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Forest Carbon Partnership Fund (FCPF)
Readiness Preparation Proposal (R-PP) Form

Country Submitting the Proposal: **Peru**
Date of Submission (March 7, 2011)

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General Information

1. Contact Information

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ACRONYMS

AIDSESP	Asociación Interétnica de Desarrollo de la Selva Peruana (Inter-ethnic Association for the Development of the Peruvian Selva)
ANP	Áreas Naturales Protegidas (Natural Protected Areas)
ARPI S.C	Asociación Regional de los Pueblos Indígenas de la Selva Central (Regional Association of Indigenous Peoples of the Central Selva)
BPP	Bosques de Producción Permanente (Forests under Permanent Protection)
CAF	Corporación Andina de Fomento (Andean Development Corporation)
CC	Climate Change
CCB	Climate, Community and Biodiversity
CCP	Conferencia Campesina del Perú (Peasant Conference of Peru)
CENCOSEC	Central de Comunidades Nativas de la Selva Central (Center for Native Communities of the Central Selva)
CC	Climate Change
CCBS	Climate, Community and Biodiversity Standards
CIDH	Corte Interamericana de Derechos Humanos (Inter-American Court of Human Rights)
CITES	Convention on International Trade in Endangered Species
CLASLite	Program employed as a useful tool for forest monitoring, for REDD purposes
CNA	Conferencia Nacional Agraria (National Agrarian Conference)
CNCC	Comisión Nacional de Cambio Climático (National Climate Change Commission)
CO₂-e	Carbon dioxide equivalent
COFOPRI	Organismo de Formalización de la Propiedad Informal (Agency for the Formalization of Informal Ownership)
COMARU	Consejo Machiguenga del Río Urubamba (Machiguenga Council of the Urubamba River)
CONACAMI	Conferencia Nacional de Comunidades del Perú Afectadas por la Minería

(National Conference of Peruvian Communities Affected by Mining)

CONAP	Confederación de Nacionalidades Amazónicas del Perú (Confederation of Peru's Amazonian Nationalities)
COP	Conference of the Parties
CORPI	Coordinadora Regional de Pueblos Indígenas Región San Lorenzo (Regional Coordination Office for the Indigenous Peoples of the San Lorenzo Region)
DGCCDRH	Dirección General de Cambio Climático, Desertificación y Recursos Hídricos (General Bureau of Climate Change, Desertification and Water Resources)
DGFFS	Dirección General Forestal y de Fauna Silvestre (General Bureau of Forestry and Wildlife)
DGOT	Dirección General de Ordenamiento Territorial (General Bureau of Land Planning)
DRA	Dirección Regional Agraria (Regional Agrarian Bureau)
DS	Decreto Supremo (Supreme Decree)
EEZ	Ecological-economic Zoning
ENCC	Estrategia Nacional de Cambio Climático (National Climate Change Strategy)
ENVI	Program for orthorectification of satellite images
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Fund
FENAMAD	Federación Nativa de Madre de Dios y Afluentes (Native Federation of the Madre de Dios and its Tributaries)
FIP	Forest Investment Program
FTA	Free Trade Agreement
GBMF	Gordon and Betty Moore Foundation
GHG	Greenhouse Gases
Gg	Gigagram

GORE(s)	Gobierno(s) Regional(es) (Regional Government[s])
GTREDD	Grupo Técnico de Reducción de Emisiones de Gases de Efecto Invernadero provenientes de la Deforestación y Degradación de Bosques de la Comisión Nacional de Cambio Climático (Technical Group for the Reduction of Greenhouse Gases Stemming from Deforestation and Forest Degradation, an agency of the National Climate Change Commission)
IIAP	Instituto de Investigación de la Amazonía Peruana (Peruvian Amazon Research Institute)
IPCC	Intergovernmental Panel on Climate Change
IIRSA	Iniciativa para la Integración de Infraestructura Regional Sudamericana (Initiative for the Integration of South American Regional Infrastructure)
ILO	International Labour Organisation
INDEPA	Instituto Nacional de Desarrollo de Pueblos Andinos, Amazónicos y Afroperuanos (National Institute for the Development of Andean, Amazonian and Afro-Peruvian Peoples)
INEI	Instituto Nacional de Estadística e Informática (National Institute of Statistics and Informatics)
INF	Inventario Nacional Forestal (National Forest Inventory)
KFW	Kreditanstalt für Wiederaufbau (German Development Bank)
LOPE	Ley Orgánica del Poder Ejecutivo (Organic Law of the Executive Authority)
MACC	Proyecto de Mitigación y Adaptación ante el Cambio Climático en Selva Central (Project for Climate Change Mitigation and Adaptation in the Central Selva)
MEF	Ministerio de Economía y Finanzas (Ministry of Economy and Finance)
MIFN	Monitoreo e Inventario Forestal Nacional (National Forestry Monitoring and Inventory)
MINAG	Ministerio de Agricultura (Ministry of Agriculture)
MINAM	Ministerio del Ambiente (Ministry of Environment)
MINCETUR	Ministerio de Comercio Exterior y Turismo (Ministry of Foreign Trade and Tourism)
MINEM	Ministerio de Energía y Minas (Ministry of Energy and Mines)

MINRE	Ministerio de Relaciones Exteriores (Ministry of Foreign Relations)
MME	Marco Metodológico Estandarizado (Standardized Methodological Framework)
MRV	Measurement, Reporting and Verification
MTC	Ministerio de Transportes y Comunicación (Ministry of Transportation and Communication)
OCBR	Órgano de Coordinación de Bosques y REDD+ (Forests and REDD+ Coordination Agency)
OEFA	Organismo de Evaluación y Fiscalización Ambiental (Environmental Evaluation And Enforcement Agency)
NGOs	Nongovernmental Organizations
ORAU	Organización Regional AIDSESEP – Ucayali (AIDSESEP Regional Organization – Ucayali)
ORPIAN	Organización Regional de Pueblos Indígenas de Amazonía Norte del Perú (Regional Organization of Indigenous Peoples of Peru’s Northern Amazon Region)
ORPIO	Organization Regional de Pueblos Indígenas del Oriente (Regional Organization of Indigenous Peoples of the Eastern [Oriente] Region)
OSINFOR	Organismo Supervisor de los Recursos Forestales (Supervisory Agency for Forest Resources)
PCM	Presidencia del Consejo de Ministros (Office of the President of the Council of Ministers)
PES	Payment for Environmental Services
PIAV	Pueblos Indígenas en Aislamiento Voluntario y/o Contacto Inicial (Indigenous Peoples in Voluntary Isolation and/or in Initial Contact)
PNCBMCC	Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático (National Forest Conservation Program for the Mitigation of Climate Change)
POT	Planes de Ordenamiento Territorial (Land Use Plans)
PROCLIM	Programa de Fortalecimiento de Capacidades Nacionales para Manejar el Impacto del Cambio Climático y la Contaminación del Aire (Program to

Strengthen National Capacities to Manage the Impact of Climate Change and Air Pollution)

PROFONANPE	Fondo Nacional para Áreas Naturales Protegidas (National Fund for Natural Protected Areas)
READINESS	Preparation phase for the implementation of the REDD+
REDD	Program on Reducing Emissions from Deforestation and Forest Degradation
REDD +	Broader REDD frameworks that include forest conservation, sustainable management or improvement of carbon stocks in forests
R-PIN	Readiness Plan Idea Note
R-PP	Readiness Preparation Proposal
SCNCC	Segunda Comunicación Nacional de Cambio Climático (Second National Communication on Climate Change)
SERFOR	Servicio Nacional Forestal y de Fauna Silvestre (National Forestry and Wildlife Service)
SERNANP	Servicio Nacional de Áreas Naturales Protegidas (National Service for Natural Protected Areas)
SESA	Strategic Environmental and Social Assessment
SFM – BAM	Bosques Amazónicos (Amazon Rainforests)
SISNACAF	Sistema Nacional de Monitoreo de Carbono Forestal (National System for Forest Carbon Monitoring)
SINANPE	Sistema Nacional de Áreas Naturales Protegidas por el Estado (National System of State-Protected Natural Areas)
SNIGEI	Sistema Nacional de Generación de Datos para el Inventario Nacional de Gases de Efecto Invernadero (National Data Generation System for the National Greenhouse Gas Inventory)
SNIP	Sistema Nacional de Inversión Pública (National Public Investment System)
UNALM	Universidad Nacional Agraria La Molina (La Molina National Agrarian University)
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNFCCC	United Nations Framework Convention on Climate Change

USCUSS	Uso de Suelo, Cambio de Uso del Suelo y Silvicultura (Soil Use, Change in Soil Use and Forestry)
VCS	Voluntary Carbon Standards
VIVIENDA	Ministerio de Vivienda, Construcción y Saneamiento (Ministry of Housing, Construction and Sanitation)
VRAE	Valle de los Ríos Apurímac y Ene (Apurímac and Ene River Valley)
WWF	World Wildlife Fund

3. Executive Summary

Peru is Latin America's second-largest country in terms of tropical forest area, after Brazil, and ranks fourth worldwide. Peru is known as a country with low rates of deforestation. However, the threats of deforestation and forest degradation have been increasing rapidly in recent years as a consequence of accelerated economic growth. Changes in land use and practices in the forestry sector are the principal causes of greenhouse gas (GHG) emissions in the country. Although the Peruvian Government, supported by civil society, is promoting and implementing efforts at national, regional and local levels to recover and conserve forest ecosystems, these efforts still require greater technical and financial support to reach the desired targets, especially considering that the current rate of deforestation is expected to increase in the coming decades due to investment plans and the pressure of illicit activities that imply deforestation and forest degradation.

Arrangements for Managing the Readiness Process at National Level

The advent and launch of the REDD+ mechanism constitutes a challenge, added to Peru's status as a developing country that has begun an accelerated process of economic growth, of increased social well-being and rapid poverty reduction. Therefore, it is necessary to provide the country with schemes and standards of institutionality that ensure the proper management of REDD+ in order to make way for fluid implementation without jeopardizing environmental sustainability and social equality in the process to which it should contribute.

