	A mechanism for responding to and disclosing public consultations is presently under design (see Indicator 6).			

5. Component 2: Preparation of the REDD+ Strategy

This section assesses Peru´s preparation of the National Strategy for Forests and Climate Change (NSFCC) strategy, which includes REDD+ as a principal component of GHG mitigation. The NSFCC contains a deep analysis of key drivers of deforestation, as well as forestry laws, policies, and governance, and activities related to the conservation, sustainable forest management, and enhancement of forest carbon stocks. It identifies shortcomings, barriers, gaps, and past experiences in the above-mentioned areas, and based on that assessment, it recommends potential interventions.

The recently approved NSFCC/REDD+ is aligned with and contributes to compliance of Peru´s international commitments as well as national development priorities. Relevant international commitments include the New York Declaration on Forests, which garners the support of international, national, and civil society stakeholders for 10 ambitious goals including reducing forest loss by half by 2020 and zero net deforestation by 2030; the international Convention of Biological Diversity and the 2011 - 2020 Biological

Diversity Action Plan; and the UNFCCC framework including the Nationally Determined Contributions for reducing GHG emissions.

Peru is also a candidate for the OECD, which incorporates a green growth strategy and framework. Peru has incorporated this focus in its Country Program, which examines policies gaps and analyses, including the status and threats to forests. Peru was also the second country to receive assistance, via five agencies of the United Nations, to transition towards a green economy.

These international commitments are reflected in national plans and management instruments and in the NSFCC. The NSFCC/REDD+ is consistent with and contributes to the implementation of the following national policies and laws: the National Agreement, integrating environmental policy into planning for sustainable development; the Bicentennial Plan for the sustainable use and conservation of natural resources; the National Environment Policy, which links ecosystem conservation with livelihoods and sustainable development; the National Environmental Action Plan, which aims at reducing the deforestation rate on 54 million ha of primary forest, incorporating forests with undefined rights into the forestry classification system, and reducing the vulnerability to climate change; the National Climate Change Strategy; the Multi-annual Sectoral Strategic Plan 2012 – 2016 of MINAGRI; the new Forestry and Wildlife Law and the National Forest and Wildlife Policy; the law of Sustainable Use of Natural Resources which promotes conservation of natural resources and the environment and their sustainable economic use; the law of Conservation and Sustainable Use of Biological Diversity which fosters the conservation of biodiversity and the just and equitable distribution of benefits resulting from its use; the Compensation for Ecosystem Services Law which regulates the establishment of voluntary agreements between diverse public and private actors aimed at compensating actions that maintain or increase ecosystem services, including forest services; and the Law of Informed Prior Consultation (Law 29785), based on ILO Convention 169, which establishes the rights of indigenous peoples to be consulted regarding activities that affect their lands or natural resources. Coordination and articulation of the multi- and inter-sectoral processes affecting deforestation and forest degradation is facilitated by the Policy, Strategy, and Plan for the Modernization of Public Management of the Presidency of the Council of Ministers (PCM).

The Strategy also represents an important contribution to national development priorities. It operationalizes the National Climate Change Strategy and is an important step in aligning Peru with the philosophy of green growth, a prerequisite for membership in the OECD. At the national level, the NSFCC/REDD+ will help the GOP achieve consensus regarding the use of forests and climate change and their importance for development and will contribute significantly to national efforts to reduce emissions resulting from deforestation and forest degradation while increasing competitiveness, within a framework of sustainable economic development and social inclusion. Furthermore, it provides a stimulus for the establishment of a system of payments for ecosystem services at the national level (the Peru Forest and Climate Fund, presently being designed) and will facilitate the participation of the country in similar systems at the international level in the future.

The National Strategy for Forests and Climate Change (NSFCC) was approved in July 2016. It constitutes a notable effort to elaborate Peru´s commitment to reduce deforestation and climate change and to low

emissions development. In this sense, the Strategy is closely related to Peru´s NDC, the National Communications to the UNFCCC and the development of NAMAs.

The NSFCC is framed within the National Climate Change Strategy (NCCS), the guiding document for all policies and climate change-related activities in Peru for the three levels of government. Under this framework, the Ministry of Environment (MINAM), through its General Directorate for Climate Change, Desertification and Water Resources (DGCCDRH), is the focal point of the UN Framework Convention on Climate Change (UNFCCC) as well as REDD+.

The NSFCC is also aligned with the processes for national planning by the National Center for Strategic Planning (CEPLAN) (principally the Bicentennial Plan: Peru 2021), the National Forest and Wildlife Policy, the plans and policies of the regional governments, the plans of other sectors, and international cooperation on forest and climate change issues. It will also orient regional goals considered in the regional consensual development plans.

The NSFCC seeks to integrate policies, actors, and actions related to the management of sustainable forest landscapes in which REDD+ is integrated with climate smart, sustainable agricultural activities. Technical leadership of the Strategy is housed in the MINAM, in tight coordination with other public institutions, especially SERFOR of MINAGRI, the regional governments, and other interested stakeholders.

The Strategy incorporates the early experiences of the design of the FIP and a long consultation process with stakeholders. The design included a plan for inclusive participation of actors at the national, regional, and local scales that served as the basis for the PPIA of REDD+/NSFCC. As a result, the participation of the Amazonian indigenous organizations AIDESP and CONAP in the FIP Steering Committee subsequently enabled their effective participation in the design and implementation of the FIP Project Idea as well as the final version of the R-PP and the NFSFCC. The design of the FIP Project Idea also focused on the analysis of drivers of deforestation in 3 key Amazonian regions, the formulation of reference scenarios, the formulation of a REDD+-based strategy, and the identification of potential REDD+ interventions that subsequently informed the formulation of the NSFCC/REDD+. Unfortunately, continued collaboration between FIP and the R-PP has been made difficult by the slow progress of the FIP in project design, which has been recently overcome by the re-initiation of the process.

The overall objective of the NSFCC is to reduce forest loss and degradation, and thereby the GHG emissions of the LULUCF sector, and improve the resilience of the forest landscape and human populations dependent on these ecosystems, with special emphasis on indigenous peoples and rural dwellers, in order to reduce their vulnerability to climate change. The overall objective translates into two specific objectives: the mitigation of GHG emissions from the LULUCF sector and an increase in adaptation and resilience to climate change. Table 7 below summarizes the relationship between the Strategy´s objectives and strategic actions.

Within the NSFCC, REDD+ is a principal mechanism of GHG emission mitigation by contributing to efforts to reduce deforestation and forest degradation via five eligible activities related to Strategic Actions 1.2-1.5 as well as the transversal actions: (i) the reduction of emissions derived from deforestation, (ii) the reduction of forest degradation, (iii) the conservation of forest carbon stocks, (iv) sustainable forest

management, and (v) the increase of forest carbon stocks. These measures are oriented towards the indirect and direct drivers of deforestation, form part of an integrated forest landscape approach and are aimed at low emissions rural development. In this context, REDD+ is viewed as an instrument that stimulates the application of public policies and civil society actions that reduce deforestation via financial transfers that form the basis for results-based payments.

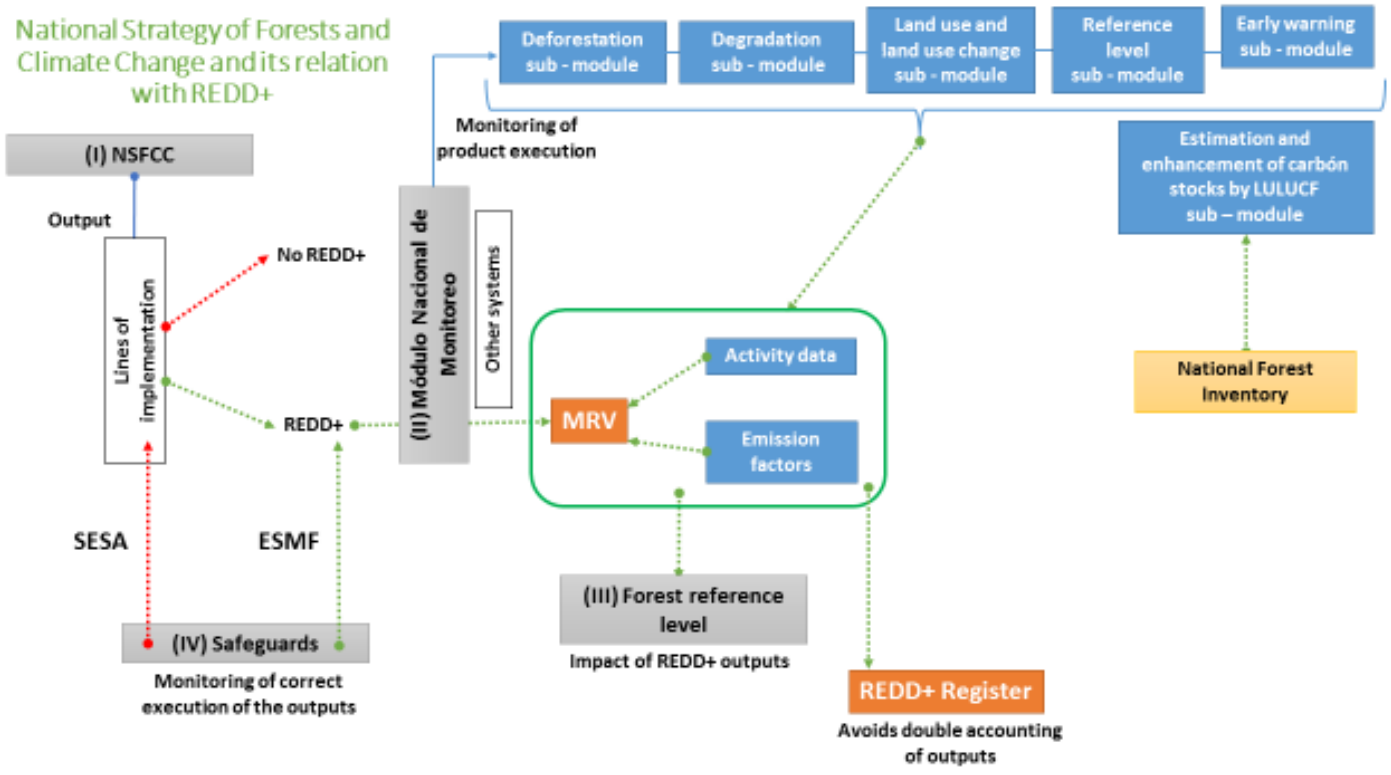
Table 7. Specific objectives and strategic actions of the NSFCC.

Specific Objectives		Strategic Actions	Transversal Actions
SO1: Reduce GHG emissions from the LULUCF sector.	**SA1.1**	Promote sustainable, competitive, and climate smart agriculture and livestock raising that reduce the pressure on forests.	Support actions: institutionality, governance, legal framework, financing, capacity development, and communications
	SA1.2	Increase the value of forests via SFM and other activities in order to increase their competitiveness compared to activities that generate deforestation and forest degradation.	
	SA1.3	Reduce illegal/informal activities that generate deforestation and forest degradation by strengthening monitoring, supervision, control, and enforcement.	
	SA1.4	Reduce the negative impacts of the expansion of road infrastructure and extractive industries on forests.	
	SA1.5	Complete land use planning, zoning, and the assignment of rights to forests and surrounding areas.	
SO 2: Increase climate change resilience and adaptation of forests and their human populations.	**SA2.6**	Monitor the impacts and foreseeable effects of climate change on forests and local human populations, incorporating the results in national planning.	
	SA2.7	Increase the resilience of forest ecosystems, especially those that are highly threatened and that generate goods and services for local human populations.	

Specific Objectives		Strategic Actions	Transversal Actions
	SA2.8	Decrease the vulnerability of local forest-dependent human populations to climate change by incorporating traditional knowledge.	

Currently, Peru is pursuing a phased approach for the development and implementation of REDD+ requirements (see Figure 7), in which some activities are in a preparatory stage while others are being implemented. Strategic elements (e.g. reference levels or carbon measurement methodologies) are gradually being improved as national capacities increase.

Figure 7. Articulation of the four pillars of REDD+ within the NSFCC.



Some examples of REDD+ actions considered by the Strategy are shown below. However, these actions need to be prioritized for target areas by incorporating results of social and environmental impacts identified as part of the social and environmental strategic assessment (SESA) process (see section 5.13).

- The development and access to "green" markets that value and adequately compensate sustainable forest-based products and zero net deforestation agricultural products
- Agroforestry systems
- Technologies for eco-efficient and climate smart agriculture

- Sustainable forest management and low impact logging
- Community forestry management in line with community aspirations
- Sustainable non-timber forest products, bio-commerce, and ecotourism
- Incentives for forest conservation, such as direct conditional transfers, especially those associated with payments for ecosystem services
- Strengthening of national and regional forest conservation programs
- Strengthening of enabling conditions related to land use (zoning, planning, assignment of rights, monitoring, enforcement)

Despite the progress on Strategy design and approval, the complexity of implementing REDD+ in Peru should be recognized, since it is an evolving concept; involves numerous and diverse participants including indigenous and peasant communities, civil society, regional governments, and several national government entities; and presents a number of complex conceptual and technical issues, as well as the need for social engineering on a broad scale. Lack of conformity among donor requirements for accessing results-based payments contributes an additional level of complexity to REDD+.

5.1. Indicator 11: Assessment and analysis of land use and tenure, forest rights, laws and policies, and governance

The NSFCC presents an in-depth assessment of recent historical land use trends, the status of land use tenure and rights, rights to natural resources, a description of actors and livelihoods related to deforestation and forest degradation, and an analysis of the legal, political, and institutional framework, and forest governance.