The national institutional framework for managing REDD+ is determined by the ongoing processes of institutional reorganization. The creation of the Ministry of Environment (*Ministerio de Ambiente, MINAM*), the proposed new Forestry and Wildlife Law, the creation of the National Forest Conservation Program for the Mitigation of Climate Change (*Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático, PNCBMCC*) and the formation of forums for dialogue on REDD+ at national and regional levels constitute a great opportunity to integrate the subject of REDD+ in an institutional framework that is in the process of being developed and consolidated. In parallel, the substantial process of decentralization and transfer of duties to subnational (regional and local) governments that is underway in Peru, is in line with a process of modernization and regulatory adjustment of the national role of the State and the National Government. Likewise, an agency is needed to coordinate REDD, with a sufficient level of influence in terms of coordinating among different sectors and levels of the State and with civil society. For this purpose, the Forests and REDD+ Coordination Agency (*Órgano de Coordinación de Bosques y REDD+*) has been created; it is assigned to MINAM but answers, through an Intersectoral Management Committee, to the Office of the President of the Council of Ministers (*Presidencia del Consejo de Ministros, PCM*). This agency receives technical and strategic training from the REDD Technical Group, which conducts ongoing consultations with the Peru REDD Roundtable.

Consultations and Participation of Stakeholders

The process of preparing and implementing REDD+, which includes preparing the R-PP, requires ongoing participation mechanisms for all relevant stakeholders. These mechanisms will especially take into account indigenous peoples and their relationship of interdependence with the forests in which they dwell, with the aim of conserving their means of subsistence and their ways of life, including the traditional use of forest lands and crop rotation. The R-PP proposal tentatively describes the current

mechanisms and those proposed to conduct the processes of consultation with and participation by stakeholders who are relevant to REDD+. The proposal differentiates between the process of information and participation, and the process of free and informed participation to conduct consultations.

The participation of different sectors of civil society has been constant during the development of the R-PP proposal and will continue during its implementation. During the design, the emphasis of participation was on explaining to different groups of society about the different aspects of climate change and its relationship to forests, the REDD+ principles, and the opportunities and challenges for Peru. The objective of this process has been to disseminate the proposal, create full transparency in its development, and receive commendations from the different stakeholders. During the execution of the R-PP, the process of dissemination and consultation will be designed with the objective of ensuring effective participation and the incorporation of civil society priorities in all elements of the National REDD+ Strategy (options for REDD+, SESA, MRV, reference scenarios). The participation strategy will be designed in a participatory manner with representatives of relevant public and private stakeholders.

Evaluation of Land Use, Forest Policy and Governance

The present document describes the current status of forest governance and land tenure in Peru. It also presents the current status of information on deforestation and forest degradation, including the direct and indirect causes of deforestation. Forest governance suffers from gaps, and land tenure in Peru faces a legal problem. Existing knowledge, although based on many sources of information, is in some cases outdated and in others has not been validated in the field or by institutions in charge of forests. For this reason, the activities proposed in this component are aimed at: (i) the generation of updated, validated data on deforestation and forest degradation; (ii) the analysis of the actual causes of deforestation and forest degradation in order to prepare strategies, based on these causes, that are appropriate to each cause identified by geographic region of the country; and (iii) the identification of prior experiences with combating deforestation in the country, indentifying factors of success or failure, and the possibility of extrapolating results.

REDD+ Strategy Options

Peru has set a voluntary objective of substantially reducing its GHG emissions, as a contribution to global efforts to mitigate climate change. The National Government, under the leadership of the Ministry of Environment, has created the National Forest Conservation Program for the Mitigation of Climate Change (PNCBMCC), which combines and links the abovementioned priorities with national coverage and international financial support. REDD+ is considered one of the pillars with the PNCBMCC's greatest potential. With this, the aim is to link activities that are being implementing separately in the country with the objective of addressing the direct causes of deforestation and forest degradation through an approach that promotes public and private investment in forest carbon trade.

Peru has unique geographic features, varying levels of capacity and experience, a complex situation of causes and effects of deforestation and forest degradation that affect the adoption of REDD+ strategy options. This, added to the progress of REDD+ projects at local level and the State decentralization process, point toward the need for a flexible, gradual focus, working with a nested approach at all three levels (i. Readiness; ii. implementation, and iii. payment for results), whose precise implementation should be developed during the Readiness phase.

For the Readiness phase, the National REDD+ Strategy has two sources of financing in addition to the Forest Carbon Partnership Fund (FCPC): the German Development Bank (KfW) and the Gordon and Betty Moore Foundation (GBMF). It is important that the focus and implementation of the R-PP be fully coordinated with these cofinancing projects, specifically because they are essential to ensure financial sustainability throughout the entire Readiness phase. In addition, Peru has been selected as a pilot country for the Forest Investment Programme (FIP), through multilateral development banks. The FIP investment will constitute a significant support to the national government for the implementation phase of the REDD+ strategy, which will make it possible to integrate the role of natural ecosystems in the country's development plans and strategies.

REDD+ Implementation Framework

The activities proposed under this component are aimed at removing regulatory and market barriers and uncertainties, as well as other investment limitations, as part of the REDD+ strategy, coordinated by the Forests and REDD+ Coordination Agency (*Órgano de Coordinación de Bosques y REDD+*, OCBR, which remains to be created). In this regard, the State has begun to review and improve the regulatory and institutional framework, in accordance with the REDD+ implementation plans. Peru is aware that, under the current international policy context regarding REDD+, carbon markets present uncertainties. Added to these uncertainties are significant gaps in regulatory and management terms, both in international and national scopes. However, this has not kept a wide array of public and private stakeholders from investing in REDD+ initiatives at subnational (local and regional) level, which suggests that investments could increase substantially if said uncertainties are reduced.

Social and environmental impacts

The objective of this component is to design and implement a Strategic Environmental and Social Assessment (SESA) that makes it possible to minimize the potential social and environmental risks and conflicts. Although the SESA is presented as a specific component in the R-PP proposal, it has cross-cutting activities in all components at different times during its implementation. To monitor the SESA's execution, this component will define the construction of an Environmental and Social Management Framework (ESMF, the terminology used by the World Bank). Under this component, the social and environmental safeguards mentioned in the statements of the United Nations Framework Convention on Climate Change (UNFCCC) and contained in World Bank guidelines are included in a cross-cutting manner.

Due to the fact that during the implementation of the R-PP, activities are limited to communication, technical advice and training, there are no large-scale interventions in the field. For this reason, the component's objectives in the R-PP phase are the design of the SESA, its dissemination, the involvement of key actors, the participatory development of an ESMF and the means to implement it through the REDD+ Roundtable, and the participation of local and indigenous communities. It is also necessary to provide mechanisms for conflict resolution in the project and the manner in which the project will incorporate the results of the SESA.

Development of a reference scenario

This component describes the process to be followed in developing the reference scenario, and is based on the option of considering the subnational (regional) level as the unit of analysis for the

establishment of such scenarios. The REDD+ option with a nested approach will allow the country to address its implementation at different rates, in accordance with the development of technical capacities, and to add efforts at regional level until moving up to national level. In this way, pioneering regions such as Madre de Dios and San Martín, with the support of public and private institutions, are already organizing participatory technical processes and formulating spatially and temporally explicit deforestation forecasts. With these experiences, the forecasts made at regional level will be formulated using the modalities and procedures proposed by the national level, and will be updated at least every ten years. The reference scenario for the national level will be constructed on the basis of regional deforestation forecasts, with a subsequent aggregation at national level.

Design of a monitoring system

This component proposes the linkage of ongoing or proposed initiatives for these purposes, such as the National Forest Inventory (*Inventario Nacional Forestal*, INF) Project, the Strengthening of Technical Capacities for the Implementation of a REDD Program in Peru Project, the MINAM–Carnegie inter-institutional cooperation agreement for the technical strengthening of MINAM to monitor deforestation and forest degradation, and the National Data Generation System for the National Greenhouse Gas Inventory (SNIGEI).

Under the framework of Peru's Second National Communication on Climate Change, the design and establishment of the National Data Generation System for the National Greenhouse Gas Inventory (*Sistema Nacional de Generación de Datos para el Inventario Nacional de Gases de Efecto Invernadero*, SNIGEI) has been proposed, containing a description of the USCUS sector. For the implementation of the SNIGEI, with regard to the Soil Use, Change in Soil Use and Forestry (*Uso del Suelo, Cambio de Uso del Suelo y Silvicultura*, USCUS) sector, sectoral and regional information capacities will be strengthened, and criteria for soil use classification and carbon capture capacity of forest species and ecosystems will be unified.

TABLE: TOTAL BUDGET

CATEGORY	PARTIAL TOTAL	SOURCE		
		FCPC	MOORE	Pledge KfW
COMPONENT 1 .ORGANIZE AND CONSULT	5,686,750	2,639,343	514,943	2,532,464
COMPONENT 1 a. Arrangements for Managing National Readiness	3,170,407	536,714	514,943	2,118,750
Activity 1.a.1 Design and implementation of Forest and REDD Coordination Agency (OCBR)	2,661,979	28,286	514,943	2,118,750
Activity 1.a.2 Strengthening of the current GTREDD and promotion of the effective participation of institutions and key stakeholders at national and regional levels	341,214	341,214	-	-
Activity 1.a.3 Strengthening of REDD Roundtables and Indigenous REDD Roundtable at regional level and strengthening of capacities for REDD+	167,214.29	167,214.29	-	-
Organization of regional-level workshops with participation of key stakeholders on Potential of REDD+ mechanism (Loreto, Ucayali, Cusco, San Martín, Amazonas)	128,000	128,000		
Capacity strengthening program for governmental and nongovernmental organizations at national and regional levels	7,071	7,071		
	32,143	32,143		
COMPONENT 1 b Stakeholder Consultation and Participation	2,516,343	2,102,629	-	413,714
Activity 1.b.1 Compilation of relevant information for design of information, consultation and participation plan (Phase I – Compilation of information)	253,500	253,500	-	-
Activity 1.b.2 Design of information, training, participation and consultation plans (Phase II – Planning)	371,000	371,000	-	-
Activity 1.b.3 Execution of information, participation and consultation processes (Phase III – execution)	330,914	202,914	-	128,000
Execution of training and participation processes (Phase III – execution)	650,914	650,914	-	-
Execution of consultation process (Phase III – execution)	850,586	564,871	-	285,714
Evaluation (Phase IV)	9,429	9,429	-	-
Feedback (Phase V)	50,000	50,000	-	-
COMPONENT 2 PREPARE REDD STRATEGY	3,026,714.29	630,000.00	103,285.71	2,293,428.57
COMPONENT 2.a. Evaluation of Land Use, Forest Policy and Governance	241,428.57	138,142.86	103,285.71	-
Activity 2.a.1 Analysis of land use	99,000.00	70,714.29	28,285.71	-
Activity 2.a.2 Identification of direct and indirect causes of deforestation and forest degradation	100,000.00	25,000.00	75,000.00	-
Activity 2.a.3 Analysis of prior experiences for forest conservation and reduction of deforestation and forest degradation	42,428.57	42,428.57	-	-

Items highlighted in yellow correspond to activities financed by the Peruvian Government

**TABLE: TOTAL BUDGET
(Continued)**

CATEGORY	PARTIAL TOTAL	SOURCE		
		FCPC	MOORE	Pledge KfW
COMPONENT 2.b. REDD Strategy Options	825,285.71	125,000.00	-	700,285.71
Activity 2.b.1 Improve linkage and coordination with regard to soil uses, among State institutions, regional governments, NGOs, private sector and local and indigenous communities	-	-	-	-
Activity 2.b.2 Analysis of impact and potential convergence of the various ongoing actions that affect the reduction of deforestation and forest degradation, for purposes of designing the REDD+ Strategy	47,143	47,143	-	-
Activity 2.b.3 Design of National REDD+ Strategy as part of the National Forest Conservation Program for Mitigation of Climate Change	77,857	77,857	-	-
Activity 2.b.4 Promotion of public and private investment in REDD+ in priority areas	700,286	-	-	700,286
COMPONENT 2.c. REDD+ Implementation Framework	1,835,928.57	242,786	-	1,593,143
Activity 2.c.1 Continuation of process of formulation and approval of the National Forest Policy and the new Forestry and Wildlife Law (process under way) and coordinate with REDD+ Strategy				
Activity 2.c.2 Continuation of process of formulation and approval of the Environmental Services Compensation Law and coordination with REDD+ Strategy				
Activity 2.c.3 Promotion of formation of REDD+ Roundtables and Indigenous REDD+ Roundtable	257,143	85,714	-	171,429
Activity 2.c.4 Generation of legal security for investments in REDD+	117,857	117,857	-	-
Activity 2.c.5 Implementation in Peru of a system to register initiatives endorsed by the Peruvian Government	921,714	-	-	921,714
Activity 2.c.6 Development of financial and economic mechanisms for REDD+	539,214.29	39,214.29	-	500,000.00
COMPONENT 2.d. Social and Environmental Impacts	124,071.43	124,071.43	-	-
Activity 2.d.1 Dissemination of terms of reference for preparation of the SESA, in order to receive feedback from stakeholders in general	5,357.14	5,357.14	-	-
Activity 2.d.2 Conduct studies to establish environmental and social baseline, with special emphasis on prioritized areas for the implementation of REDD+	53,571.43	53,571.43	-	-
Activity 2.d.3 Perform an initial diagnostic to identify environmental and social considerations, with special emphasis on prioritized areas for the implementation of REDD+ activities, for the establishment of the ESMF	32,142.86	32,142.86	-	-
Actividad 2.d.4 Realizar consultas transparentes sobre cuestiones ambientales y sociales pertinentes a las actividades de REDD+*				
Actividad 2.d.5 Diseño del Plan de Monitoreo Social y Ambiental Nacional REDD+ (ESFM)	4,714.29	4,714.29	-	-
Actividad 2.d.6 Elaboración del SESA	28,285.71	28,285.71	-	-
COMPONENT 3 DEVELOP A REFERENCE SCENARIO		15,535.71	262,321.43	2,233,928.57
COMPONENT 3.a Development of a Reference Scenario	2,511,785.71	15,535.71	262,321.43	2,233,928.57
Activity 3.a.1 At national level, review, proposal, consultation and adaptation of conceptual and methodological frameworks to prepare, review, approve and register reference scenarios	59,642.86	15,535.71	44,107.14	-
Activity 3.a.2 Strengthening of regional capacities for the establishment of reference scenarios (actual and projected) stemming from deforestation and forest degradation	221,428.57	-	87,500.00	133,928.57
Activity 3.a.3 Establishment of reference scenarios (actual and projected) of deforestation and forest degradation based on historical trends and forecasting models que consider socioeconomic aspects and other national circumstances	2,230,714.29	-	130,714.29	2,100,000.00
Activity 3.a.4 Facilitation of access and sharing of necessary information for the preparation of reference scenarios, for all interested stakeholders				

**TABLE: TOTAL BUDGET
(Continued)**

CATEGORY	PARTIAL TOTAL	SOURCE		
		FCPC	MOORE	Pledge KFW
COMPONENT 4 DESIGN A MONITORING SYSTEM		204,643	1,047,929	41,429
COMPONENT 4.a Emissions and Capture	1,223,286	133,929	1,047,929	41,429
Activity 4.a.1 Implementation of SNIGEI and its regulation with regard to USCUS component	41,429	-	-	41,429
Activity 4.a.2 Proposal of conceptual frameworks and technical procedures	124,428.57	-	124,428.57	-
Activity 4.a.3 Design and implementation of technical and scientific capacity strengthening plan	185,642.85	133,929	51,714.29	-
Activity 4.a.4 Linkage of National Forest Inventory Project with other national and subnational initiatives, projects and institutions that contribute to the GHG Inventory	11,785.71	-	11,785.71	-
Activity 4.a.5 Facilitation of access and sharing of necessary information	860,000	-	860,000	-
COMPONENT 4.b. Other Impacts and Benefits	70,714.29	70,714.29	-	-
Activity 4.b.1 Establishment of baselines to monitor co-benefits and other impacts of REDD+	23,571.43	23,571.43	-	-
Activity 4.b.2 Integration of indicators that are about to be proposed or are currently used and are applicable to the monitoring of co-benefits and other impacts of REDD+ in the mechanism to be used to review, endorse and register REDD+ initiatives	23,571.43	23,571.43	-	-
Activity 4.b.3 Proposal of procedures for subnational (local and regional) initiatives to report co-benefits and other impacts	23,571.43	23,571.43	-	-
COMPONENT 6.a. Design a Framework for the Monitoring and Evaluation Program	116,285.71	116,285.71	0.00	0.00
Activity 6.a.1 Preparation of indicators	23,571	23,571		
Activity 6.a.2 Progress reports	42,857	42,857		
Activity 6.a.3 Midterm project evaluations	28,571	28,571		
Activity 6.a.4 Final project evaluation	14,286	14,286		
Activity 6.a.5 Audit	7,000.00	7,000		
TOTAL	12,635,536	3,605,807	1,928,479	7,101,250

Component 1: Organize and Consult

1a. National Readiness Management Arrangements

This chapter describes the current national institutional framework for the management of REDD+, with emphasis on the institutional reorganization processes that are currently under way, especially in the environmental, forestry and wildlife sectors, and other relevant process for REDD+.

Environmental institutionality in Peru has undergone recent changes that facilitate the development and subsequent implementation of the National REDD+ Strategy. The recent creation of MINAM in 2008, the proposed new Forestry and Wildlife Law (see Component 2.c), which includes the creation of the new National Forestry and Wildlife Service (*Servicio Nacional Forestal y de Fauna Silvestre*, SERFOR), and the creation of PNCBMCC are part of this development. As a crucial element in these schemes, Peru is conducting an ongoing process of decentralizing and transferring public responsibilities from the National Government to subnational (regional) levels, as well as a parallel process of modernizing and adjusting the State's role.

REDD+ constitutes a challenge, added to Peru's status as a developing country that has begun an accelerated process of economic growth, social well-being and poverty reduction. Thus, it is necessary to have schemes and rules of national and regional institutionality that ensure an adjustment of the National REDD+ Strategy with economic development programs. These programs should not become a hindrance to the implementation of REDD+; adequate management of the REDD+ mechanism means that it will not have a negative effect on the sustainability of future economic growth.

The information included in this section presents the current institutional situation as a basis for the adjustments needed to deal with REDD+ and the need to include in the government apparatus mechanisms and agencies for its respective management, both to provide information for decision making and to raise the awareness of key stakeholders, as well as to coordinate the implementation of efforts.

1. Current status of roles and responsibilities of institutions dealing with REDD+

The issue of climate change, and especially of REDD+, is already of intersectoral significance at State level in Peru. Although the Ministry of Environment is the agency with direct authority on this issue, several other entities have identified their impact and are designing mechanisms or divisions to prepare the future National Strategy, as is the case of PCM, Ministry of Economy and Finance (MEF) and the Ministry of Foreign Relations (*Ministerio de Relaciones Exteriores*, MINRE). The duties and roles of the key public institutions and of civil society, which have an effect on REDD+ in Peru, are described below.