The Strategy includes a recapitulation of the international context related to climate change, deforestation, and REDD+ activities and Peru´s participation in the same. It follows with a country analysis, including the economic context, the importance of forests, and deforestation at the national level.

Deforestation of Amazonian forests is treated in-depth, since they comprise the large majority of Peru´s forests and as well as the major source of GHG emissions due to deforestation and forest degradation. Information regarding deforestation of these forests is also more robust than that for other forest formations. The analysis of deforestation is segregated by department or region, as well as the type of land tenure and holder of forest rights. This analysis also includes a detailed assessment of the agents and direct and indirect drivers of deforestation, as well as recent advances in the forest and climate change framework, as they relate to laws, policies, institutions, and REDD+ in Peru.

A major gap in the analysis of forest loss is that of forest degradation, where the definition of degradation, its measurement, and an understanding of its dynamics present major challenges. With regards to measurement, Peru is implementing an indirect methodology (GOFC-GOLD) as well the feasibility of direct

detection via remote sensing. Selection of a method or methods for monitoring degradation, as well as its pilot application, should occur in the latter half of 2016.

The discussion of deforestation in the Andean and seasonally dry coastal forests is more general, due to more limited data than the Amazonian forests, but suggests interventions that can increase knowledge related to the dynamics and management of these forests. Nevertheless, the Strategy highlights that Andean forests are important due to their relation with water supply and quality and the vulnerability of their human populations to climate change. On the other hand, seasonally dry forests are highly threatened by expanding human populations, help control desertification, and are economically important as well as having a high degree of biodiversity. A step-wise approach for improving the information related to deforestation and associated carbon emissions from these forests has been adopted.

Indicator 11. Assessment and analysis of land use and tenure, forest rights, laws and policies, and governance

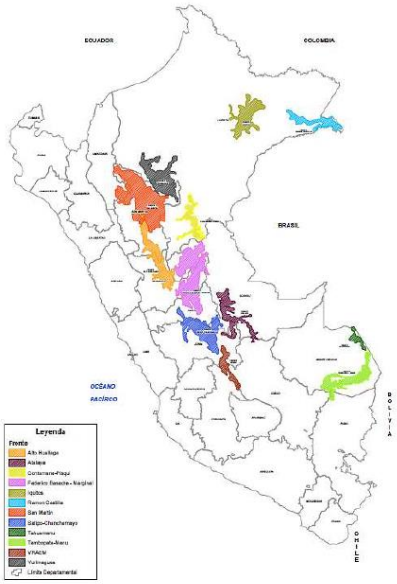
Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	The NSFCC presents a comprehensive assessment of the current state of Peru´s forests, especially in the Amazon, and the agents and direct and indirect drivers of deforestation in the Amazon, including the legal, political, institutional, and economic framework and barriers. The discussion of deforestation in the Andean and seasonally dry coastal forests is more general, due to more limited data than that for the Amazonian forests, but suggests interventions that can increase knowledge related to their dynamics and management. More in-depth assessments of these forests will be carried out in coming years under a step-wise approach. In all forest types, the characterization of the extent and drivers of forest degradation is lacking; plans are underway to address this shortcoming in the case of the Amazon forests; if viable, these methodologies will be extended to the Andean and coastal forests.			

5.2. Indicator 12: Prioritization of direct and indirect drivers of deforestation/barriers of carbon stock enhancement

The NSFCC analyzes the direct and indirect drivers of deforestation and barriers that must be overcome in order to reduce deforestation. Direct causes include agricultural/livestock expansion, illegal activities such as mining, and the expansion of extractive industries and infrastructure projects. These causes are prioritized based on the quantity of deforestation associated with each. Agricultural/livestock expansion is, by far, the most important and is further disaggregated based on the scale of producers. Geographic areas most affected by the direct causes are also highlighted; 12 deforestation “hotspots” or fronts have been identified (Figure 8). Logging is mentioned as a major cause of forest degradation.

Indirect causes are many and are grouped by factors (Table 8). Prioritization of the indirect causes of deforestation is difficult, since they represent structural factors that are difficult to pinpoint locally, and usually act in concert, but their origins and effects at the national and regional level are identified. In this sense, the Strategy emphasizes how political/institutional factors (principally, inconsistent policies, weak forest governance and institutional coordination), economic factors (sub-valuation of forests, opportunity costs of competing land use), and technological factors (limited technical assistance, technology use, and credit) most frequently interact with different actors, primarily small farmers and large agro-industrial landowners, on the forest margins to cause deforestation and forest degradation.

Figure 8. Deforestation fronts in Peru.



Source: FIP Peru, 2014

Table 8. Indirect causes of deforestation organized by type of factor.

FACTOR	CAUSE
Demographic factors	Population growth
	Migration dynamics
Economic factors	Poverty
	Price increases of agricultural products
	International demand for agricultural products
	GNP and Gross Agricultural Added Value
	Economically active population
	Price of gold
Technological factors	Low productivity/profitability/sustainability of agricultural production
	Limited technical assistance/Inadequate technologies

Political/Institutional factors	Legal framework for land titling
	Land tenure
	Forest governance
Cultural factors	Educational level/cultural environment
	Limited knowledge of how to use forest resources

Source: NSFCC (2016)

Indicator 12. Prioritization of direct and indirect drivers/barriers of forest carbon stock enhancement.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	The NSFCC presents a comprehensive overview of direct and indirect drivers of deforestation, and a prioritization of the direct drivers based on associated deforestation. Prioritization of indirect drives is more complex, but the Strategy has identified various combinations of direct and indirect factors that are presently involved in deforestation. In the future, more in-depth analyses need to be carried out in priority areas for interventions.			

5.3. Indicator 13: Links between drivers/barriers whit REDD+ activities

Within the NSFCC, REDD+ represents a major mechanism for reducing deforestation and the Strategy outlines in detail the different sub-components or processes needed in order to conform to REDD+ requirements while addressing the drivers of deforestation. In addition, it presents a business-as-usual (BAU) scenario of deforestation, based on the forward projection of historical data, and a plan for the implementation of the Strategy.

The direct and indirect causes of deforestation are the reference points for formulating Specific Objectives and Strategic Actions of the plan (see Tables 7 and 8). REDD+ activities identified to address the direct/indirect drivers of deforestation are:

- Consolidate the system of conservation and lifestyles of indigenous peoples and other forest dwellers.
- Promote more efficient use of deforested areas via more productive, low carbon agriculture.
- Achieve greater efficiency and sustainability of the harvest of timber and non-timber forest products.
- Establish markets for forest ecosystem services.
- Increase investments in forest and agricultural value chains that are ecologically sustainable, inclusive, and competitive.
- Establish enabling conditions related with land tenure, land use, and forest usufruct rights.
- Generate conditions that facilitate private investment.
- Develop capacities and information for decision-making that incorporate an intercultural and gender focus.

- Improve governance and the transparency and participation of public and private stakeholders, and incorporate an intercultural and gender focus.

Strategic Actions and their operative elements are numerous and need to prioritized and referenced to priority geographic areas. It is assumed that this will be carried out in the context of the design of the FIP, CAF, ER-PD, and other internationally funded projects and the implementation of the Joint Declaration of Intent among Germany, Norway, and Peru.

Indicator 13. Links between drivers/barriers whit REDD+ activities.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	REDD+ is the principal component of the NSFCC for enhancing carbon stocks, and the direct and indirect causes of deforestation are the reference points for formulating Specific Objectives and Strategic Actions for Strategy implementation. However, the latter elements need to prioritized and referenced to priority geographic areas. This will be carried out in the context of major projects upcoming or initiated recently in the Peruvian Amazon as well as the SESA process.			

5.4. Indicator 14: Actions plans to address natural resource rights, land tenure, and governance

In recent years, the regulatory framework required to implement REDD+ has become more complex as a result of its encompassing of: i) strengthening of governance and the technical and operational capacities of regional authorities, local governments, native communities, indigenous organizations, civil society, and private sector; ii) legislation, land titling and registry of property rights; iii) strengthening of instruments for forest land use and management; and iv) the valuation of forest capital, via the Law for Compensation Mechanisms for Ecosystem Services.

Within the NSFCC, Strategic Action 1.5 and Transversal Action 2 (development and application of an adequate policy and legal framework) address natural resource rights, land tenure and governance.

Strategic Action 1.5 is aimed at completing land use planning and zoning and the assignment of land use and natural resource rights, especially in forests with no assigned rights that are responsible for 45% of deforestation. The normative framework is defined by the new Forestry and Wildlife Law 29763, which creates various categories of forest land use with the objective of assuring that forest users have opportunities to legally use forest resources. In this context, effective responses to the demand of indigenous peoples for titling of their communities is a high priority. This action is also oriented towards assigning usufruct rights and identifying those responsible for the management of different units of forest zoning, with special attention to new legal categories of forest use such as “local forests” and concessionary usufruct rights or contracts for activities such as agroforestry. In order to provide a sound basis for these actions, prior analyses of existing rights to land and natural resources; rights-holders; gaps,

ambiguities or inconsistencies in the legal framework; and the identification of zones of conflict are needed.

Action lines include: 1) land use planning and zoning, under the leadership of the regional forest and wildlife authorities and the active participation of indigenous peoples and other forestry actors from civil society; 2) develop specialized information for the zoning and management of Andean and coastal forests; 3) implement forest registries at the national level, under SERFOR and the regional governments; 4) complete the titling of indigenous and rural communities; 5) design, approve, and implement complementary regulations needed for forest planning and zoning as well as the granting of usufruct rights; 6) complete the design and consolidate operation of the National System of Forest and Wildlife Information and the Forest Monitoring module; 7) consolidate the National System of Natural Protected Areas and the regional conservation systems; 8) strengthen institutional capacities related to the granting and monitoring of usufruct rights; and 9) complete the national land use capacity map. Transversal Action 2 is aimed at revising and improving the normative framework, especially the establishment of the enabling conditions needed in order to effectively implement the new Forestry Law, which provides the basis for forest planning and zoning, the assignment of rights, management instruments, and systems of monitoring and enforcement. As part of this process, an assessment will be carried out of the effectiveness of the strategies and instruments used in order to assign rights, establish categories of zoning, and design and implement management plans.

Within this context, a consultancy is underway to diagnose and analyze land titling and registry, with special emphasis on indigenous lands, in the department of Loreto. The consultancy will analyze: the processes and systems used for the collection, storage, management, and accessibility of information; the causes, dynamics, and extent of land and titling conflicts; and the methods and processes needed to overcome existing gaps related to land titling. It will also propose a mechanism for the resolution of conflicts that will be included in an investment plan related to land tenure and titling in Loreto.

It should be noted that three major projects related to forest zoning and land use titling, especially of indigenous lands, are presently underway: the joint agreement among Germany, Norway, and Peru; phase III of the Land Titling and Registration Program (PTRT3) of IADB; and the FIP. Relevant goals of the joint agreement include: reduce by 50% the area of remaining undesignated forest covered land and increase by at least 5 million hectares the regularization of indigenous lands, specifically native communities (sum of demarcation plus issuing of land right/title). Goals of the PTRT3 include surveying, titling, and registering 283,400 individual properties, 190 rural communities, and 403 untitled or unregistered indigenous communities. Finally, the FIP has allocated $14.5 million to the titling of community lands, governance, and community forest management within the FIP´s pilot areas and a part of the $5.5 million of the Specific Donations Mechanism for indigenous peoples will be allocated to the same purpose outside the pilot zones of intervention. Plans for the titling of indigenous lands will be designed by the indigenous federations, AIDESEP and CONAP. Additionally, SERFOR and the San Martin and Ucayali regional governments have formulated a joint work plan for forest zoning in these two regions. SERFOR is aiming to complete the zoning of Amazonian forests within the project financed by CAF.

The NPFCCCM has also fostered coordination among MINAGRI, the GOREs, and projects such as NORAD/WWF in support of the DCI, in order to carry out joint planning for land titling in San Martín, Loreto, and Ucayali.

Indicator 14. Actions plans to address natural resource rights, land tenure, and governance.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	The NSFCC has identified concrete actions to address natural resource rights, land tenure, and governance, and some components are being implemented, particularly the titling of indigenous communities. However, it is uncertain whether current resources for land titling and zoning are sufficient; potential sources of funding need to be identified. Analyses of existing rights to land and natural resources; rights-holders; gaps, ambiguities or inconsistencies in the legal framework; the identification of zones of conflict; and an assessment of the effectiveness of the strategies and instruments used in order to assign rights, establish categories of zoning, and design and implement management plans are needed in order to provide a sound basis for project interventions. A consultancy is presently underway to address these issues, especially as they relate to the titling of indigenous land, in the department of Loreto. This analysis should be extended to the other regions of the Peruvian Amazon.			

5.5. Indicator 15: Implications of the REDD+ activities to the forest law and policy

The NSFCC identifies forest law and policy and institutional coordination as major areas of intervention and identifies specific actions for improvement in the long-term. In this context, uncoordinated sectoral policies, the absence of territorial planning and zoning, a limited institutional capacity to enforce relevant laws and sanction violations, and the incomplete assignment of rights to forest and agricultural land are identified as causes of forest loss. Specific laws and policies or legal loopholes that should be amended or eliminated have been identified and include:

- Promotion of the colonization of the Amazon, via tax incentives.
- Policies that promote biofuels that result in increased deforestation.
- The law for the formalization of small and artisan mining, which increases the size of the areas dedicated to mining as well as the accumulation of areas by intermediaries, while stipulating only minimal environmental responsibilities.
- Legal norms and procedures for promoting agricultural land use.
- Legal framework that limits the private titling of lands that are part of the national patrimony (e.g. forests).
- The use of deforestation as a requisite in order to show possession and obtain title to land.

- The lack of a detailed map of land use capacity and the variable interpretation and application of existing guidelines which are based on different legal norms and are not formally linked or aligned within a single procedure.
- The lack of assigned rights to large quantity of public forests.

The new Forestry and Wildlife law and the current review of the Regulation for Land Classification based on its greatest capacity of use aims at reordering this process and restricting land use that results in deforestation, but these actions alone are insufficient. More attention needs to be paid to assuring the transfer of forest management authority to the regions and strengthening the limited technical, financial, and human resources capacities of regional authorities and institutions to plan, monitor, control, and sanction land use. These changes need to occur in tandem with improvements in land use information, planning, and policy coordination at the national level.

Indicator 15. Implications to the REDD+ activities to forest law and policy.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	Within the NSFCC, specific policies and laws related to natural resource rights, land tenure, and governance that should be amended or eliminated are identified, as are the needs to improve land use information, planning, and policy and institutional coordination at the national level. Additionally, a road map for modifying/eliminating inconsistent laws and policies needs to be designed. Moreover, more attention needs to be paid to assuring the transfer of forest management authority to the regions and strengthening the limited technical, financial, and human resources capacities of authorities to plan, monitor, control, and sanction land use and improve governance.			

5.6. Indicator 16: Selection and prioritization of REDD+ options

The NSFCC analyzes and prioritizes the direct drivers of deforestation and barriers that must be overcome in order to reduce deforestation. Prioritization of the indirect causes of deforestation is more difficult, but the Strategy also identifies how political/institutional factors (principally inconsistent policies, weak forest governance and institutional coordination), economic factors (sub-valuation of forests, opportunity costs), and technological factors (limited technical assistance, technology use, and credit) interact with different actors on the forest margins to cause deforestation and forest degradation.

This analysis of drivers guided the formulation of Strategic Actions, and prototype interventions that were subsequently further refined as the result of a long and ample consultation process with stakeholders (see Indicator 13 for a list of generic interventions). Among these options, first steps include titling of uncategorized forest land, which is key in creating enabling conditions for sustainable use of forestry resources. Other processes, such as land-use planning, monitoring, transfer of agricultural

and forestry technologies, and the modification or elimination of inconsistent policies must follow to slow down the uncontrolled progress of the agricultural frontier. In turn, these require greater institutional coordination, policy alignment among sectors, and the habilitation of decentralized forest governance towards the regional level based on capacity building and transfer of resources, particularly regarding forest control, land titling, land-use monitoring, and liaising with the economic development and natural resource management programs within the regional government. Finally, there are a number of technological interventions needed at the national, regional, or local levels (Seifert-Grazin, 2014)[11].

These interventions need to be prioritized in relation to the three government level (national, regional, or local) as well as referenced to and operationalized in priority geographic areas. Implementing entities also need to be determined.

It is assumed that this analysis will receive inputs from SESA. The design of road maps for REDD+ actions in the regions will be carried out during 2016 and 2017 in the context of the participatory design of the FIP, CAF, ER-PD, and other internationally funded projects and the implementation of the Joint Declaration of Intent among Germany, Norway, and Peru. The FIP has identified 3 locally important hotspots of deforestation (Yurimaguas – Tarapoto, Atalaya in Ucayali, and Tambopata in Madre de Dios) as well as greater policy and institutional coordination at the national level, whereas the Joint Declaration focuses on assigning rights to forests with unassigned rights, land titling, especially of indigenous communities, and more productive and efficient agricultural systems (NAMAs).

Potential actions, principally at the regional or local levels, are shown below. These interventions will be detailed and adjusted to the road maps for implementation in the various regions.

- Promote agroforestry systems.
- Develop technological packages for deforestation-free and low carbon commercial crops.
- Identify, disseminate and apply sustainable forest management techniques including low impact logging in forest concessions, communities, and farms.
- Promote community forest management as part of the communities´ vision of development.
- Develop specialized programs that promote the sustainable management of non-timber forest products, wildlife, bio-commerce, or ecotourism.
- Promote programs that strengthen the conservation and sustainable use of all types of forests.
- Develop incentives for forest conservation, such as direct conditional transfers, particularly those associated with compensations for ecosystem services.
- Consolidate the National System of Natural Protected Areas and regional conservation systems.
- Develop sources of financing aligned with producer needs and characteristics.
- Establish incentives for local governments that include reduction of deforestation as a criterion for the transfer of funds from the national or regional governments.

[11] Seifert-Granzin, J. (2014). Strategic elements of REDD+ implementation in Peru. Ministry of the Environment, Lima, Peru.

- Geo-reference the project data base of the National System of Public Investments so that projects are compatible with land use classification.

Criteria that should be considered for prioritizing interventions include:

- **Feasibility**: Focus on real limitations and problems that can be solved.
- **Impact**: Identify and concentrate on critical points and connections and interventions with a high probability of success; avoid those with a high social or environmental impact.
- **Benefit/Cost**: Prioritize interventions that have a favorable benefit/cost ratio.
- **Leverage and Synergy:** Identify and prioritize opportunities to combine or leverage resources, knowledge, and institutional capacities in order to achieve greater effectiveness.
- **Barriers:** identify those present and analyze the ease with which they can be overcome.
- **Magnitude:** analyze the scope of changes in policies or institutional capacities or arrangements required.
- **Risks:** identify social, environmental, and political factors that can affect outcomes.
- **Co-benefits:** identify and estimate associated socioeconomic and environmental benefits.

As part of this process, the Strategy needs to more fully incorporate the results of SESA as well as existing analyses of mitigation measures and their costs that were performed as part of the construction of emission abatement curves and estimation of the NDCs for the LULUCF sector.

Indicator 16. Selection and prioritization of REDD+ options.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	The NSFCC does a good job of prioritizing, at a macro level, REDD+ options, based on the analysis of drivers of deforestation and a long and ample process of public consultation. However, potential actions are numerous and need to be translated into an action plan that assigns priorities to interventions in relation to level (national, regional, or local) as well as to priority geographic areas; implementing entities also need to be identified. This is part of SESA as well as the development of regional road maps and project portfolios that will be developed with the assistance of the UN REDD National Program, as well as in the context of the participatory design of the FIP, CAF, ER-PD, and other internationally funded projects and the implementation of the Joint Declaration of Intent among Germany, Norway, and Peru. Existing analyses of mitigation measures and their costs, performed as part of the construction of emission abatement curves and estimation of the NDCs for the LULUCF sector, also provide useful information for prioritization. Other criteria that should be used in prioritizing interventions include: feasibility, impact, benefit/cost ratio, opportunities for			

	leveraging and synergy, barriers present, the magnitude of institutional and policy changes required, risks, and associated co-benefits.

5.7. Indicator 17: Feasibility assessment of REDD+ options

The NSFCC provides a good assessment of drivers of deforestation and potential solutions, but many interventions are not yet prioritized. Some stakeholders have been consulted regarding potential REDD+ interventions and a legal analysis of the social and environmental management framework has been carried out. Costs and benefits (including co-benefits) of various mitigation measures have been assessed as part of the construction of emission abatement curves and estimation of the NDCs for the LULUCF sector. However, potential social and environmental impacts, political feasibility, risks, and opportunities of interventions have not been rigorously assessed; this task will be carried out as part of the Strategic Environmental and Social Assessment (SESA) process.

Indicator 17. Feasibility assessment of REDD+ options.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	The impacts of some mitigation measures on emissions reductions and their associated costs have been analyzed and a legal analysis of the proposed social and environmental safeguards system has been carried out. However, potential social and environmental impacts, political feasibility, risks, and opportunities of interventions have not been rigorously assessed, pending the initiation of the SESA process.			

5.8. Indicator 18: Implications of REDD+ options on existing sectoral policies

Although inconsistencies of policies among sectors having an impact on REDD+ and deforestation have been identified (see Indicator 15), agreement has not yet been reached as to how and when these inconsistencies might be resolved. An appropriate forum for these discussions will be the Multi-sectoral Committee. Peru´s negotiations related to membership in the OECD may also provide impetus to this process due to REDD+´s relationship and potential contribution to green development.

In general, the NSFCC represents an important contribution to national development priorities. The implementation is an important step in aligning Peru with the philosophy of green growth. Such a philosophy takes on particular importance in the Peruvian Amazon due to the high dependence of inhabitants of this region on goods and services produced by the forest. It is expected that the Strategy will help establish the base for “green” development there, which can contribute to regional and national competitiveness in emerging markets that incorporate and value elements of environmental sustainability. Additionally, the series of non-carbon benefits (improved institutions, policies, land titling,

governance of forest lands and income) associated with the Strategy will improve the well-being of the inhabitants of the participating regions.

At the national level, the NSFCC will help the State to achieve consensus regarding the use of forests and climate change and their importance for development. It will also increase competitiveness at the international level, within a framework of sustainable economic development and social inclusion.

Indicator 18. Implications of strategy options on existing sectoral policies.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	In general, the NSFCC contributes to Peru´s broad national development priorities, since it operationalizes actions relationship whit the LULUCF sector. Helps the State to achieve consensus regarding the importance of forests for climate change and development based on green growth, and also contributes to increased competitiveness at the international level. However, in order to achieve these potential benefits, inconsistencies of policies among sectors having an impact on REDD+ and deforestation need to be resolved. An appropriate forum for these discussions is the Multi-sectoral Committee.			

5.9. Indicator 19: Adoption and implementation of legislation/regulations

In recent years, Peru´s legal framework in support of REDD+ has advanced significantly. These advances include:

- The decentralization of forest governance involving the regional governments,
- The new Forestry and Wildlife Law and its regulations,
- The National Forest Policy, presently under development,
- The recently approved Law of Compensation Mechanisms for Ecosystem Services,
- The Law on Prior and Informed Consent of Indigenous and Native Communities, including its operational regulations,
- Approval of the National Climate Change Strategy,
- Approval of the National Strategy for Forest Conservation and Climate Change Mitigation.
- Approval of the Guidelines for the Management and Implementation of REDD+ (Ministerial Resolution No. 187-2016-MINAM).
- Creation of the National Registry REDD+ and approval of the Provisions for the implementation and Conduct of the National Registry REDD+.

Discussion of emission reduction measures and the establishment of a domestic carbon market that includes forest emission reductions is also underway as part of Peru´s participation in the Partnership for Market Readiness (PMR), but progress has been minimal.

Due to the early state of these measures, it is premature to assess their implementation and effectiveness. There are indications, however, of increased control of illegal logging and a reorientation and new impetus being given to land use planning, zoning, and titling, especially of indigenous communities. Monitoring of the impacts of these laws and regulations is needed.

In addition, specific laws and policies or legal loopholes that should be reviewed in order to resolve their contradictions or inconsistencies and their effects on forest users (see also Indicator 15) include:

- Promotion of the colonization of the Amazon, via tax incentives.
- Policies that promote biofuels that result in increased deforestation.
- The law for the formalization of small and artisan mining, which increases the size of the areas dedicated to mining as well as the accumulation of areas by intermediaries, while stipulating only minimal environmental responsibilities.
- Legal norms and procedures for promoting agricultural land use.
- Legal framework that limits the private titling of lands that are part of the national patrimony (e.g. forests).
- The use of deforestation as a requisite in order to show possession and obtain title to land.
- The lack of a detailed map of land use capacity and the variable interpretation and application of existing guidelines which are based on different legal norms and are not formally linked or aligned within a single procedure.
- The lack of assigned rights to large quantity of public forests.

A strategy and road map for responding to these legal loopholes is needed.

Indicator 19. Adoption and implementation of legislation/regulations.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	In recent years, Peru´s legal framework in support of REDD+ has advanced significantly, but it is too early to assess implementation and effectiveness, hence the impact, of these measures. Monitoring of these impacts, as well as future changes in present day laws, are needed. Additionally, a strategy and road map for dealing with legal loopholes should be designed.			

5.10. Indicator 20: Guidelines for REDD+ implementation

Although the NSFCC recognizes the importance of carbon rights, benefit sharing mechanisms, and grievance procedures and mechanisms, and the identification of non-carbon benefits, the design and implementation of these instruments and guidelines for their implementation is at an early stage of

development. Nevertheless, good progress has been made in formulating guidelines for the participation and involvement of stakeholders in each of the four REDD+ components and in the various stages of REDD+ development.

The design of a framework for the distribution of benefits as well as a financial mechanism are underway and include: the definition of carbon rights by the Forestry and Wildlife Law and the Law of Compensation Mechanisms for Ecosystem Services, which facilitate the formulation of norms for REDD+ implementation (the latter are in the process of being approved); consideration of benefits under current tax laws; the establishment of criteria for eligible entities; identification of different modes of finance and distribution of benefits; establishment of the operative framework for financial management; and mechanisms and institutional arrangements for governance.

Benefit distribution considers the proportion of benefits that can be attributed to result-based actions undertaken by different intervening actors. As such, it has vertical and horizontal dimensions. The vertical dimension refers to the distribution of benefits at different scales and actors and includes consideration of national, regional, and local governments, the private sector, indigenous or peasant communities, and NGOs, among others. The horizontal dimension refers to the distribution of benefits with a given level (e.g. between communities or between regions). At the current time, various alternatives for benefit-sharing are under consideration and are being analyzed. This analysis includes the treatment of existing REDD+ projects within a jurisdictional scheme.

REDD+ payments, as well as other public, private, or international cooperation investments focusing on forests and climate change, will be managed by the proposed National Forest and Climate Change Fund, currently under development. According to Seifert-Granzin[12], the Fund will provide a legal fiscal framework, criteria to determine eligible entities, modalities of finance and disbursement, a technical and operational finance management framework, aspects regarding governance, and stipulations regarding the Fund's integration into the REDD+ implementation framework. Progress in this area includes the development of a proposal, with the assistance of UNDP and UN REDD and accepted by MEF, for the establishment of a trust fund in COFIDE, which will include participatory governance and a technical area assumed by the NPFCCCM.