1.1. Government entities with direct responsibilities for forests and climate change

- 1.1.1. **General Bureau of Forestry and Wildlife (*Dirección General Forestal y de Fauna Silvestre, DGFFS*) of the Ministry of Agriculture (*Ministerio de Agricultura, MINAG*):** Through DGFFS,¹ MINAG is currently formulating the national-level policies that will be implemented for the planning, management and supervision of forest and wildlife resources, and is coordinating with regional forestry and wildlife authorities the effective implementation of these policies, including forestry investments.
- 1.1.2. **Ministry of Environment (*Ministerio del Ambiente, MINAM*):** MINAM is the national environmental authority and the focal point for climate change. As stipulated by the General Environmental Law (*Ley General del Ambiente*), as well as by the law that created it, MINAM establishes the policies for the strategic development of natural resources. Because it is in charge of the evaluation, design and establishment of compensation schemes or payments for environmental services, which include the REDD+ mechanism, it is therefore responsible for proposing the technical aspects related to REDD+ and for coordinating with relevant national and subnational (regional), public and private agencies.
- **National Service for Natural Protected Areas (*Servicio Nacional de Áreas Naturales Protegidas, SERNANP*):** A specialized public agency under the organic structure of the Ministry of Environment, whose key function is to manage the National System of State-Protected Natural Areas (*Sistema Nacional de Áreas Naturales Protegidas por el Estado, SINANPE*) and to ensure the operation of these areas as a single system. To this end, it promotes, grants and regulates rights for the environmental services and other similar mechanisms generated under the scope of natural protected areas at national level.
 - **General Bureaus:** Three divisions of MINAM have direct influence on the subject of forests and REDD+. The General Bureau of Climate Change, Desertification and Water Resources (*Dirección General de Cambio Climático, Desertificación y Recursos Hídricos, DGCCDRH*) is the technical focal point for climate change. Under its responsibility, the R-PP was developed and will be implemented. The General Bureau of Land Planning (*Dirección General de Ordenamiento Territorial, DGOT*) is responsible for environmental mapping and zoning. The Bureau of Evaluation, Assessment and Financing of Natural Heritage (*Dirección de Evaluación, Valoración y Financiamiento del Patrimonio Natural*) is developing the policy on compensation for environmental services and will be the governing body for this issue.
 - **National Forest Conservation Program for the Mitigation of Climate Change (*Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático, PNCBMCC*).** The national government, under the leadership of MINAM, has created the PNCBMCC which combines and coordinates national priorities on forest conservation with national coverage and international financial support, whose design and implementation are currently under way. In this context, the REDD+ mechanism constitutes a shared opportunity that will

¹ The proposed new forestry law calls for the creation of the National Forestry Service (*Servicio Nacional Forestal, SERFOR*). (See details in Component 2c).

contribute to meeting the ambitious targets for the conservation of 54 million hectares under said program. The PNCBMCC is an *umbrella* program that will be implemented through a series of different thematic and geographic programs and projects. Thus, the REDD+ Strategy must be part of the framework of the PNCBMCC's scope and efforts and must be consistent with its intervention priorities. In addition, due to its importance, imminent implementation and potential to finance activities to fight deforestation and forest degradation, the REDD+ mechanism will be a determining factor in the program's design and implementation process.

- 1.1.3. **Regional governments:** Under the framework of the national decentralization process, key forestry responsibilities are being transferred to regional governments, granting them rights over their respective forestry and wildlife resources, the approval of forest management plans, and efforts to control the rights granted, among other duties.² Likewise, according to the Law,³ and with specific regard to environmental services, regional governments have the authority to formulate plans and to develop and implement environmental services programs in regions with forests or natural protected areas.
- 1.1.4. **Ministry of Economy and Finance (Ministerio de Economía y Finanzas, MEF):** Designs, proposes, executes and evaluates the country's economic and financial policy in order to achieve growth, as a basic condition leading to sustainable economic development. The 2011–2013 Multiannual Macroeconomic Framework, proposed by the MEF and approved in a session of the Council of Ministers on May 28, 2010, contemplates the formation of the Climate Change Unit (technical team) in said ministry. This unit's tasks will include estimating and constantly updating the economic impact of climate change on the country, identifying and promoting the financial tools and economic instruments needed to finance urgent adaptation activities, and monitoring the nation's progress in achieving the voluntary national mitigation target. All these activities will be conducted in coordination with MINAM and the sectors involved. This unit has been operating since August 2010.
- 1.1.5. **Ministry of Foreign Relations (Ministerio de Relaciones Exteriores, MINRE):** This ministry is the political focal point for the UNFCCC and is responsible for the country's position in negotiations under the framework of this convention.
- 1.1.6. **Office of the President of the Council of Ministers (Presidencia del Consejo de Ministros, PCM):** The PCM is the ministry responsible for coordinating and monitoring the national and sectoral policies of the Executive Authority, whose chief political authority is the President of the Council of Ministers who is the Minister of State. This ministry coordinates relations with other State authorities, constitutional agencies, regional governments, local governments, other entities of the Executive Authority and civil society, reconciling priorities to ensure compliance with objectives that are in the national interest. Likewise, the PCM coordinates with the ministries and other entities of the Executive Authority to respond to requests for information from the Legislative Authority, under the framework stipulated by Peru's Political Constitution. The PCM promotes the ongoing improvement of public management, approving and

² Includes issues related to property rights in lands of indigenous communities and peoples under their scope.

³ Organic Law of Regional Governments - Law 27867.

executing national policies for the modernization of the Public Administration. The PCM directs the process of decentralizing the Executive Authority and supervises its progress in coordination with regional and local governments, annually informing the Congress of the Republic about its development.

- **Forest Resources Supervisory Agency (*Organismo Supervisor de Recursos Forestales, OSINFOR*):** Assigned to the PCM since its creation in June 2008. Its current duties include supervising the rights granted under the framework of the Forestry and Wildlife Law, as well as environmental services.
-
- **National Center for Strategic Planning (*Centro Nacional de Planeamiento Estratégico, CEPLAN*):** Agency in charge of conducting processes of mutually agreed planning, as a technical instrument of governance and public management, and as a means of guiding the actions needed to achieve the strategic objective of the country's sustainable, integrated development.

1.1.7 *Ministry of Culture.* The Ministry of Culture is the chief agency in the matter of culture and has sole, exclusive authority over other management levels throughout the country. It was created by Law N° 29565, signed by the President of the Republic, Dr. Alan García Pérez, on July 21, 2010.

The programmatic areas of action on which the Ministry of Culture exercises its authority, functions and duties for the achievement of the State's objectives and targets are: a) the nation's cultural heritage, both material and non-material; b) contemporary cultural creation and living arts; c) cultural management and cultural industries, and d) the nation's multi-ethnic and cultural nature.

- **National Institute for the Development of Andean, Amazonian and Afro-Peruvian Peoples (*Instituto Nacional de Desarrollo de Pueblos Andinos, Amazónicos y Afroperuanos, INDEPA*):**⁴ Created by Law N° 28495 as the chief agency in charge of proposing and overseeing compliance with national policies as well as coordinating with regional governments the execution of projects and programs aimed at the promotion, defense, research and affirmation of the rights and development of the identity of Andean, Amazonian and Afro-Peruvian peoples. Its basic duties, through its relevant agencies, include formulating and approving national-level policies, programs and projects aimed at the comprehensive development of these peoples, and at the same time coordinating with regional governments on relevant actions to protect Peru's biodiversity and the collective knowledge of indigenous peoples, studying the uses and customs of Andean, Amazonian and Afro-Peruvian peoples as a source of their rights and seeking their formal recognition. At present, INDEPA's duties have been assigned to the Ministry of Culture through Supreme Decree N° 001-2010-MC, raising its status to ministerial level and establishing a direct channel for addressing Andean, Amazonian and Afro-Peruvian peoples. The Ministry has a Vice-Ministry of Intercultural Affairs and a specialized Executing Unit, the National Institute for Andean, Amazonian and Afro-Peruvian Peoples.

⁴ The indigenous organizations are demanding to recover their participation in INDEPA's management agencies, and that this entity should have institutional autonomy in the State.

1.2. Government entities whose policies and functions are associated with the processes of deforestation and forest degradation

- 1.2.1 **Ministry of Housing, Construction and Sanitation (Ministerio de Vivienda, Construcción y Saneamiento):** Acts through COFOPRI, a decentralized public agency in charge of the integrated, comprehensive, rapid design and execution of the property formalization program and its maintenance within the scope of formal ownership throughout the country, centralizing responsibilities and decision making in this regard. Despite its importance and social relevance, this activity is not always compatible with forest conservation (see Component 2a).
- 1.2.2 **Regional Agrarian Bureaus of the Ministry of Agriculture (Ministerio de Agricultura, MINAG):** These agencies currently have a temporary status under the framework of the country's decentralization process. In some cases, they remain under the regulatory and technical authority of the Ministry of Agriculture, but belong to the regional governments in terms of administration and budget. They promote and regulate activities related to agrarian development and are in charge of granting property titles in the cases of peasant and native communities.
- 1.2.3 **Ministry of Energy and Mines (Ministerio de Energía y Minas, MINEM):** Formulates and evaluates policies of national scope on the sustainable development of mining–energy activities. For small-scale and artisanal mining, and activities associated with deforestation (see Component 2a), these responsibilities have been transferred to regional governments in order to promote the exploration and development of the mining resources under its authority.
- 1.2.4 **Ministry of Transportation and Communication (Ministerio de Transportes y Comunicaciones, MTC):** Promotes the country's internal and external integration through the regulation, promotion, execution and supervision of transportation and communication infrastructure. It ensures that the construction of large-scale infrastructure (highways) does not imply indirect, negative impacts that are harmful to natural ecosystems.
- 1.2.5 **Ministry of Foreign Trade and Tourism (Ministerio de Comercio Exterior y Turismo, MINCETUR):** In charge of international trade relations and the promotion of internal and inbound tourism, including efforts to control biocommerce and ecotourism, which are especially important due to their relationship to forests and natural protected areas.

1.3 Other organizations currently promoting the Readiness process

- 1.3.1 **National Commission on Climate Change (Comisión Nacional de Cambio Climático, CNCC) and REDD Technical Group (Grupo Técnico REDD, GTREDD):** The CNCC, created by Supreme Decree, is presided by MINAM and composed of high-level representatives of relevant public and private institutions. It monitors the efforts of the various public and private sectors concerned with the subject of climate change, with regard to the implementation of the United Nations Framework Convention on Climate Change (UNFCCC), as well as the formulation, approval and promotion of the

National Climate Change Strategy (*Estrategia Nacional de Cambio Climático*, ENCC), whose content should provide guidance and information on this subject for national, sectoral and regional development plans and projects, including REDD+. Its sessions are open to representatives of other public and private agencies who participate as observers.