Besides consideration of the National Forest and Climate Change Fund, Peru also has a broad range of experiences using financial instruments to provide incentives for the sustainable use of natural resources, such as PES, direct conditional transfers, forest related or agricultural credit schemes, or public investment projects directly focused on land and forest users. These instruments should be supported by policies that increase incentives for reducing deforestation or increasing sustainable agricultural and forestry production. In this sense, the Sole Registry of Compensation Mechanisms for Ecosystem Services established by the Law of Compensation Mechanisms for Ecosystem Services can be considered a first step towards the articulation of PES systems with REDD+ incentive schemes. The Registry will be linked

[12] Seifert-Granzin, J. (2014). Strategic elements of REDD+ implementation in Peru. Ministry of the Environment, Lima, Peru.

with the REDD+ Registry as well as with the National Forest and Climate Change Fund, a mechanism to receive and redistribute benefits. A domestic market for emission reductions is also being analyzed.

With regards to social and environmental co-benefits, a preliminary analysis of co-benefits associated with GHG mitigation measures of the LULUCF sector was performed during the formulation of Peru´s NDCs. Additionally, the NPFCCCM and the World Conservation Monitoring Centre (WCMC) have performed a spatial analysis of biodiversity, erosion control and hydraulic regulation by forests, and opportunity costs at the district level and have developed a set of spatial analysis tools for co-benefits.

With regards to stakeholder participation, the PPIA systematizes guidelines for the participation and involvement of stakeholders during REDD+, and incorporates: the conceptual and political/institutional framework of REDD+ in Peru, stakeholders involved, methods of participation, gender, information and communication, intercultural considerations, promotion of good governance, capacity strengthening, and financing. It also outlines the need for consultation and participation within each of the four required components of REDD+.

The development of guidelines for the implementation of grievance mechanisms and social and environmental safeguards is at an early stage (see also Indicators 6 - grievance mechanisms and 23 - social and environmental safeguards).

Indicator 20. Guidelines for implementation.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	Since the NSFCC is at an early stage, the development of guidelines for its implementation is at the conceptual planning stage, although those for participation and consultation are more advanced. Major challenges in this process are: determining the management and distribution of results-based payments and how they will interface with social and environmental safeguards; the grievance mechanism; the integration of actions that are multi-sectoral and multilevel in natures; and the determination of the future relationship between jurisdictional and project-based approaches.			

5.11. Indicator 21: Benefit-sharing mechanisms

As noted above, benefit-sharing mechanisms are still in an early stage of design; various alternatives for benefit-sharing are under consideration and are being analyzed. This analysis includes the treatment of existing REDD+ projects within a jurisdictional scheme.

The legal basis for rights to forest ecosystem services (specifically forest carbon) is established by the Forestry and Wildlife Law and Law of Compensation Mechanisms for Ecosystem Services, whereby title

holders or legal users of forests, or peasant community or indigenous groups without legal title but permission from the regional forest authority, also have rights to benefit from carbon and other ecosystem services. The carbon, however, is not their property, and the forms in which benefits will be distributed is open to diverse alternatives. In order to ensure a basis for these benefits, priority will be placed on assigning land titles or usufruct rights to forest-dependent people, including indigenous communities.

The process for determining benefit sharing mechanisms incorporates various principles of the PPIA including: free access to and transparency of information; respect for the rights and cultural diversity of the actors; inclusion and representation; good governance and accountability; equality and gender equity; and intercultural sensitivity.

The mechanism´s final form will be influenced by considerations related to the types and costs of the benefits produced and the form and distribution of the benefits. With regards to costs, the establishment of enabling conditions (e.g. policies, improved governance, monitoring systems, inventories, capacity improvement, and land titling) entails significant indirect costs at the national and sub-national levels that are difficult to quantify, but are essential to achieving emissions reductions. These costs are being estimated. If necessary, potential sources of financing of the gaps need to be identified. On the other hand, direct costs or investments to improve management systems that produce the desired benefits are more easily estimated. Although complete cost recovery via compensation for emissions reductions is unlikely, it is important that stakeholders recognize that indirect and direct costs exist at various jurisdictional levels.

Besides costs, a system of benefit-sharing should also account for carbon and non-carbon benefits. The reduction of deforestation reduces GHG emissions, but can also have positive effects on biodiversity, the maintenance of critical areas for the provision of ecosystem services, the well-being of forest dwellers, and improved local governance. These additional non-carbon benefits can be factored into the prices of emission reductions. These non-carbon benefits would have to be geographically referenced in the field as well as within the data base used to track them.

The form of compensation for emissions reductions may be monetary or non-monetary. Non-monetary compensation can include infrastructure, technical assistance, or other services provided to local communities. Hence, the form of compensation may vary with the type and interests of the stakeholders involved.

Finally, attention must be paid to the distribution of the benefits. Achieving consensus with regards to the distribution of benefits among jurisdictional levels and stakeholders, including the magnitude and the form of the benefits, may be a lengthy process due to the complexity of the issue itself as well as the number and diversity of stakeholder interests involved. Clearly, a participatory approach is needed in order to achieve broad support among diverse stakeholders. Experience from Acre, Brazil, suggests that a simple system for benefit distribution, whereby the majority of the payments are received by those directly responsible for emissions reductions, may be one option. Investments of benefits in mechanisms that increase wealth (e.g. a system of micro-credit), well-being, or the sustainability of REDD+ (e.g. a local system of forest monitoring) may result in more beneficial and longer term effects, but these need to be

clearly explained and agreed upon by stakeholders via the PPIA process as well as the consultation mechanisms existing at the national and subnational levels.

Clearly, these issues require more in-depth discussion with the stakeholders before consensus is reached. Key participants in this process include the Multi-sectoral Committee, CIAM, the regional governments, indigenous organizations such as AIDESEP and CONAP, members of the REDD+ and Indigenous REDD+ Roundtables, and other civil society organizations.

Indicator 21. Benefit-sharing mechanisms.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	As mentioned in Indicator 20 above, benefit-sharing mechanisms are still at the design stage. The process for designing and implementing benefit-sharing mechanisms will incorporate the principles for stakeholder involvement including: free access to and transparency of information; respect for the rights and cultural diversity of the actors; inclusion and representation; good governance and accountability; equality and gender equity; and intercultural sensitivity. Important pending issues include the vertical and horizontal distribution of benefits (see Indicator 20), their nature, and the nesting of project-based vs. jurisdictional REDD+ interventions in a benefit distribution system. These issues require more in-depth discussion with the stakeholders in order to achieve consensus.			

5.12. Indicator 22: National REDD+ registry and system monitoring REDD+ activities

Last July, Ministerial Resolution No. 197-2016-MINAM created the national REDD+ registry and approved the provisions for the implementation and conduction of the national REDD+ registry, recognizing progress during the implementation of the R-PP. The Registry will manage and publicize information related to the reduction of greenhouse gas emissions that occurs due to the implementation of eligible activities in the context of the United Nations Framework Convention on Climate Change.

A pilot version of the Registry is accessible to the public (http://mer.markit.com/br-reg/public/peru/index.jsp#/registry). In a later phase of development, the registry will link themes such as reference levels, MRV, rights to emission reductions, and the national GHG inventory in order to avoid double accounting of emissions reductions, ambiguity related to their ownership, inconsistencies between the national GHG and REDD+ inventories, and lack of compliance with the social and environmental safeguards.

It is contemplated that the REDD+ Registry will form part of the broader Unique Registry of Compensation Mechanisms for Ecosystem Services that will include information on carbon enhancement as well as other ecosystem services, established by the Law on Compensation Mechanisms for Ecosystem Services. The REDD+ Registry will be operated as a satellite system within the Unique Registry and will contain information on the location, ownership, carbon accounting, and transactions of carbon credits and

payments. It will also report to INFOCARBONO, which is the National Inventory of Greenhouse Gases, responsible for the administration and reporting of information related to Peru's GHG emissions.

Indicator 22. National REDD+ registry and system monitoring REDD+ activities.

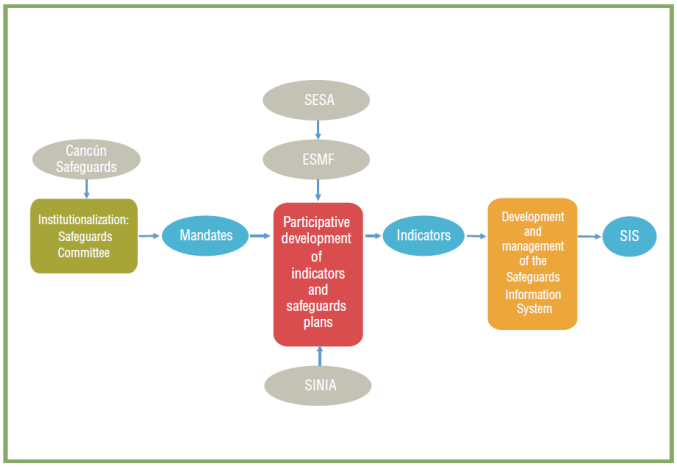
Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	A pilot version of the REDD+ Registry has been made available to the general public and contains information on the location, ownership, carbon accounting, and transactions of carbon credits and payments. This version needs to be tested and eventually linked with the Unique Registry of Compensation Mechanisms for Ecosystem Services as well at the INFOCARBONO.			

5.13. Indicator 23: Analysis of social and environmental safeguard issues

Peru is at an incipient stage of social and environmental assessment. The development of the system is guided by the Cancun safeguard standards, the World Bank´s and IADB´s Common Approach, the National System for Environmental Impact Evaluation (NSEIA), the Methodological Framework of the Forest Carbon Partnership Facility (FCPF) Carbon Fund, as well as the Prior Consultation Law and Convention No. 169 of the International Labor Organization. These guidelines have also been incorporated in the PPIA.

Figure 9 illustrates the roadmap towards the development of a safeguards system. To date, agreements have been reached on a road map to coordinate the SESA, its dissemination and consent mechanisms; a legal analysis has been performed of the national framework with respect to the application of REDD+ safeguards; a safeguards working group has been established; communication, technical assistance and training of stakeholders related to the assessment have been carried out; a plan for conducting the SESA has been formulated; and a consultancy is being carried out in order to establish the SESA, ESMF, and SIS.

Figure 9. The roadmap for developing a safeguards system.



The objectives of the consultancy are: 1) based on the NSFCC, identify potential REDD+ interventions and their social and environmental and emissions reduction impacts, formulate the ESMF for the impacts identified, and design a Safeguards Information System (SIS). Attainment of the objectives will be based on the following steps:

- Review national and international safeguard guidelines and regulations and identify gaps and lessons learned,
- Typify and map actors,
- Analyze REDD+ and SNFCC measures and estimate positive and negative impacts and risks,
- Develop an actor/impact matrix,
- Prioritize REDD+ interventions based on the previous step,
- Identify/formulate policies and measures for mitigating negative impacts,
- Analyze institutional structures and capacities for implementing impact mitigation measures, identify gaps, and formulate corresponding alternatives,
- Consolidate these analyses in a ESMF,
- Identify and analyze information needs, flows, and storage requirements,
- Design an architecture for information management, institutional responsibilities and arrangements, and develop manuals and guidelines.

Strategic issues that will be considered include the following:

Social Area

- Prior participation and consultation, in accordance with national law
- Consideration of vulnerable groups
- Support land tenure and rights
- Improve living conditions and labor rights
- Representation.

Environmental Area

- Mitigation of environmental impacts
- Conservation of biodiversity and other ecosystem services
- Avoidance of the reversal and displacement of emissions

Processes

- Inclusion of safeguards in policies, law and regulations
- Obligatory transparency mechanisms
- Participation of stakeholders
- Safeguards information system

- Grievance and conflict resolution mechanisms
- Monitoring and evaluation of safeguard compliance
- Application of the Voluntary Guidelines and those of the Indigenous Forum on Biodiversity within the framework of the Convention on Diversity and the Cancun safeguards.

Indicator 23. Analysis of social and environmental safeguard issues.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	The assessment of social and environmental safeguard issues is at an initial stage and is dependent upon the identification of priority REDD+ interventions and their potential impacts. The development of safeguards will be guided by international and national guidelines and regulations, including the World Bank and IADB Common Approach. To date, agreements have been reached on a road map to coordinate the SESA and its dissemination and consent mechanisms; a legal analysis has been performed of the national framework with respect to the application of REDD+ safeguards; a plan for conducting the SESA has been formulated; and a consultancy is being carried out in order to establish the SESA, ESMF, and SIS. The processes of the consultancy will be implemented and guided by PPIA guidelines for stakeholder participation and consultation.			

5.14. Indicator 24: REDD+ design with respect to impacts

The REDD+ strategy design with respect to social and environmental impacts is a product of the analysis of potential REDD+ interventions and their corresponding potential social and environmental impacts. The results of this process should serve as an input into the prioritization of REDD+ interventions. The completion of the SESA process is thus a prerequisite to the design of the interventions of the REDD+ strategy.

A consultancy is underway in order to:

- Review national and international safeguard guidelines and regulations and identify gaps and lessons learned,
- Review the NSFCC/REDD+,
- Typify and map actors,
- Analyze REDD+ and SNFCC measures and estimate positive and negative impacts and risks,
- Develop an actor/impact matrix,
- Prioritize REDD+ interventions based on the previous step as well as their relevance for addressing deforestation/forest degradation in target geographical areas.