CNCC has delegated, among seven technical groups with open participation, the preparation of thematic courses of action, one of which is the *Technical Group for the Reduction of Emissions from Deforestation and Degradation (Grupo Técnico Reducción de Emisiones por Deforestación y Degradación, GTREDD)*, which serves as a forum for consultation and has the technical expertise to advise the CNCC on the decisions and agreements made with respect to policy decisions on REDD+. Some 15 institutions participate in the current GTREDD, including the following public sector agencies: MINAM, MINAG, DGFFS, OSINFOR, CEPLAN, MINRE, MTC and MEF, as well as representatives of civil society and of the REDD Group (REDD+ Roundtable).

- 1.3.2 **Peru REDD Group (REDD Roundtable) of civil society:** This group, which is more informal than GTREDD, was formed in 2008 as a civil society initiative to establish interdisciplinary dialogue between public and private institutions interested in REDD+. This is a forum for dialogue, in which representatives of public and private institutions meet regularly to discuss and formulate proposals regarding REDD+. Some 70 public and private institutions, as well as indigenous peoples organizations (albeit to a lesser degree) currently participate in the Peru REDD Roundtable. Three analytical subgroups have been formed:⁵ i) the technical subgroup reviews issues such as baseline, monitoring, technical activities dealing with deforestation control, etc.; ii) the economic subgroups reviews issues of fund collection, administration and administration; and iii) the legal subgroups analyzes issues such as the land tenure, contracts, benefits and rights of different groups, etc. The REDD Roundtable has direct, formal representation in the GTREDD. With the Roundtable's support, Regional REDD Roundtables are being formed; in some cases these are recognized by the regional governments as consultative agencies that support the formulation of regional climate change strategies.
- 1.3.3 **Indigenous REDD Roundtable (does not yet exist):** In view of the limited indigenous participation in the REDD Roundtable, indigenous representatives have asked that forums of participation in REDD processes be created for indigenous communities and organizations, such as an "Indigenous REDD Roundtable" at national and regional levels, in which experiences can be shared and proposals can be formulated on the intercultural adjustment of REDD+'s policies, strategies and specific projects. It is proposed that this roundtable be facilitated by INDEPA. In addition to AIDSESP, CONAP and other Amazonian organizations, coastal and Andean indigenous organizations including CCP, CNA and CONACAMI would participate in the roundtable

⁵ The analytical groups are currently not in operation.

Furthermore, in the Indigenous REDD Roundtable indigenous communities and peoples could discuss and submit their proposals to GTREDD on issues related to: training needs, information and consultation processes, community carbon monitoring, means of participation in REDD+, etc. Although the financing needed for the operation of this forum for dialogue has not been discussed, the budget of the components includes funds to promote the Roundtable's creation, and the FIP's special mechanism for indigenous peoples is considered to be good opportunity to finally consolidate this proposal.

1.3.4 ***Nongovernmental Organizations (NGOs):***

Environmental funds (FONAM, PROFONANPE, FONDEBOSQUE). Mechanisms for the promotion, management, channeling and administration of funds (many of them trust funds) for environmental issues of national importance. FONAM focuses on climate change mitigation projects, some of which are Clean Development Mechanisms (CDM) and deal with the voluntary market. PROFONANPE focuses on SINANPE conservation projects but also includes REDD+ pilot projects. FONDEBOSQUE finances sustainable forestry management activities. The source of funds is bilateral and multilateral cooperation (including GEF, World Bank, KfW and others).

National NGOs (SPDA, DAR, APECO, PRONATURALEZA, AIDER, etc.):

- Are designing early REDD+ initiatives at local level, such as concessions for conservation or in natural protected areas.
- Contribute to discussions in REDD+ Roundtables based on their research and specific experiences. They work on individual issues related to the analysis of causes of deforestation, regulatory and institutional proposals, and technical aspects in general. They advise the GTREDD.

International NGOs (World Wildlife Fund [WWF], The Nature Conservancy [TNC], Intercooperación, Conservation International [CI], ITDG [DEFINE ACRONYM], etc.):

- Are mostly associated with national NGOs. They also contribute to the sharing of experiences and support the design and establishment of early REDD+ initiatives at local level, including financial management.
- Technically and financially support research and the development of concepts and tools for a future REDD+ strategy. They participate in the REDD+ Roundtable.

1.3.5 ***For-profit organizations, companies and consulting firms:*** These include forestry companies and others that are developing REDD+ projects (implementation), companies that are interested in investing in forest conservation (investment), and companies that are seeking an advisory or intermediary role (consulting or brokerage).

1.3.6 ***Research institutions and universities (IIAP, UNA, UNALM, UNU, CIFOR, INIA, etc.):*** Deal with conducting studies related to climate change, GHG, forest inventory and management, etc., and contribute to the discussion and better understanding of this issue.

- 1.3.7 **Forest Management Committees and Peasant Circles (*Rondas Campesinas*):** Forms of civil society organization, in specific lands, with the aim of contributing to sustainable forest conservation and management activities and to controlling illegal activities. The Forest Management Committees were created in places where there are various holders of rights to forest and wildlife resources, such as forest concession holders in rainforest areas. In turn, the peasant circles have been formed in rural areas of Peru, in accordance with Law 27908 (2002). They are recognized as autonomous community organizations that support peasant and native communities in carrying out jurisdictional duties, assisting in conflict resolution and in duties related to community safety and peace. Their rights to participate in, control and oversee development programs and projects implemented under their community jurisdictions are also recognized.
- 1.3.7 **Indigenous Organizations** (national, regional and grassroots federations): These represent the organized indigenous population in native communities that are settled mainly in forest areas and depend on forests for their subsistence. Their institutionality is built at national, regional and grassroots levels, with the aim of achieving recognition of their customary rights, as well as other rights granted by national legislation for access to natural resources, land titling, etc. Different indigenous organizations are currently participating in REDD+ Roundtables (national and regional). The largest organizations (in the Amazon Region) include AIDSEP and CONAP.

2. Laws under preparation that will have an impact on roles and responsibilities in REDD+

To date, at least three legislative processes are under way in the Congress of the Republic of Peru, and will significantly affect project development:

- the draft **Environmental Services Promotion and Compensation Law;**
- the draft **Forestry and Wildlife Law;** and
- the draft **Prior, Free and Informed Consultation Law.**

These processes establish a series of arrangements and innovative legal and institutional guidelines that in most cases will be positive for the project's development and for the development of REDD+ in general in Peru.

2.1. The Draft Environmental Services Promotion and Compensation Law

This draft law, which is presently with the Congress's Commission for Andean, Amazonian and Afro-Peruvian Peoples, is a regulatory framework dealing with the current concept of managing the nation's natural heritage, since it addresses the use of this heritage based on the services that ecosystems provide to society as a whole. The proposed law was initially promoted by MINAM, specifically by the Bureau of Evaluation, Assessment and Financing of Natural Heritage, prioritizing attention to environmental services in general. The objective of this law is to regulate and promote public and private investment aimed at compensation for environmental services. The law establishes MINAM's leadership for this purpose, mentioning that MINAM will coordinate with the other sectors to fulfill said objective. Under the concept of ecosystem services, the law defines the setting or reduction of GHG (carbon) levels and thus defines the legal treatment needed to grant or transfer rights. It

expressly mentions the State's role of approving and registering PSA schemes, as would be the case of schemes associated with REDD+. The proposed law also establishes the procedure or form in which the State grants rights to individuals to obtain benefits from emission reductions.

AIDSESP is proposing additional modifications to the Draft Law in terms of the "holistic value, not just the monetary value, of ecosystems; the inclusion of ILO Convention 169 and the DNUDPI; the resolution of pending land title clearing; means of compensation outside the stock exchange; restitution of ecosystems, not just compensation; prior consultation and consent," among other aspects. These issues are currently under discussion. The Indigenous REDD Roundtable and the preparation phase for REDD+ may be a good opportunity to facilitate dialogue.

2.2. Draft Forestry and Wildlife Law

This draft law, which replaces the current Forestry Law, is currently with the Agrarian Commission in the Congress of the Republic for study of the Substitution Resolution (*Dictamen Sustitutorio*). Since it deals with forest regulation, it is a law that may have a very concrete influence on the viability of REDD+ schemes in Peru. The law implies an improvement in the forestry governance scheme, creating a Functional Forest System (*Sistema Funcional de Bosques*, SINAFOR) and the National Forestry Service (*Servicio Forestal Nacional*, SERFOR) in charge of its management. It would also assign specific responsibilities to regional governments, which are in charge of implementing forestry regulations at all levels, and would assign specific responsibilities for national forest inventory, zoning and planning. The law deals directly with ecosystem services, regulating their direct use by forest titleholders. It contains a series of specific measures that may contribute to the development of REDD+ schemes by combating the structural causes of deforestation and forest degradation in Peru.

As in the above case, AIDSESP is proposing additional modifications to the Draft Law. These are mainly aimed at: completing land title clearing with respect to areas occupied by indigenous peoples, not just those with ongoing processes of recognition, titling and expansion; effective promotion of community forest management; avoiding the concentration of lands and forests; exclusion of areas of passage of peoples in voluntary isolation in forest authorization titling; enactment of the Framework Law on Prior Consultation, approved on March 19, 2010 before proceeding to consult with indigenous peoples on forest issues, among other proposals. These issues are currently under discussion at national level.