Indicator 24. REDD+ strategy design with respect to impacts.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	Progress on this Indicator is dependent on completion of the SESA process. Results of SESA need to be considered in the prioritization of REDD+ interventions. The road map for prioritizing elements of the REDD+ strategy include: review national and international safeguard guidelines and regulations and identify gaps and lessons learned, typify and map actors, analyze REDD+ and SNFCC measures and estimate positive and negative impacts and risks, develop an actor/impact matrix, prioritize REDD+ interventions based on the previous step, screen priority REDD+ interventions based on the previous results and their relevance for addressing deforestation/forest degradation in target geographical areas.			

5.15. Indicator 25: Environmental and Social Management Framework (ESMF)

The ESMF provides the framework to address the key environmental and social issues associated with implementation of the REDD+ strategy and draws upon the SESA as well as the analyses of drivers and priority interventions. The results from the SESA will serve as the basis for the development of the ESMF, which defines the linkages among REDD+ impacts, institutional arrangements, policies, competencies and the procedures necessary to implement and track the application of REDD+ safeguards. Steps for the development of the ESMF include:

- Identify/formulate policies and measures for mitigating negative impacts,
- Analyze legal and institutional frameworks and capacities for implementing impact mitigation measures, identify gaps, and formulate corresponding alternatives, and
- Consolidate these analyses in an ESMF.

The ESMF will specify the procedures and policies related to issues such as the following:

- The social and environmental framework for the indigenous peoples.
- Analysis of the use and access rights to land and other natural resources.
- Impact of legal and institutional decisions on indigenous rights.
- Tenure of community land and other resources, keeping in mind aspects of gender and biodiversity.
- The involuntary displacement or loss of access to natural resources including the designation of protected areas and parks.
- Identification of measures to align activities or mitigate socio-environmental impact of activities of non-forest sectors, especially transportation infrastructure, among others.
- Plans to overcome institutional gaps and strengthen stakeholder capacities.

- Plans to promote the participation of affected groups.
- Mechanisms for the engagement of stakeholders, and for the resolution of conflicts and grievances.
- Mechanisms to protect areas of high biodiversity and cultural value.

The ESMF also includes a tracking system that will enable the social and environmental evaluation, with respect to the baseline, of the impacts and risks of REDD+ activities, including the cumulative and indirect impacts and non-carbon benefits. This system will form part of the Safeguard Information System that will be linked with the National REDD+ Registry.

Indicator 25. Environmental and Social Management Framework.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	Progress on this Indicator is dependent on completion of the SESA process and the prioritization of REDD+ interventions. Steps for designing and implementing the ESMF include: identify priority REDD+ interventions based on their positive and negative impacts and the actors involved (from SESA), identify/formulate policies and measures for mitigating negative impacts, analyze institutional structures and capacities for implementing impact mitigation measures, identify gaps, and formulate corresponding alternatives, and consolidate these analyses in a ESMF. These processes should be implemented and guided by PPIA guidelines for stakeholder participation and consultation. The ESMF also includes a tracking system that will enable the social and environmental evaluation, with respect to the baseline, of the impacts and risks of REDD+ activities, including the cumulative and indirect impacts and non-carbon benefits. This system will form part of the Safeguard Information System that will be linked with the National REDD+ Registry.			

6. Component 3: Reference Emissions Level/Reference Levels

According to the FCPF Readiness Assessment Framework, “recent UNFCCC decisions request countries to develop a REL/RL as a benchmark for assessing performance in implementing REDD+ activities at a national level, with subnational approaches as interim measures. The REL/RL should be established transparently taking into account historical data, and can be adjusted for national circumstances as appropriate”.

This section, therefore, evaluates the general approach used to establish a REL/RL, including the compilation and analysis of relevant data, capacity building in the application of proven methods and fundamental techniques (e.g., mapping, field sampling), assessment of different methodologies, and the estimates of emissions generated at the national or subnational level. It identifies shortcomings, barriers,

gaps, and past experiences in the above-mentioned areas, and based on that assessment, it recommends potential next steps.

6.1. Indicator 26: Demonstration of methodology

Taking into account the challenges in developing the national forest monitoring, Peru has focused on using a step-wise approach to quantify emissions, first from deforestation of Amazon forests, which account for 95% of the national forest area, and later from Andean and seasonally dry forests. Peru´s proposed Forest Reference Emission Level (FREL) for deforestation in the Peruvian Amazon was submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in December, 2015 for a technical assessment, in accordance with Decision 13/CP.19 and its Annex.

(see http://redd.unfccc.int/submissions.html?country=per). The sections below are taken from that report.

Likewise, in the month of December of the year 2016 was approved by the UNFCCC.
(http://unfccc.int/documentation/documents/advanced_search/items/6911.php?priref=600009407 / http://redd.unfccc.int/submissions.html?country=per)

It should be noted that activity data used for constructing the proposed FREL is based on the following definition of "forest" of the National Forest Inventory (MINAM and MINAGRI, 2014a), where the minimum area is based on the technological requirements of the methodology:

- Minimum Mapping Unit: 1 Landsat pixel (0.09 hectares);
- Minimum tree height at maturity in situ: 5.00 m;

The Ministry of the Environment chose this definition for REDD+ reporting purposes taking into consideration the scale of land-use change in the Amazon and the technical specifications of the activity data processing chain. This definition captures the spatiotemporal patterns of predominantly small deforestation events.

Moreover, the definition is compatible with the forest definition applied in the National Forest Inventory (NFI) which requires a larger minimum forest area to accommodate the inventory clusters. Both forest definitions, the one used in the NFI and the definition used to provide activity data on deforestation, are used in the National GHG Inventories 2010 (submitted as part of the BUR in 2014) and 2012 submitted within the Third National Communication in 2015. The Government of Peru will harmonize its forest definitions, once new remote sensing technologies provide the data and means to accurately capture land-use changes dynamics across different biomes.

Regarding the development of the reference level, Peru has developed a protocol for measuring changes in forest cover and mapping forest lands[13] that has been successfully implemented in the Peruvian Amazon, generating the data contained in the report submitted. This protocol will be adapted as needed, and implemented progressively in other Peruvian biomes and improved, when appropriate, in order to include other eligible REDD+ activities. The elaboration of a 2011 land-use map for the Peruvian Amazon and of a deforestation map for costal and Andean forests is currently underway.

The national forest monitoring system will then be extended towards monitoring of forest degradation, where the definition of degradation, its measurement, and an understanding of its dynamics present major challenges. With regards to measurement, Peru is implementing an indirect methodology (GOFC-GOLD) for estimating activity data and emission factors for forest degradation as well the feasibility of direct detection via remote sensing. Considering that estimating historical emissions from forest degradation might not be feasible, a special approach to determine the degradation REL will be developed. Selection of a method or methods for monitoring degradation, as well as its pilot application in the Amazon, should occur in the latter half of 2016. If successful, the methodology will be subsequently extended to the Andean and coastal forests during 2017 and 2018.

Following the guidance and suggestions provided in the literature[14] [15], Peru shares the view that IPCC´s approach 3 should be used to collect activity data and that at least a Tier 2-level monitoring should be used by countries reporting emissions under "deforestation" in the context of result-based payments. Furthermore, such reported emissions should include only net anthropogenic emissions from gross deforestation to avoid possible overlaps and double-counting with other REDD+ activities or emissions from natural disturbances.

This approach is exhibited in the proposed FREL, since it includes CO2 emissions from above-ground biomass (AGB) and below-ground biomass (BGB) of living trees. Peru currently has national data on carbon stocks in the above-ground biomass of living trees for all of its main forest types. Estimates of BGB are based on IPCC benchmarks. An analysis of uncertainty of activity data and mission factors has been carried out using Monte Carlo simulation.

Peru is also implementing the necessary actions to improve the accuracy of its estimates of forest-related Greenhouse Gas (GHG) emissions, and generating the data and information that will allow incorporating, in due time, new sources of emissions and additional carbon pools in its FREL, while simultaneously

[13] Ministerio del Ambiente (MINAM) and Ministerio de Agricultura y Riego (MINAGRI), (2014b). Protocolo de clasificación de pérdida de cobertura en los bosques húmedos amazónicos entre los años 2000 y 2011. MINAM, Lima, Peru. 43 p.

[14] Angelsen, A., S. Brown, C. Loisel, L. Peskett, C. Streck, & D. Zarin, 2009. Reducing Emissions from Deforestation and Forest Degradation (REDD); An Options Assessment Report, Meridian Institute Report, Prepared for the Government of Norway; 21 p.

[15] GOFC-GOLD (Global Observation of Forest and Land Cover Dynamics) (2014). A sourcebook of methods and procedures for monitoring and reporting anthropogenic greenhouse gas emissions and removals associated with deforestation, gains and losses of carbon stocks in forests remaining forests, and forestation. GOFC-GOLD Report version COP20-1, (GOFC-GOLD Land Cover Project Office, Wageningen University, The Netherlands). (http://www.gofcgold.wur.nl/redd/sourcebook/GOFC-GOLD_Sourcebook.pdf).

improving the methods and technologies used under its National Forest Cover Monitoring System (NFCMS). Carbon stock data are being improved with the collection of new data from field-measured plots as part of the activities implemented under Peru´s first National Forest Inventory (NFI), which will complete its first cycle in about 4 years. A study of allometric equations should also improve tree biomass estimates.

The exclusion of dead wood, litter and soil organic carbon is considered conservative in the context of results-bases payments as it leads to a lower estimation of GHG emission reductions from reduced deforestation compared to a scenario where all carbon pools are included. Peru deemed appropriate to exclude all non-living biomass carbon pools and non-CO2 gasses (i.e. from biomass burning) considering the limited availability of Tier-2 level data and information to estimate emission factors from these pools and gasses.
Peru currently does not have Tier-2 level estimates for carbon stocks in non-forest categories resulting from deforestation and also lacks spatially explicit information for these categories for the years included in the historical reference period of the proposed FREL (2001-2014). As a result, Peru used a general accounting approach to estimate its emission factors, while maintaining Tier-2 level data for carbon stocks. A systematic collection of carbon stock data for non-forest categories is underway.

Indicator 26. Demonstration of methodology.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	Peru´s approach to developing its national and subnational reference levels evidences a stepwise approach and clearly documented methodology. Details can be found in the reference level submission to the UNFCCC in December 2015. Additional data needs include: the estimation of forest degradation, the improvement of tree biomass estimation based on allometric equations, improved estimates of carbon stocks in non-forest land use categories as well as other forest compartments, and the extension of the methodologies to the Andean and coastal forests.			

6.2. Indicator 27: Use of historical data, and adjusted for national circumstances

In accordance with paragraph 2(b) of the Annex to Decision 13/CP.19, the FREL proposed for the Peruvian Amazon has been established taking into account historical data on annual CO_2 emissions from gross deforestation from the period 2001-2014. This is the most recent period for which national activity data have been generated using a consistent methodology. The years 2001-2014 also represents a period prior to the broad policy changes that influenced national circumstances in Peru as of 2015. The historical reference period chosen for the construction of the FREL, therefore, represents a good approximation to a scenario without enhanced mitigation actions for the post-2014 period. Additionally, only losses of areas classified as “forest” in the benchmark year 2000 are included in the 2001-2014 period; areas afforested, reforested or naturally regenerated since this base year, or losses of areas that were afforested, reforested or naturally regenerated since this base year are not included.

It should be noted that the reference level based on data for the period 2001-2014 projects a statistically significant lower reference level than data for the period 2006 - 2014. As such, the current reference level is a conservative estimate of deforestation and emissions.

Details on the satellite data and ancillary data used, as well as the procedures for pre-processing, classification, post-processing of the data, and an assessment of its accuracy are provided in the report submitted to the UNFCCC. The data and methodological approaches in the FREL can also be found in the following technical reports:

- Ministerio del Ambiente (MINAM), 2014. Estimación de los contenidos de carbono de la biomasa aérea en los bosques de Perú. Ministerio del Ambiente, Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático, MINAM, Lima (Perú), 68 p.
- Ministerio del Ambiente (MINAM) and Ministerio de Agricultura y Riego (MINAGRI), 2014.a. Memoria Descriptiva del Mapa de Bosque/ No Bosque año 2000 y Mapa de pérdida de los Bosques Húmedos Amazónicos del Perú 2000-2011. MINAM, Lima (Perú), 111 p.
- Ministerio del Ambiente (MINAM) and Ministerio de Agricultura y Riego (MINAGRI), 2014.b. Protocolo de clasificación de pérdida de cobertura en los bosques húmedos amazónicos entre los años 2000 y 2011. MINAM, Lima (Peru), 43 p.
- Ministerio del Ambiente (MINAM), no date. Reporte de la Pérdidas de los Bosques Húmedos Amazónicos al 2011-2013. MINAM, Lima (Perú), 16 p.
- Asociación para la Investigación y el Desarrollo Integral (AIDER), 2015. Motores, agentes y causa de la deforestación en la Amazonía Peruana. Sistematización, patrones espaciales y cuantificación de impactos. Consultancy report to the Ministry of the Environment of Peru, Lima (Peru), 100 p. (unpublished).

This historical reference level is based on the analysis of satellite imagery. Three technical reports and a scientific paper describe the methodology used and results obtained in creating these maps and the Forest Cover Benchmark Map (FCBM) for the year 2000 include:

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- MINAM & MINAGRI (2014a) describes the methodology used to create the 2000-2011 MGD map and the Forest Cover Benchmark Map of year 2000. It also includes a description of the main types of vegetation that can be found in the Peruvian Amazon, the definition of “forest” used in the creation of the Forest Cover Base Map and the Map of Gross Deforestation (MGD), and an assessment of the accuracy of the 2000-2011 MGD map.
- Potapov *et al.* (2014) describe, in a peer-reviewed scientific paper, methodology and results obtained in the creation of the 2000 FCBM and 2001-2011 MGD.
- MINAM &MINAGRI (2014b) describes with more details the methodological protocol followed in creating the 2000 FCBM and the 2001-2011 MGD maps. This same protocol was also applied for the 2012-2014 period, but using Landsat 5 and Landsat 8 images. MINAM describes the addition of the years 2012-2014 to the MGD map of 2000-2011 and present the results of the entire 2000-2014 time series. It is worth noting that the numbers of hectares deforested presented on page

11 of MINAM are slightly different from those presented in this submission. This is due to small corrections of the boundaries of the map of the Peruvian Amazon that were done after the publication of the technical reports by MINAM.

Indicator 27. Use of historical data and adjusted for national circumstances.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	The construction of the reference level for Amazon forests is based on historical data for the period 2001-2014 and is a conservative estimate of deforestation. This historical reference level is based on the analysis of satellite imagery and is complemented with ground-level data generated by the National Forest Inventory. Three technical reports and a scientific paper describe the methodology used and results obtained in creating these maps and the Forest Cover Benchmark Map (FCBM) for the year 2000. Details of the analysis of satellite data and ancillary data, as well as the procedures for pre-processing, classification, post-processing of the data, and an assessment of its accuracy are provided in the report submitted to the UNFCCC and are also included in the submission document and various reports produced by MINAM.			

6.3. Indicator 28: Technical feasibility of the methodology and consistency with UNFCCC/IPCC guidelines and guidelines

The methodological approach for establishing the reference level is feasible and consistent with UNFCCC/IPCC guidelines. The information presented in the submission is transparent, complete, consistent, and accurate. The data, assumptions and methodologies used for establishing the FREL/FRL are clearly explained to facilitate replication, assessment, and reconstruction of the FREL/FRL by the technical review team. All data and information used in the construction of the FREL proposed for the Peruvian Amazon is available for download through the following links:

http://www.bosques.gob.pe/propuesta-de-un-nivel-de-referencia-de-emisiones-forestales

https://drive.google.com/folderview?id=0BZDvbhfYYZzlwMDBCVlNoQjA&usp=sharing

Furthermore, the FREL proposed for the Peruvian Amazon has been constructed using one consistent methodology and source of data for estimating the annual historical activity data. The historical and projected emissions from deforestation were estimated using the same emission factors for every year. The accuracy of activity data, emission factors and of the proposed FREL has been estimated and is duly discussed and reported in section 3.3.1.3, 3.3.2.4 and 3.5.2, respectively, of the reference level document submitted to the UNFCCC, as well as in related technical reports (i.e. MINAM, 2014; MINAM & MINAGRI, 2014a) listed in the previous section.

Indicator 28. Technical feasibility of the methodology and consistency with UNFCCC/IPCC guidelines and guidelines.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	The data used in the construction of the reference level for Amazon forest are transparent, complete, consistent, and accurate and allow the technical assessment of the data set, approaches, methods, and models. Data are available in the reference level report submitted to the UNFCCC as well as technical reports produced by MINAM and available to the public.			

7. Component 4: Monitoring Systems for Forests and Safeguards

According to the Guide to the FCPF Readiness Assessment Framework, the national forest monitoring system should generate information that allows comparison of changes in forest area and carbon content (and associated greenhouse (GHG) emissions) relative to the baseline estimates used for the REL/RL.

This section, therefore, focuses on progress made in designing and developing operational forest monitoring systems. It describes the approach of how the system is expected to be enhanced over time as capacity increases, more data become available, and guidance from the UNFCCC is provided. It describes the information that is generated and its use and application. It also addresses institutional arrangements, including budgeted action plans and human resource needs.

7.1. Indicator 29: Documentation of the monitoring approach

Peru´s system of forest cover monitoring is being developed to serve the needs of a broad range of demands in the country with regard to monitoring and managing forest resources. It is based on established protocols, which are consistent with UNPCCC guidelines and the use of Tier 2 methods within IPCC Approach 3. The monitoring and measurement system is initially applied at the sub-national (Amazon) level, consistent with Decision 2/CP.13, Decision 1/CP.16, and Decision 11/CP.19, and takes into account existing national capacities (Decision 11/CP.19), but will eventually evolve into a national monitoring system (Decision 1/CP.16) following subsequent monitoring of the two other jurisdictions, the coast and the Andes region.

The System incorporates the principles of transparency, exhaustiveness, coherence, comparability, and accuracy. These conditions are satisfied through the use of standardized and publicly available protocols (eventually evolving into national protocols) and information, the continual improvement of methodologies (based on Tier 2 methods and IPCC Approach 3) and sampling intensity, the application of IPCC guidelines, and the storage of information in data bases or registries (INFOCARBONO – the National inventory of Greenhouse Gases, and the REDD+ Registry) that will permit the reconstruction of results and public access to information.

The information produced by the monitoring system is consistent with national mitigation measures (Decisions 13 and 14/CP.19) and with the reference levels (Decision 14/CP.19), and is consistent, transparent, accurate, exhaustive, and reduces uncertainty as much as possible under present technical and technological national capacities. Emissions-related information based on forest monitoring and measurement are reported to the REDD+ Registry and to INFOCARBONO - the National Inventory of Greenhouse Gases, in a format consistent with that registry, consistent with Decision 12/CP.17.

The System is based on remote sensing technologies and the University of Maryland methodologies that are adjusted and complemented to conform to the specific circumstances in the Amazon: for example, the supervised classification was based on very high-resolution optical data (RapidEye) and *in-situ* observations. It also incorporates ground-level data generated by the National Forest Inventory (NFI). The scales used by remote sensing and the NCI are complementary and internally consistent.
The National Forest Inventory (NFI) is being implemented with a 5 year sampling frequency of 6 different eco-zones, which were formulated based on expert opinion, and is measuring tree above-ground biomass (AGB), dead wood, and soil carbon. Implementation of the NFI is based on the Methodological Framework of the NFI (Proyecto Inventario Nacional Forestal y Manejo Forestal Sostenible ante el Cambio Climático en el Perú 2013), and biome-specific field manuals (Proyecto Inventario Nacional Forestal y Manejo Forestal Sostenible ante el Cambio Climático en el Perú, 2013; Quispe, 2014).

Measurements are carried out at the plot and cluster level and their design have been adjusted to the eco-zones, taking into account their variability, access, and measurement costs. At the plot level, tree AGB and deadwood are measured, while soil carbon is being sampled at the cluster level. The distribution of clusters follows a systematic non-aligned sampling approach distributed by panels. Annual measurement results per panel can improve the precision and accuracy of the emission factors compiled from different inventories.

In order to monitor land use and land use-change, Peru is following the 2006 IPCC GHG Inventory based on the following land use categories: forest land, cropland, pasture, wetlands, settlements, and other lands and applying approach 2 of the IPCC. Table 9 presents the relation between potential drivers and key land use categories that are considered in reporting systems at both the jurisdictional and national level. To provide more accurate estimates of emissions and removals, the use of higher resolution images will be required.

Table 9. Relationship between drivers of deforestation and key land use categories.

Deforestation Drivers	Key Categories in the National GHG Inventory
Small, medium, and large scale agriculture	Forest land converted to cropland
Small, medium, and large scale cattle ranching	Forest land converted to pasture
Use of timber and non-timber forest products	Forest land remaining forest land (subject to changes in carbon pools)
Gold mining	Forest land converted to other lands
Road network development	Forest land converted to other lands
Natural trigger events: droughts, fires, floods	Forest land converted to pasture or wetlands (if considered managed land)

Source: Seifert-Granzin, (2014)

The elaboration of a 2011 land-use map for the Peruvian Amazon is underway and MINAM is in the process of classifying land use and land use change in 15 Amazon regions for the 2000 – 2005 and 2013 - 2015 periods. In parallel, complementary methods are being evaluated to assess land use and land-use change in seasonally dry forests and Andean forests.

Indicator 29. Documentation of monitoring approach.

Progress	Acceptable	Partial	Further Development Required	Little or None
Evaluation	The monitoring approach uses a variety of methods based on internationally recognized remote sensing techniques and methodologies and ground-level data from the National Forest Inventory. The methods are complementary and internally consistent and are based on established protocols, which are consistent with UNPCCC guidelines and the use of Tier 2 methods within IPCC Approach 3. The System also incorporates a stepwise approach whereby the monitoring of Amazon forests will be complemented with the monitoring of coastal and Andean forests in the future in order to form a national monitoring system. In order to monitor land use and land use-change, Peru is following the 2006 IPCC GHG Inventory based on the following land use categories: forest land, cropland, pasture, wetlands, settlements, and other lands and applying approach 2 of the IPCC. MINAM is in the process of elaborating a 2011 land-use map for the Peruvian Amazon and is classifying land use and land use change in 15 Amazon regions for the 2000 – 2005 and 2013 - 2015 periods. In parallel, complementary methods are being evaluated to assess land use and land-use change in coastal and Andean forests. The information produced by the monitoring system is consistent with national mitigation measures (Decisions 13 and 14/CP.19) and with the reference levels (Decision			

	14/CP.19), and is consistent, transparent, accurate, exhaustive, and reduces uncertainty as much as possible under present technical and technological national capacities. Emissions-related information based on forest monitoring and measurement are reported to the REDD+ Registry and INFOCARBONO - the National Inventory of Greenhouse Gases, in a format consistent with that registry, consistent with Decision 12/CP.17.

7.2. Indicator 30: Demonstration of early system implementation

Forest cover monitoring was initially carried out by the Forest Mapping and Monitoring of its Conservation Unit of the NPFCCCM in collaboration of SERFOR within the framework of the OTCA Observatory on forest monitoring. Responsibility for the Monitoring System was later assigned to MINAM, in collaboration with SERFOR, via Legal Decree 1220 on illegal logging. Within MINAM, this task was charged to the NPFCCCM via Ministerial Resolution 324-2015-MINAM.

The objectives of the NFCMP include the development of capacities to monitor:

i) Deforestation,
ii) Forest degradation,
iii) Early warnings,
iv) Reference scenarios, and
v) Land use and land use change.

Besides the construction of the reference level, based on the historical analysis of changes in forest cover during 2001-2014, other demonstrations of early implementation of the NFCMS can be found in the following publications of MINAM related to land use and land use change. MINAM is also in the process of classifying land use and land use change in 15 Amazon regions for the 2000 – 2005 y 2013-2015 periods.

- Quantification of forest cover and the change from forests to non-forests in the Peruvian Amazon, for the period 2000-2005-2009 – Technical Report.
- Quantification of forest cover and the change from forests to non-forests in the Peruvian Amazon, for the period 2009-2010-2011 – Technical Report.
- Descriptive report on the forest/non-forest map for the year 2000 and the map of the loss of Amazon humid forests of Peru, 2000-2011.
- Protocol for the classification of the loss of forest cover in Amazon humid forests between 2000 and 2011.
- Report on the loss of Amazon humid forests for 2011-2013.

The development of the early warning system is notable. GEO BOSQUES is an information service developed by the NPFCCCM that reports annually information related to forest cover, forest loss, and size of loss. It has also developed an early warning system for Amazon forests, based on a measurement and

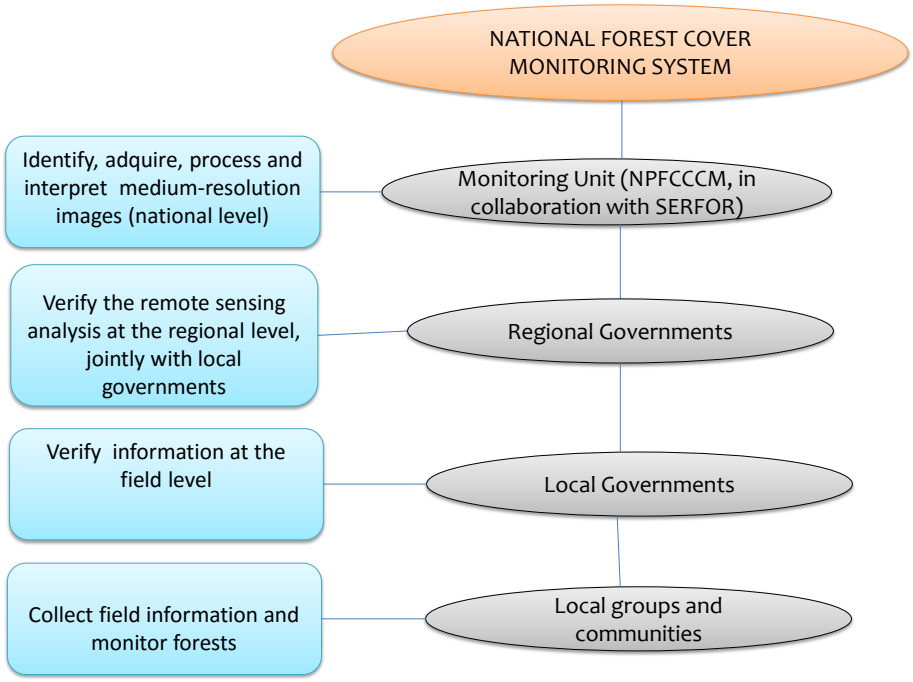
reporting frequency of 7 days and a pixel size of 0.09 ha. The system uses data of the Global Land Analysis and Discovery system (GLAD-Peru), generated by the University of Maryland and distributed through a formal agreement between Global Forest Watch and the NPFCCCM. This information is disseminated to political, judicial, police, and other authorities, and is accessible to the general public under the Law on Transparency and Access to Public Information. Websites linked to the alerts are:

http://geobosques.minam.gob.pe:81/geobosque/view/alertatemprana.html
http://geobosques.minam.gob.pe:81/geobosque/visor/index.html

Loreto is now involved in verification of the results of the new early warning system and it is expected that other actors will join in soon. MINAM has started to instruct communities and regional government of Loreto on how to use the early warning system.

The involvement of stakeholders in the forest monitoring process occurs various levels as shown in the conceptual diagram below.