2.3. Draft Prior, Free and Informed Consultation Law

With regard to respect for the rights of indigenous peoples and the protection of their integrity as key stakeholders in the forest, the implementation of International Labour Organisation (ILO) Convention 169 (ratified by Peru) is being discussed in Peru, through the submission of a draft Prior, Free and Informed Consultation Law. This draft was approved by the full Congress of the Republic, but it was not ratified by the Executive Authority. This draft law seeks to develop the overall framework for the way in which Peru's indigenous peoples (native and peasant communities) should be consulted about any activity that directly affects their surroundings. Thus, in the case of REDD+ activities that are conducted on indigenous communities' and peoples' lands, it is clear that ILO Convention 169 is fully applicable and that no REDD+-related action could be possible without the full intervention of the corresponding community in the project's development. This interpretation is reinforced by the text of the draft Forestry Law, whose last resolution states: "*exclusive rights over the use and development of forest ecosystem goods and services by native communities within their lands that are titled or ceded*

for use". The Sixth Complementary Provision of the draft Forestry Law also extends this determination to lands requested by native communities for the expansion of titling or on which they have to date not received a response from the authorities on titling. In the case of a REDD+ project that seeks to be endorsed by the State (even on lands that do not belong to a native community but rather are near community territory), the corresponding agency that validates the project should consider whether it is necessary to conduct a prior consultation since it is a zone that directly affects the indigenous populations.

3. Institutional arrangement for the implementation of the Regional REDD+ Strategy

The objective of the R-PP is to support the Peruvian Government (both the Ministry of Environment and others such as the DGFF and regional governments) in implementing a national strategy regarding REDD+. Concrete leadership is required at national level, with sufficient strength to make decisions so that the various authorities in charge of implementing the ambitious steps toward a National REDD+ Strategy are aligned around a common idea. To facilitate the introduction of REDD+ in the country, there must be an institutional arrangement that meets four targets:

- (i) the creation of an agency with a sufficient level of political decision, and with the necessary instruments to facilitate inter-institutional coordination and the incorporation of the REDD+ strategy in national, regional and sectoral plans;
- (ii) an institutional anchor of the National REDD+ Strategy that assures that its plans and activities are supported and adjusted to the activities and programs of different government sectors and levels (national, regional, local);
- (iii) a coordination mechanism so that all public and private institutions which are essential due to their roles and functions [WORD SEEMS TO BE MISSING] in the design and subsequent implementation of the proposed strategy for the REDD+ implementation phase;
- (iv) effective coordination and efficient administration of different sources of financing.

To reach these targets, the Forest and REDD+ Coordination Agency will be created to (i) assure an anchor of this agency which is assigned to the MINAM but is answerable to an intersectoral board; (ii) strengthen the GTREDD and its coordination with National and Regional REDD Roundtables; (iii) establish coordination among donors during the Readiness process, administration through environmental funds, and execution through the OCBR.

3.1. Forest and REDD+ Coordination Agency (OCBR)

To prepare the political, legal and institutional framework for the coordinated implementation of the REDD+ Strategy, a Forest and REDD+ Coordination Agency (executing agency) will be formed. This will be an agency assigned to MINAM but is answerable to a Management Council with the participation of MINAM, MEF, MINRE, MINAG, MINEM, MTC and with representation by regional governments. The OCBR will coordinate its activities with the GTREDD and with institutions responsible for forest management and conservation. The OCBR will implement and/or coordinate the implementation of activities identified as priorities by the GTREDD. In the process of creating the OCBR and while awaiting operational and legal arrangements, a Project Management Unit (*Unidad de Gestión de Proyecto*, UGP) is established; from the start of the R-PP's implementation, the UGP will be in charge of the project and of other projects that cofinance the Readiness phase (GMBF, KfW). These projects will finance the OCBR's operation after the first two years of the Readiness phase. During the

implementation phase, the OCBR will receive funds from the FIP, and in the third phase of the National REDD+ Strategy (payment for results) it is expected to be self-sufficient.

OCBR's operational areas or divisions:

Administrative office, which will be responsible for all the administrative work needed to design and implement the REDD+ preparation phase. Its principal tasks for the preparation phase will be to:

- Maintain close communication with the GTREDD and other key stakeholders with respect to the phase of designing and implementing the preparation phase for REDD+ in Peru; and
- Assisting in the organization and providing the necessary logistical and administrative support for the implementation of activities identified as priorities by the GTREDD with respect to the preparation phase for REDD+ in Peru.

Technical Office, whose principal tasks for the preparation phase will be to:

- Receive, systemize and update technical information on the process of designing and implementing the preparation phase for REDD+ in Peru;
- Propose conceptual frameworks and technical and methodological procedures for the preparation of regional-level reference scenarios and for the monitoring, verification and reporting of REDD+ activities;
- Propose criteria for the approval, endorsement and registration of REDD+ activities;
- Design and implement capacity-strengthening programs, especially with regard to technical aspects for the design and implementation of the preparation phase for REDD+ in Peru (e.g., reference scenarios for deforestation and forest degradation, carbon monitoring, economic quantification of the forest's environmental services);
- Coordinate the preparation of specialized technical material requested by the GTREDD, especially with regard to legal, economic and social issues and to REDD+ monitoring, verification and reporting (including analysis of current and projected deforestation and forest degradation);
- Coordinate with relevant institutions (e.g., INIA, IIAP) on the conduction of activities related to research, development and validation of productive alternatives to deforestation in terms of deforestation agents in each region of the country;
- Maintain constant communication with the GTREDD and in general with all relevant key stakeholders for the design and implementation of the preparation phase for REDD+ in Peru; and
- Prepare dissemination materials on REDD+, which, depending on the target population, may be of an informative, technical, or public-awareness nature.

Communication and Public Awareness Office, which will work in coordination with technical and administrative divisions and with the GTREDD+ to:

- Coordinate the design and implementation of the information, participation and consultation plan;
- Support the organization of activities for the implementation of the technical and scientific capacity-strengthening plan for the implementation of REDD+ in Peru;
- Prepare and disseminate all information and training materials; and

- Design the communication strategy for REDD+, taking into consideration the different target groups (e.g., indigenous and local communities).

3.2. Institutional anchor of the National REDD+ Strategy in Peru

For the coordination of decision-making and coordination elements on national economic development and forest sector development policies, respectively, it is necessary to ensure that the REDD+ Strategy is part of an institutional framework in which the different policies can be coordinated at national and regional levels. For this purpose, the institution in charge of implementing the strategy (OCBR), even though it is assigned to MINAM, will have an institutional anchor to ensure this coordination.

The OCBR's direct management will form a Management Committee, which will group the State entities that have a direct effect on the subject of climate change and forest conservation: MINAM, MINAG, MINRE, MEF, MINEM and regional governments. This ensures that the OCBR's principal strategic courses of action and operating plans are in line with the policies of these sectors, in a joint, coordinated manner. The Management Committee ensures that there is absolute complementarity and no overlapping of functions between OCBR and other institutions, important for the implementation of REDD+ in Peru, such as DGFF and PNCBMCC.

During the Readiness process, technical capacity will be created in those ministries responsible for elements of the National REDD+ Strategy. OCBR counterpart positions will be created in each of them for the purpose of having a real technical coordination unit among these sectors, their relevant management (including SERNANP-MINAG, UCC-MEF, and DGFFS-MINAG) and regional governments. In order for the REDD+ Strategy to be implemented at regional level, this level of government must have the necessary capacities. Thus, it is necessary to identify mechanisms to mobilize resources that allow the strengthening of technical and administrative capacities. The REDD Roundtables that are being formed in the regions can promote and direct this process.

The Management Committee, headed by the MINAM, answers to an intersectoral board. Its members answer to the PCM, assuring the coordination of the REDD Strategy's execution with the Peruvian Government's general policy at different levels. The PCM will in turn operate as a forum for resolving conflicts among different sectoral interests on the subject of REDD+ and will ensure the optimum implementation of the strategy in the decentralization process.

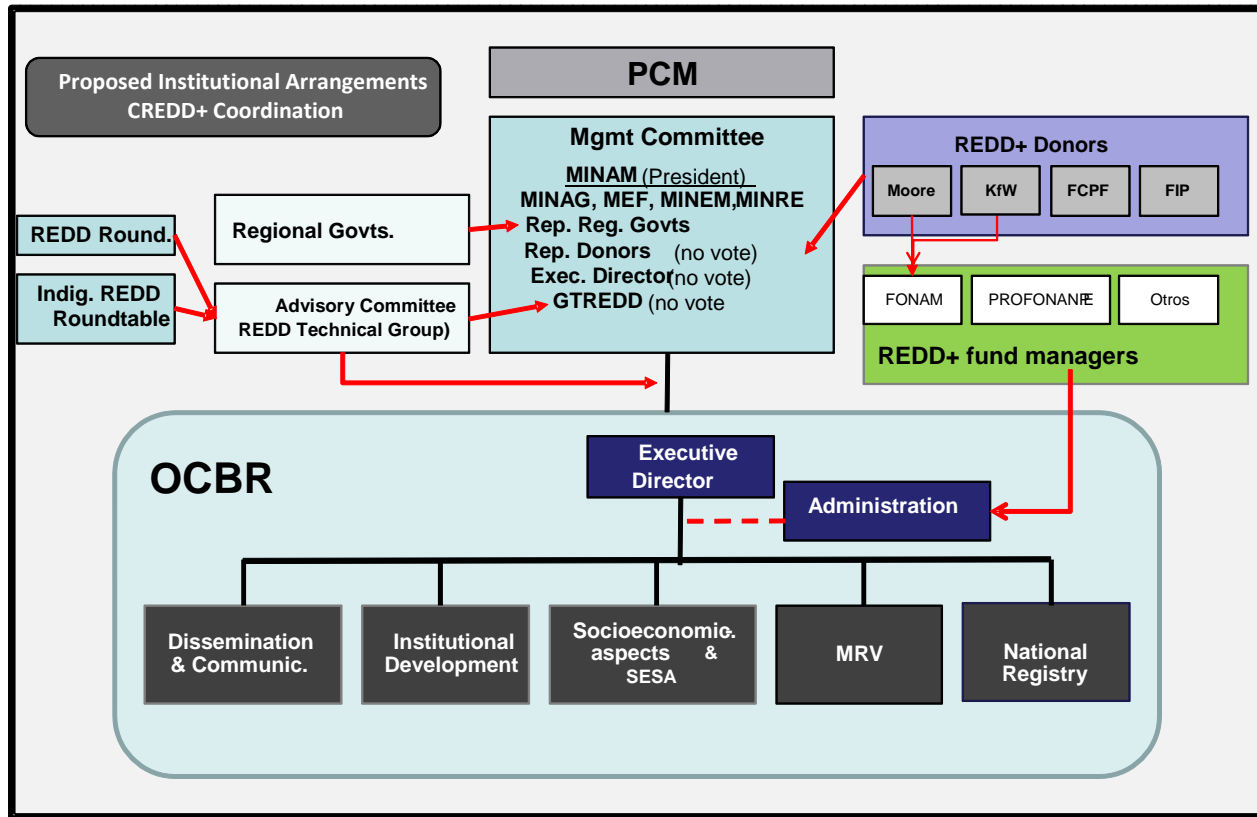
The REDD+ Strategy is considered a planning tool for Regional Climate Change Strategies (*Estrategias Regionales sobre Cambio Climático*, ERCCs). The regional validation of National Guidelines for Climate Change Mitigation is in line with decentralization process that began in 2001. The aim of its validation is to achieve training to forge regional competitiveness and reach agreement on these guidelines in a participatory manner. In addition, the Organic Law of Regional Governments (Law N° 27867) stipulates that regional governments must formulate, coordinate, conduct and supervise the implementation of ERCCs under the framework of the respective national strategies. To the extent that the R-PP provides guidelines for the implementation of policies, measures and actions to mitigate climate change, it will guide the ERCCs and allow the prioritization of areas where there are economic, social and environmental co-benefits in the region.