Figure 10. Forest monitoring activities and actors at various levels.



To date, stakeholders have been mainly involved in consultations during the development of the system and the verification of data by the regional governments, IIAP, SERNANP, Conservation International, and

local groups. Most of the verification was done with the regional governments of Madre de Dios, Ucayali, Loreto, Cusco and San Martin.

The PPIA contemplates the participation and involvement of the following stakeholders in the forest monitoring system:

- the regional and local governments; this includes capacity strengthening for the management of information related to deforestation,
- the national academic sector,
- the private business sector, via increased use of knowledge and information provided by the forest monitoring system, and
- regional and local actors, including indigenous peoples, especially in the articulation of national forest monitoring with monitoring initiatives by these actors. It is contemplated that indigenous groups will participate in the verification of NFCMS analyses and in local monitoring of forest plots and data collection, following capacity strengthening. The design of these activities will be aligned with the Amazon Indigenous REDD+ proposal, backed by AIDESEP and CONAP, which will serve as the basis to ensure the participation of the indigenous groups in the monitoring processes.

Indicator 30. Demonstration of early system implementation.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	The National Forest Cover Monitoring System (NFCMS) is at an early stage of implementation and methodologies are still being adjusted and significant progress has been made in developing an early warning system whose information is accessible to the general public. The system has been used to assess in a preliminary fashion forest loss and changes in land use in the Amazon humid forests and more detailed analyses of land use change are underway.			

7.3. Indicator 31: Institutional arrangements and capacities

Forest cover monitoring was initially carried out by the Forest Mapping and Monitoring of its Conservation Unit of the NPFCCCM in collaboration of SERFOR within the framework of the OTCA project on forest monitoring, whereby maps of annual deforestation were produced by the NPFCCCM with assistance from the University of Maryland.

Subsequently, Legal Decree 1220 on illegal logging defined the Monitoring Unit as part of the National Forestry and Wildlife Information System (SNIFFS) and the National Environmental Information System (SNIA) and assigned responsibility for the Unit to MINAM, in coordination with SERFOR. This responsibility was later transferred legally to the NPFCCCM (RM 324-2015-MINAM). Currently, as part of the Readiness process, a consultancy is underway to develop the framework and protocols required for the technical and institutional consolidation of the Unit.

A step-wise implementation strategy for the NFCMS is proposed through the year 2021, which includes the following phases:

- Initial Phase (2013 - 2014): The National Forest Cover Technical Monitoring Team (MINAM, MINAGRI, OTCA) investigates and generates information.
- Transition Phase (2015 – 2017): The Unit is implemented by the NPFCCCM and is generating information through protocols (under development) that are consistent with the IPCC and other institutional arrangements.
- Final Phase (2018 – 2021): The Forest Cover Monitoring Unit is operating and generating information in an ongoing manner.

In relation to the reporting of emissions related with changes in forest cover, Peru has established a National Network of Inventories of Greenhouse Gases - INFOCARBONO responsible for information gathering and reporting of greenhouse gas emissions across sectors. Information from the LULUCF sector will be provided by the REDD+ Registry. The REDD+ Registry will generate internally consistent data on emission reductions generated by the National Forest Cover Monitoring Unit, as part of the sector-wide Unique Registry of Compensation Mechanisms for Ecosystem Services.
The REDD+ Registry will contain information regarding reference scenarios, emission reductions achieved and the rights to the emission reductions in order to avoid: a) double or triple accounting of emission reductions; b) ambiguity with regard to the ownership of emission reductions; c) inconsistencies between national GHG inventories and the general REDD+ accounting and d) non-fulfillment of socio-environmental safeguards. It will thus contribute to transparent information related to REDD+ projects and activities.

Indicator 31. Institutional arrangements and capacities.

Progress	**Acceptable**	**Partial**	**Further Development Required**	**Little or None**
Evaluation	The National Forest Cover Monitoring System is coordinated by the NPFCCCM for MINAM under Legal Decree 1220, in coordination with SERFOR. Although the System is technically adequate, the institutional framework and protocols required for its technical and institutional consolidation are being formulated. The information produced by the Monitoring System needs to linked with the REDD+ Registry whose design is awaiting approval.			

7.4. Indicator 32: Identification of relevant non-carbon aspects, and social and environmental issues

During the RPP, ER-PIN, and FIP consultations, and the development of Peru´s NDCs, a number of institutional, environmental and social non-carbon benefits were identified (see Table 10 below). Non-carbon benefits include: land rights and titling, the improvement of enabling conditions and governance,

biodiversity conservation, income, sustainable livelihoods of indigenous groups, the competitiveness of agriculture and forestry, and the development of new markets. Biodiversity, especially, deserves emphasis due to earlier UNFCCC COP decisions regarding the need for consistency of REDD+ actions with biodiversity conservation and the fact that biodiversity may be a factor important in distinguishing differential prices of carbon. Additionally, the NPFCCCM and the World Conservation Monitoring Centre (WCMC) have performed a spatial analysis of biodiversity, erosion control and hydraulic regulation by forests, and opportunity costs at the district level and have developed a set of spatial analysis tools for linking co-benefits with emission reductions.

Table 10. Non-carbon socio-economic, environmental, institutional, and governance benefits identified and their importance in each of the zones of intervention.

Benefit	Indicator
Poverty reduction among indigenous peoples	i) Men and women's income, assets and/or access to natural resources. ii) Changes in access to basic services.
Reduction of the loss of biodiversity and maintenance of forest ecosystem services.	i) Variation in forest fragmentation (rate and area) and/or conservation rate based on demonstration plots. ii) Reduction in the rate of native forest loss in the area of intervention.
Enabling conditions consolidated through use of instruments, policy and institutions for sustainable forest landscape management.	i) Approved instruments for facilitating land use planning processes. ii) Agreements between the MINAM, MINAGRI and regional governments on REDD+ matters. iii) National Monitoring, Reporting and Verification System (MRV) established.
Empowerment of indigenous peoples and other local actors in forest management.	i) # of community forest management plans with Assembly approval. ii) # of communities participating in added-value chains. iii) Development of national legislation for community forest management. iv) Operating community forest management instruments (regulation and application). v) Percentage of indigenous women participating in the activities and decision-making of their organizations. vi) Percentage of rural women participating in the activities and decision-making of their organizations.

Investment in forest governance (improvement of forest and environmental governance).	i) Forest planning agreements. ii) Operating conflict resolution mechanisms. iii) Number of conflicts handled and pending. iv) Operating forest oversight bodies. v) Community early warning anticorruption mechanisms.
Improved land titling and assignment of land rights	i) Number of titles or other rights of use or access to land and natural resources granted to men and/or women. ii) Number of titles or other rights of use or access to land and natural resources granted to indigenous peoples. iii) Number of ha of legally titled land.
Greater competitiveness of sustainable use of forest lands.	i) Venture capital earnings invested in forests. ii) Productivity increase per hectare of forest or area of agriculture production. iii) Economic profitability of activities supported by the project.
Innovation and impact on markets (business model and technological improvement).	i) Number of people or communities adopting innovative management technologies and models. ii) Participation in new markets and opening of new niches. iii) Credit for sustainable agricultural or forestry management.

These potential co-benefits should be identified and prioritized according to:

- Their relevance with specific prioritized REDD+ interventions,
- Existing baselines at national, regional or local levels,
- Existing technical monitoring capacity,
- Funding availability for monitoring,
- Relevance of these benefits in the local and regional context, and
- Discussions with stakeholders.

These benefits will be discussed with local stakeholders in order to specify the indicators and baselines, their priority, the monitoring and measurement methodologies and the participation of local groups in their application. Additionally, further discussion of the plan for the inclusion on non-carbon benefits in the National REDD+ Registry is needed.

Indicator 32. Identification of relevant non-carbon aspects, and social and environmental issues.

Progress	Acceptable	Partial	Little or None
Evaluation	A preliminary analysis of non-carbon benefits associated with LULUCF mitigation measures was performed as part of the RPP, ER-PIN, and FIP consultations and preparation of Peru´s NDCs. Additionally, the NPFCCCM and the World Conservation Monitoring Centre (WCMC) have performed a spatial analysis of biodiversity, erosion control and hydraulic regulation by forests, and opportunity costs at the district level and have developed a set of spatial analysis tools for linking co-benefits with emission reductions. The identification of social and environmental safeguard issues associated with specific REDD+ interventions is pending, and will be produced as part of the SESA process. These benefits should be discussed and prioritized with stakeholders. Further discussion of the inclusion on non-carbon benefits in the National REDD+ Registry is also needed.		

7.5. Indicator 33: Monitoring, reporting and information sharing

A system for periodically monitoring, reporting, and sharing consistent information on non-carbon aspects and safeguards has not yet been established, due to the pending nature of the analysis of non-carbon benefits and social and environmental safeguard issues. These will be produced as part of the SESA, ESMF and SIS processes outlined in section 5.13. It is envisioned that data on non-carbon benefits and indicators will be incorporated in the SIS and will be linked with the National REDD+ Registry.

Past consultation processes have identified a series of potential indicators for tracking non-carbon benefits such as biodiversity as well as socio-economic, governance, and institutional capacity indicators that will complement the forest cover and emission reductions indicators included in MRV. These indicators should be further defined and a baseline and tracking methodology will be developed. Indicator tracking is a technical task that will be managed by the MINAM with the participation of the indigenous communities and the REDD+ and Indigenous REDD+ Roundtables. Other institutions, such as NGOs, universities, international organizations, indigenous organizations that can contribute information will also be included.

Indicator 33. Monitoring, reporting and information sharing.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	A system for periodically monitoring, reporting, and sharing consistent information on non-carbon aspects and safeguards has not yet been established, due to the pending nature of the analysis of non-carbon benefits and social and environmental safeguard issues. The latter will be produced as part of the SESA process. Once this information is available, the monitoring and information system should be designed and implemented.			

7.6. Indicator 34: Institutional arrangements and capacities

Institutional arrangements and capacities to perform tasks related to non-carbon aspects and safeguards have not been defined nor have resource needs been identified and estimated, since the identification of non-carbon benefits and social and environmental safeguard issues are pending. These will be produced as part of the SESA process. As mentioned above, it is likely that these tasks will be managed by the MINAM with the participation of the indigenous communities and the REDD+ and Indigenous REDD+ Roundtables. Other institutions, such as environmental rights NGOs, universities, international organizations, indigenous organizations that can contribute information will also be included.

Indicator 34. Institutional arrangements and capacities.

Progress	Acceptable	Partial	Further development required	Little or None
Evaluation	Institutional arrangements and capacities to perform tasks related to non-carbon aspects and safeguards have not been defined nor have resource needs been identified and estimated, since the identification of non-carbon benefits and social and environmental safeguard issues are pending. These will be produced as part of the SESA process. It is likely that these tasks will be managed by the MINAM with the participation of the indigenous communities and the REDD+ and Indigenous REDD+ Roundtables. Other institutions, such as environmental rights NGOs, universities, international organizations, indigenous organizations that can contribute information will also be included.			

8. Analysis of Readiness Needs

Based on the evaluation of the above indicators, Peru´s Readiness Program is at the halfway point. The progress achieved is in general alignment with proposed activities in the Readiness proposal and the expenditures to date of FCPF funds.

Of the 34 Readiness Indicators, 10 are judged to be acceptable, 13 are partial, and 11 show little or no progress (Table 11). In general, the indicators related to the design of the NSFCC or technological components are well advanced; those related to the implementation of the Strategy are incipient due to the recent approval of the Strategy, which provides the mandate for implementation; and the social components and registries show less progress due to their complex nature and the lack of clear and straightforward guidelines for carrying out these activities.

In general, REDD+ component 3 (Reference Level) shows a high degree of readiness, whereas the inter-related components 2 (Preparation of the REDD+ Strategy) and 4 (Monitoring Systems for Forests and Safeguards) have significant tasks pending, especially in relation to the prioritization and implementation of REDD+ interventions, and the development of safeguard analyses, systems, and procedures, which

feedback into the intervention prioritization process. Many of these tasks will be completed as a result of the SESA and the formulation of the ESMF, which have been contracted and are about to begin. The SESA and ESMF will also aid in identifying priority REDD+ activities and the development of analyses, systems, and procedures related to safeguards.

Progress related to Component 1 (Preparation, Organization, and Consultation) is mixed, mainly due to the needs to strengthen the internal system and procedures for REDD+ project management and to implement the newest version of the plan for the participation and involvement of stakeholders (PPIA) and the Mechanism for Citizen Attention (MAC).

It should be noted that upon completion of various consultancies presently underway or in the pipeline (see Table 4B), plus those being financed by other sources of funding, such as the distribution of benefits and the mechanism for the resolution of conflicts, the preparation of REDD+ in Peru will advance significantly.

Table 11. Readiness needs, presented by Readiness Assessment Indicators.

Indicator	Description	Evaluation	Description of Need
1	Accountability and transparency	**Partial**	Overall coordination and consolidation of REDD+ management including: the National REDD+ Authority and REDD+ Coordinator, management tools, and monitoring.
2	Operating mandate and budget	**Partial**	Budget planning, coordination, and contingency plans.
3	Mechanisms of multi-sectoral coordination and collaboration	**Acceptable**	Monitor multi-sectoral coordination, consolidate vertical and horizontal coordination mechanisms, achieve greater buy-in from MEF, strengthen the capacities of the regional governments, reorganize the REDD+ and Indigenous REDD+ Roundtables, and increase the participation of the private sector in REDD+ consultation and planning.
4	Technical supervision capacity	**Partial**	Name the REDD+ Coordinator, and establish the M&E system for REDD+ projects and activities. At the regional level, organizational and technical capacities need to be improved. See REDD+ Coordinator in Indicator 1.
.5	Capacity to manage funds	**Partial**	Improved financial information systems and a centralized financial data base. See also Indicator 2.
6	Grievance redress mechanisms	**Further development required**	Design and implement the grievance redress mechanism (MAC).
7	Participation and engagement of key stakeholders	**Acceptable**	Implement PPIA and increase private sector participation.
8	Consultation process	**Acceptable**	Implement, consolidate, and monitor the management structure proposed by the PPIA.
9	Information access and sharing of information	**Acceptable**	The pilot REDD+ Registry needs to be applied at scale and linked with other registries related to safeguards and non-carbon benefits, GHG, and ecosystem services.

10	Implementation and disclosure of key outcomes	**Further development required**	See Indicators 6 and 9.
11	Assessment and analysis of land use trends, rights, tenure, forestry laws and policies, and governance	**Acceptable**	Characterize the extent and drivers of forest degradation in all forest types. For coastal and Andean forests, a more in-depth analysis of drivers of deforestation and degradation is also needed.
12	Prioritization of direct and indirect drivers/barriers to forest carbon stock enhancement	**Acceptable**	More in-depth analyses and prioritization of drivers need to be carried out in priority areas for interventions.
13	Links between drivers/barriers whit REDD+ activities	**Partial**	REDD+ interventions in relation to drivers need to prioritized and referenced to priority geographic areas.
14	Action plans to address natural resource rights, land tenure, and governance	**Partial**	Analyses of existing rights to land and natural resources; rights-holders; gaps, ambiguities or inconsistencies in the legal framework; the identification of zones of conflict; and an assessment of the effectiveness of the strategies and instruments used in order to assign rights, establish categories of zoning, and design and implement management plans are needed in order to provide a sound basis for project interventions.
15	REDD+ activities implications to the forest laws and policies	**Partial**	Design a strategy and road map for modifying/eliminating inconsistent laws and policies. Assure the transfer of forest management authority to the regions and strengthen the limited technical, financial, and human resources capacities of regional authorities to plan, monitor, control, and sanction land use and improve governance.
16	Selection and prioritization of REDD+ strategy options	**Partial**	Design an action plan that assigns priorities to interventions in relation to level (national, regional, or local) as well as referenced to priority geographic areas; implementing entities also need to be identified. Incorporate existing analyses of mitigation measures and their costs into the prioritization process based on multiple criteria.
17	Feasibility assessment of the options	**Partial**	Incorporate existing analyses of costs, potential social and environmental impacts, political feasibility, risks, and opportunities of interventions in the assessment of interventions.
18	Implications of REDD+ options on existing sectoral policies	**Further development required**	Inconsistencies of policies among sectors having an impact on REDD+ and deforestation need to be resolved. A strategy and road map for modifying or eliminating incoherent laws and policies are also needed. See Indicator 15.
19	Adoption and implementation of legislation/regulations	**Partial**	Monitor the impacts of recent laws and regulations.

20	Guidelines for REDD+ implementation	**Further development required**	Develop guidelines for: the management and distribution of results-based payments and how they will interface with social and environmental safeguards; the grievance mechanism; the integration of actions that are multi-sectoral and multilevel in nature; the determination of the future relationship between jurisdictional and project-based approaches. See indicators 6 and 21.
21	Benefit-sharing mechanisms	**Further development required**	Design and implement benefit-sharing mechanisms. Important pending issues include the vertical and horizontal distribution of benefits (see Indicator 20) and the nesting of project-based vs. jurisdictional REDD+ interventions in a benefit distribution system.
22	National REDD+ registry and system for monitoring REDD+ activities	**Partial**	Consolidate/implement the recently established REDD+ Registry and link it to the other registries related to safeguards, non-carbon benefits, GHG, and ecosystem services.
23	Analysis of social and environmental safeguard	**Further development required**	Design and implement the SESA, ESMF, and SIS.
24	REDD+ design with respect to impacts	**Further development required**	Complete the SESA process and incorporate the results in the prioritization of REDD+ interventions.
25	Social and environmental management framework	**Little or None**	Design and implement the ESMF.
26	Demonstration of methodology	**Acceptable**	Stepwise improvements in monitoring methodologies should include: the estimation of forest degradation, the improvement of tree biomass estimation based on allometric equations, improved estimates of carbon stocks in non-forest land use categories as well as other forest compartments, and the extension of the methodologies to the Andean and coastal forests.
27	Use of historical data and adjustment for national circumstances	**Acceptable**	None.
28	Technical feasibility of the methodological approach and coherence with UNFCCC/IPCC guidance and guidelines	**Acceptable**	None.
29	Documentation of monitoring approach	**Acceptable**	None.
30	Demonstration of early system implementation	**Partial**	Continue developing/adjusting methodologies, especially for early warning and land use change. Assess leakage once interventions are implemented.
31	Institutional arrangements and capacities	**Partial**	Continue the consolidation of the institutionalization of the National Forest Cover Monitoring Unit. Establish and consolidate the functioning of the REDD+ Registry

			and its linkages with other registries and reporting systems.
32	Identification of relevant non-carbon aspects and social and environmental issues	**Little or None**	Identify, analyze, and prioritize relevant non-carbon benefits and social and environmental safeguard issues associated with specific REDD+ interventions forthcoming from the SESA process.
33	Monitoring, reporting, and information sharing	Further development required	Design and implement a system for periodically monitoring, reporting, and sharing consistent information on non-carbon aspects and safeguards.
34	Institutional arrangements and capacities	Further development required	Once the SESA process identifies non-carbon benefits and social and environmental safeguard issues, the design and implementation of institutional arrangements and capacities for monitoring and information storage and dissemination is needed.

9. Updated Financial Plan

The use of funds for Readiness is shown in Table 12 below. Of the funds pledged, only about one-third have been received, but the remaining two-thirds (i.e. Funds Available) has been earmarked for specific uses. Of the Funds Committed, about two-thirds have been disbursed.

Many of the pending needs identified by this assessment are contemplated in the original Readiness proposal and will be funded from the original tranche of $3.8 million or other sources of funding. These needs include:

i. the internal organization and management of REDD+ (Authority/Coordinator),
ii. the plan for the consolidation of the NFCMS; SESA and ESMF and SIS design;
iii. the identification of co-benefits related with interventions;
iv. an information storage and monitoring system;
v. basic studies related to land tenure and titling;
vi. the design of a benefit-sharing mechanism; and
vii. the design of a system for grievance redress.

Table 12. Funding of REDD+ Readiness by the FCPF and other donors.

Funding of REDD+ Readiness							
Use of Funds (thousands of $)							
			Funds Used				
RPP Component	**Total Needed (A)**	**Funds Pledged (B)**	**Funds Committed (C)**	**Funds Disbursed**	**Funds Available (B-C)**	**Gap (A-B)**	**Request to FCPF**
1-Organization, consultation	4,733	3,408	1,193	800	2,215	1,325	1,350
2 - Strategy preparation	7,331	6,131	2,146	1,440	3,985	1,200	1,200
3 - Reference level	4,373	3,373	1,181	792	2,192	1,000	1,000
4 - MRV & safeguard info.	5,549	4,599	1,610	1,080	2,989	950	950
Ops./Admin.	4,307	3,807	1,332	894	2,475	500	500
Total	**26,293**	**21,318**	**7,461**	**5,007**	**13,857**	**4,975**	**5,000**
Sources of Funds (thousands of $)							
FCPF		3800	2151	797	1649		
WWF/DCI		5696	1994	1338	3702		
JICA		2120	742	498	1378		
MINAM REDD+/KfW		9702	3396	2278	6306		
Total		**21,318**	**8,283**	**4,911**	**13,035**		

Needs

A total of $5,000,000 in additional funding is solicited from the FCPF. The activities financed by these funds are shown in Table 13 below. These needs are related principally to the transition between the planning and execution of the NSFCC, the consolidation and implementation of the mechanisms mentioned in the above paragraph, the extension of preliminary analyses, pilot experiences, or newly identified needs not contemplated originally in the R-PP.

The funds requested are distributed in the following manner: 27% in Component 1 (Organization and Consultation), 24% for Component 2 (REDD+ Strategy), 20% for Component 3 (Reference Level and Carbon Accounting), 19% for Component 4 (Monitoring of Forest Cover, Safeguards, and Non-Carbon Benefits), and 10% for administration. It should be noted that horizontal activities related with the strengthening of capacities and participation at various levels, consume approximately 40% of the additional funds requested.

Table 13. Proposed activities funded by the second tranche of the FCPF ($5 million).

REDD+ Component	Indicators	Needs	Amount
1. Organization and consultation	Organization and management: indicators 1, 2, 4, 5	1. The REDD+ Authority and the REDD+ Coordinator need the technical and budgetary tools that will enable them to monitor REDD+ activities, including the design of a project data base and monitoring system, computer and office equipment, and a coordination mechanisms between MINAM and MINAGRI. .	***Sub-total: $100,000***
	Consultation and participation: Indicators 6 - 10	2. The following are needed in order to improve stakeholder participation in REDD+: • Capacity building of the regional governments, especially the ARAs and the Economic Development Directorates, related to the planning and monitoring of land use, the application of the new Forestry Law and its regulations, and the mechanisms for the resolution of conflicts and the distribution of benefits. Training costs and the hiring of various consultants is included. • Reorganize and train the REDD+ and Indigenous REDD+ Roundtables at the national and regional levels, so that they are better able to respond to the new needs generated by the NSFCC and the new Forestry Law. Training, consultant, and communication costs are included. • Design and implement a strategy to increase the participation of the private sector in REDD+. Consultant and engagement and meeting costs are included. • Implement the new governance structure of the PPIA and the consultations related to the implementation of the NSFCC. Meeting and travel costs are included. • Implement and improve the pilot mechanism for the resolution of conflicts (MAC). Legal, communication, equipment, meeting, and travel costs are included.	***Sub-total: $1,250,000*** $500,000 $200,000 $225,000 $150,000 $175,000
Sub-total Component 1			**$1,350,000**
2. REDD+ Strategy	Analysis of drivers of deforestation - Indicator 11	3. Deepen the analysis of the drivers of deforestation in the Andean and coastal zones. Specialists of the interpretation of satellite images and other remote sensing technologies and local verifiers will be contracted.	***Sub-total: $300,000***
	Analysis of strategies and instruments for territorial	4. A consultancy is needed to further analyze land tenure conflicts and the effectiveness of strategies and instruments used to assign rights, establish categories	***Sub-total: $100,000***

	classification and zoning - Indicator 14	of land use and zoning, and design and implement land use classification plans.	
	Strategy and monitoring of the implementation of new laws – Indicator 19	6. A consultancy is needed to analyze the impact of new laws and regulations, the factors that affect their effectiveness, and the design of systems to monitor their future implementation and impact.	***Sub-total: $100,000***
	Implementation guidelines for the Strategy including the distribution of benefits - Indicators 20 y 21	7. Continue progress with the design of a benefit distribution system and the formulation of guidelines related to: the management and distribution of results-based payments and their interaction with social and environmental safeguards; the mechanism for the resolution of conflicts; the integration of multi-sectoral and multi-level actions; the determination of the future relationship between jurisdictional and project-based approaches. This will require the hiring of various consultants as well as a prolonged process of consultation.	***Sub-total: $500,000***
	REDD+ Registry - Indicator 22	8. The pilot experience of the REDD+ Registry should be analyzed. Necessary modifications should be incorporated and the Registry should be linked with reference levels, MRV, rights to benefits of emission reductions, and existing registries (INFOCARBONO, the National GHG Inventory, and the Sole Registry for the Compensation of Ecosystem Services). This will require specialized technical assistance with data management systems as well as a consultant to work with the pilot Registry.	***Sub-total: $200,000***
Sub-total, Component 2			**$1,200,000**
3. Reference Level	Improve measurements of carbon pools – Indicator 26	9. As part of a step-wise approach, the following aspects of the reference level should be improved: • Measurements related to carbon stocks and flows, the estimation of aboveground tree biomass based on allometric equations, estimates of carbon stocks of non-forest land as well as other forest pools, and the application of current methodologies to Andean and coastal dry forests. This will require various office-based as well as field consultancies, and the gathering and analysis of field data at numerous sites. • Continue the development of data bases and measurement methodologies related to land use change in the 3 biomes, based on the analysis of remote sensing images and field verification.	***Sub-total: $1,000,000*** $500,000 $500,000
Sub-total, Component 3			**$1,000,000**
4. System of forest and	Institutional arrangements and capacities of the	10. Based on the results of a consultancy presently underway, continue consolidating the institutionality of the Forest Cover Monitoring Unit.	***Sub-total: $300,000***

safeguards monitoring	forest cover monitoring system - Indicator 31		
	Monitoring of safeguards and non-carbon benefits – Indicators 31, 32, y 33	11. Implement a safeguard and non-carbon benefit monitoring system, including the selection of non-carbon benefits, the design of a monitoring methodology, and the road map for achieving compatibility of the safeguard and non-carbon benefit monitoring system with other data bases and monitoring systems. This should also include the design or modification and implementation of indigenous forest monitoring systems and the training of civil society participants.	***Sub-total: $250,000***
		12. Design and implement institutional agreements and instruments for the storage, control, reporting, and dissemination of information related with non-carbon benefits and safeguards.	***Sub-total: $100,000***
		13. Train public sector personnel at the national and regional levels in the collection and analysis of data and the use of the monitoring system.	***Sub-total: $300,000***
Sub-total, Component 4			**$950,000**
Administration			**$500,000**
Total Budget			**$5,000,000**

Ministry of Environmental
Peru

Attachments:

1. List of participants to the socialization event of the midterm report for the FCPF.
2. Roadmap for the subscription of the carbon sale agreement with the FCFP.