3.3. Mechanism for technical and strategic coordination between the State and civil society

The bases of technical coordination between OCBR, as executor of the Readiness process, and other State and civil society agencies are the platforms of different stakeholders and their advisory role in the process. The National Climate Change Committee (CNCC) has the role of guiding the inclusion of the climate change issue in national, sectoral and regional development strategies, plans and projects. The GTREDD (as part of the CNCC) is the principal platform of technical coordination and consultation for the execution of OCBR activities. The REDD+ Roundtable, as a forum for dialogue and sharing experiences, is in turn a subsidiary agency of the GTREDD. At regional level, Regional REDD+ Roundtables (operating in some regions and in the design stage in others) have a secondary role for Regional REDD Strategies and, through the National REDD Roundtable and regional governments, influence the National Strategy. NGOs and indigenous groups are permanent participants in the various REDD+ Roundtables and will interact with the design and implementation of the National and Regional Strategies through this means. The GTREDD (and through REDD+ Roundtable), by means of ongoing coordination, advises on, reviews and monitors the strategies and activities of the OCBR and its linkage with different sectors and levels.

Three institutional arrangements ensure that the recommendations and observations of these platforms will be incorporated in the development and implementation of the strategy: (i) CNCC, GTREDD and representation of the REDD Roundtable, whose basis is a Supreme Decree on the implementation of the UNFCCC and ENCC, (ii) the ministries that participate in the GTREDD and also participate in the OCBR Management Council, and (iii) the Regional REDD Roundtables that participate through the National REDD Roundtable and GTREDD in advising on the implementation of the National Strategy (through regional governments) and are represented in the OCBR Management Council.

Figure 2a-1. Proposed structure for the OCBR



3.4. Coordination of donors and funds

The development process and the subsequent implementation of the National REDD+ Strategy in Peru already have several established sources of financing. The R-PP, which is submitted to the FCPF, has confirmed cofinancing from KfW and GBMF. The latter two donors have agreed to blend their funds together as a single project, which will be channeled by FONAM but executed by MINAM, in coordination with the R-PP. These funds are planned to be blended operationally with R-PP once support from the FCPF is obtained. The UGP that will be created for the project and which will turn into the OCBR during the R-PP's implementation, will be the sole executing unit for the different funds. In addition to these funds, Peru has been selected by the Forest Investment Programme which will be executed during the implementation phase of the National REDD+ Strategy. During the Readiness phase, effective coordination will be created among the various donors through the establishment of a Donors Committee with environmental funds. This Committee has a representative in the OCBR's Management Committee. The financing of these and future funds for REDD+ will in many (but not all) cases be channeled through environmental funds. The implementation of these funds will be coordinated by OCBR, MEF and relevant institutions.

Apart from the funds that contribute directly to the R-PP and other Readiness activities, projects and programs in the forestry sector are under way or are being processed and directly support activities necessary for REDD+. The implementation of these programs and projects (with financing USAID, FAO, JICA, etc.—see component 2b) has its own pace and operational nature, but they will be directly

coordinated with the implementation of the R-PP. Their execution is under the responsibility of government organizations that are represented in the OCBR's management council, which ensures operational coordination. These projects' donors will be invited to be members of the Donors' Roundtable.

Annex A presents an organizational chart of the institutional anchors of the National REDD+ Strategy through the OCBR and a table with the **proposed organization of current roles and responsibilities for the management of REDD+**.

4. Component Activities:

4.1 Design and implementation of the Forest and REDD Coordination Agency (OCBR)

- 4.1.1 Under the framework of the Organic Law of the Executive Authority, an analysis will be conducted on the political, legal and institutional viability of the different options existing to host the Forest and REDD+ Coordination Unit.
- 4.1.2 In accordance with existing options determined in the above clause, the selected option will be given the proper institutionality to host the OCBR and include the REDD+ Strategy in national, regional and sectoral development plans.
- 4.1.3 Implementation of the Forest and REDD+ Coordination Agency.

4.2 Strengthening of the current GTREDD and promotion of the effective participation of institutions and key stakeholders at national and regional levels

- 4.2.1 Creation of a database of information relevant for REDD+.
- 4.2.2 Updating of the mapping of key stakeholders for REDD+.
- 4.2.3 Promotion of the participation of key stakeholders, identified in the mapping, (GTREDD, Indigenous REDD Roundtable, REDD Roundtable) through technical support for their participation in meetings.

4.3 Strengthening of existing REDD Roundtables at regional level and generation of its participants' capacities for REDD+

- 4.3.1 Organization of regional-level workshops with the participation of key stakeholders on the REDD+ mechanism's potential.
- 4.3.2 Program to strengthen capacities for governmental and nongovernmental organizations at national and regional levels.

TABLE 1-A. Budget – Component 1.a Arrangements for Managing National Readiness

CATEGORY	PARTIAL TOTAL	SOURCE			BUDGET TIMETABLE				
		FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 1. ORGANIZE AND CONSULT	5,686,750	2,639,343	514,943	2,532,464	128,000	1,616,743	1,660,100	1,521,050	760,857
COMPONENT 1 a. Arrangements for Managing National Readiness	3,170,407	536,714	514,943	2,118,750	-	1,054,186	912,471	623,750	580,000
Activity 1.a.1 Design and implement Forests and REDD Coordination Agency (OCBR)	2,661,979	28,286	514,943	2,118,750	-	785,757	832,471	543,750	500,000
Analysis of political, legal and institutional viability of the various existing options to host the Forests and REDD Coordination Unit	14,143	14,143				14,143			
Adequate institutional to host OCBR	14,143	14,143				14,142.86			
Operation of Forests and REDD Coordination Agency	2,633,692.86		514,942.86	2,118,750.00		757,471.43	832,471.43	543,750.00	500,000.00
Activity 1.a.2 Strengthening of current GTREDD and promotion of the effective participation of institutions and key stakeholders at national and regional levels	341,214	341,214	-	-	-	101,214	80,000	80,000	80,000
Creation of databases of information relevant to REDD+	14,143	14,143				14,143			
Updating of mapping of key stakeholders for REDD+	7,071	7,071				7,071			
Promotion of participation of key stakeholders, identified in mapping of stakeholders interested in REDD (GTREDD, Indigenous REDD Roundtable and REDD Roundtable) by organizing workshops and training session on REDD+ at national level	320,000	320,000				80,000	80,000.00	80,000.00	80,000.00
Activity 1.a.3 Strengthening of REDD Roundtables and Indigenous REDD Roundtable at regional level and strengthening of capacities for REDD+	167,214.29	167,214.29	-	-	-	167,214.29	-	-	-
Organization of regional workshops with the participation of key stakeholders on the potential of the REDD+ mechanism (Loreto, Ucayali, Cusco, San Martin, Amazonas)	128,000	128,000				128,000			
Capacity strengthening program for national and region governmental and Nongovernmental organizations	7,071	7,071				7,071			
	32,143	32,143				32,143			
COMPONENT 1 b. Stakeholder consultations and participation	2,516,343	2,102,629	-	413,714	128,000	562,557	747,629	897,300	180,857
Activity 1.b.1 Compilation of relevant information for the design of the information, consultation and participation plan (Phase I – Compilation of information)	253,500	253,500	-	-	-	253,500	-	-	-
Identification of key stakeholders to conduct information, participation, training and consultation processes for REDD + (mapping of stakeholders)	7,071	7,071				7,071			
Preparation of adequate dissemination materials	46,800	46,800				46,800			
Information Plan	21,214	21,214				21,214			
Workshops to compile information, aimed at stakeholders relevant to REDD, Including native communities.	128,000	128,000				128,000			
Indigenous interpreters (two per workshop)	914	914				914			
Identification of training needs	35,357	35,357				35,357			
Training Plan	14,143	14,143				14,143			

TABLE 1-A. Budget – Component 1.a. Arrangements for Managing National Readiness (continued)

Activity 1.b.2. Design of information, training, participation and consultation plans (Phase II – Planning)	371,000	371,000	-	-	-	106,143	96,714	96,714	71,429
Preparation of plan to execute the information, participation and consultation process	4,714	4,714				4,714			
Identification of adequate, priority geographic areas	4,714	4,714				4,714			
Use of mass media to conduct the invitation and disseminate information regarding REDD+	285,714	285,714				71,429	71,429	71,429	71,429
Coordination meetings with national organizations of unaffiliated indigenous peoples and communities	37,286	37,286				12,429	12,429	12,429	
	38,571	38,571				12,857	12,857	12,857	
Activity 1.b.3. Execution of information, participation and consultation processes (Phase III – execution)	330,914	202,914	-	128,000	128,000	202,914	-	-	-
Information workshops on REDD+ with national representatives of 4 levels of indigenous organizations	42,857	42,857				42,857			
Information workshops on REDD+ with public and private sectors, civil society and other forest users	160,000	160,000				160,000			
Indigenous interpreters	128,000			128,000	128,000				
	57	57				57			
Execution of training and participation processes (Phase III – execution)	650,914	650,914	-	-	-	-	650,914	-	-
REDD+ training workshops at 4 levels of indigenous organizations	42,857	42,857					42,857		
	480,000	480,000					480,000		
REDD+ training workshops for public and private sectors, civil society and other forest users	128,000	128,000					128,000		
	57	57					57		
Execution of consultation process (Phase III – execution)	850,586	564,871	-	285,714	-	-	-	800,586	50,000
Planning of consultation	7,071	7,071						7,071	
Dissemination of consultation	71,429			71,429				71,429	
Preparation of adequate dissemination materials	7,800	7,800						7,800	
Mass means of dissemination	107,143			107,143				107,143	
Pilot consultation to evaluate and adjust methodologies	71,429	71,429						71,429	
Implementation of consultation at national level, taking indigenous organization into account (Loreto, Ucayali, Cusco, Madre de Dios, San Martín, Amazonas, Central Selva)	428,571	428,571						428,571	
Dissemination of results of consultation to mass media and on a website in the 4 languages of the indigenous population with the largest number of communities	107,143			107,143				107,143	
Feedback	50,000	50,000							50,000
Evaluation (Phase IV)	9,429	9,429	-	-	-	-	-	-	9,429
Evaluation of results of consultation	9,429	9,429							9,429
Feedback (Phase V)	50,000	50,000	-	-	-	-	-	-	50,000
Returing of evaluation of consultation to the peoples consulted and to their regional and national grassroots representatives	50,000	50,000							50,000

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RUBRO	FUENTE			CRONOGRAMA PRESUPUESTARIO				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENTE 1 a Arreglos para el Manejo de Readiness Nacional	296,714	514,943	2,118,750	-	1,054,186	832,471	543,750	500,000
Actividad 1.a.1 Diseñar e implementar el Órgano de Coordinación de Bosques y REDD (OCBR)	28,286	514,943	2,118,750	-	785,757	832,471	543,750	500,000
Análisis de viabilidad política, legal e institucional de las diferentes opciones existentes para albergar a la Unidad de Coordinación de Bosques y REDD.	14,143				14,143			
Institucionalidad adecuada para albergar OCBR	14,143				14,142.86			
Operación Organo de Coordinación de Bosques y REDD		514,942.86	2,118,750.00		757,471.43	832,471.43	543,750.00	500,000.00
Actividad 1.a.2 Fortalecer el actual GTREDD y promover la efectiva participación de instituciones y actores clave a nivel nacional y regional.	149,214	-	-	-	149,214	-	-	-
Crear Base de datos de información relevante a REDD plus.	14,143				14,143			
Actualizar el mapeo de actores clave para REDD+	7,071				7,071			
Promover la participación de actores clave, identificados en el mapeo de actores interesados en REDD, en el GTREDD mediante la organización de talleres y jornadas de trabajo con respecto a REDD+ de alcance Nacional.	128,000				128,000			
Actividad 1.a.3 Fortalecer de mesas REDD a nivel regional y el fortalecimiento de capacidades para REDD+	119,214.29	-	-	-	119,214.29	-	-	-
Organización de talleres de alcance Regional con participación de actores clave sobre las potencialidades del mecanismo REDD+. (Loreto, Ucayali, Cusco, San Martín, Amazonas)	80,000				80,000			
Programa de fortalecimiento de capacidades para las organizaciones gubernamentales y no gubernamentales a nivel nacional y regional	7,071				7,071			
	32,143				32,143			

1b. Stakeholders Consultations and Participation

The REDD+ preparation and implementation process, which includes the preparation of the R-PP, requires ongoing participation mechanisms for all relevant stakeholders. These participation mechanisms will pay special attention to indigenous peoples and their relationship of interdependence with the forests in which they dwell, with the aim of conserving their means of subsistence and their ways of life, including the traditional use of forest lands and crop rotation.

This component initially describes the proposed mechanisms to carry out processes for the socialization and participation of stakeholders relevant to REDD+. The proposal has differentiated between information and participation processes, and processes for free, informed participation to conduct consultations. The information process is aimed at stakeholders in general, such as public institutions, the private sector, universities, organized civil society and forest users. The information and participation process is aimed at native communities, with the objective of conducting free, informed prior consultations on the implementation of REDD+ activities in lands of indigenous communities and peoples. The latter will be designed and executed with the participation of national organizations representing indigenous peoples, taking into account ILO Convention 169.

This component has been prepared in coordination with the Peru REDD Roundtable and institutions representing Amazonian indigenous peoples (especially, but not solely, AIDESEP and CONAP). The participation of AIDESEP and CONAP in working meetings on the R-PP does not indicate that they are in agreement with the REDD+ mechanism; it is understood that the objectives of their participation are to remain informed, verify that the R-PP preparation process is transparent, and ensure that the rights of the native peoples whom they represent are not violated. Therefore, to date they have not been asked to express their position on REDD+, but rather the participation of national institutions representing indigenous peoples in order to holistically incorporate the indigenous world view in the present document, which assumes processes dealing with the intercultural modification of REDD+, compiling indigenous approaches and proposals..

The participation of different sectors of civil society has been constant during the development of the proposed R-PP and will continue during its implementation. During the design, the emphasis of participation was based on explaining to broad groups of society about the different aspects of climate change and its relationship to forest, the REDD+ principles, and the opportunities and challenges for Peru. The objective of this process has been to socialize the proposal, create full transparency in its development, and receive recommendations for the various stakeholders. During the execution of the R-PP, the socialization and consultation process will be designed with the objective of assuring full participation, incorporation of civil society priorities at all levels of the National REDD+ Strategy, and a final endorsement by the various organized civil society groups. The participation strategy will be designed in a participatory manner with representatives of the relevant public and private stakeholders.

1. Background

In the past, Peru has conducted participatory processes for the formulation of the National Biodiversity Strategy (2001), National Forestry Strategy (2002), National Climate Change Strategy (2003), National Reforestation Plan (2005), the updating of the National Climate Change Strategy (2009), and the process of formulating the new Forestry and Wildlife Law (2009–2010). The current National Service for Natural Protected Areas (SERNANP) has gained valuable experience in participation throughout the process of creating new protected areas. The lessons learned show the need to review mechanisms for free, prior and informed consultation in order to ensure the effective participation of Amazonian and Andean communities and peoples in decision-making processes. In this regard, indigenous organizations indicate their agreement with the enactment of the Framework Law on Consultation, approved by the National Congress.

It is important to outline the recent participatory process conducted with the aim of opening a forum for dialogue and achieving the integration of Amazonian populations with the rest of the Peruvian nation. In June 2009, through Supreme Resolution 117-2009-PCM, the “National Coordination Group for the Development of Amazonian Peoples” was created. The outcomes of the dialogue, which lasted four consecutive months with the participation of approximately 40 representatives of grassroots native organizations, AIDSESEP, CONAP, MINAG, MINAM and other sectors, provide lessons learned that should be taken into account in order to ensure that, during the formulation of the Preparation Phase for REDD+, the world view, culture and identity of Amazonian populations are included and respected. This “National Coordination Group for the Development of Amazonian Peoples” has formed four working groups. The key results of three of these working groups are presented below.

Working Group 1: dealing with the analysis of the events of June 5, 2009 in terms of the conflict between indigenous and peasant residents and the governments; there was no consensus.

Working Group 2: review of Legislative Decrees deemed harmful by the indigenous population, and preparation of the working document entitled, “Technical Contributions for the New Forestry Law,” which contains the contributions mutually agreed among all government sectors⁶ and the indigenous population (which includes Amazonian native communities and peasant communities). Although the level of consensus reached was not absolute, according to different participants in the Roundtable, this document was considered to be an essential input for the preparation of the proposed new Forestry and Wildlife Law which is currently with the Congress of the Republic for review and subsequent approval. These contributions contribute toward strengthening forest governance with the participation of native communities (see Component 2c).

Working Group 3: preparation of the document that contains the proposal for an adequate Prior, Free and Informed Consultation mechanism, which was mutually agreed and worked on by representatives of the Executive Authority, headed by the Ministry of Environment and representatives of CONAP y AIDSESEP.

Working Group 4: preparation of the “Amazon Development Plan,” which highlights as one of the activities proposed by representatives of the indigenous populations its inclusion in the process of designing and implementing REDD+ and environmental services. The Amazon Development Plan should be carried out by the various government sectors, since it was a commitment that the Executive Authority assumed with representatives of indigenous populations.

⁶ The Ministry of Agriculture and the Ministry of Environment led this roundtable’s work.

The lessons learned from this process include the need to improve mechanisms for dialogue on issues that allow the social inclusion of indigenous peoples.

2. Stakeholder participation in REDD+

With respect to REDD+ in Peru, a large number of information and training workshops were organized between 2008 and 2010. These occurred mainly after the approval of the Readiness Project Idea Note (R-PIN) which the Government of Peru submitted to the FCPF in 2008. MINAM participated as a co-organizer in collaboration with other interested institutions (e.g., regional governments, NGOs, research centers) and in other cases as an organizer of approximately 15 workshops at national and regional levels. The target population for these workshops was diverse and included the participation of regional governments' natural resources managers, representatives of productive sectors, heads of Natural Protected Areas (ANP), local and international NGOs, the private sector, and in some cases representatives of native communities' grassroots organizations (e.g., Oxapampa, October 2009 for community leaders; and Satipo, May 2010, conducted at the request of the Union of Native Communities of the Central Selva (*Central de Comunidades Nativas de Selva Central, CECONSEC*⁷).

Although the objectives and methods of carrying out the workshops were diverse, in all cases they contributed to informing participants about the opportunities and challenges that could arise from the possible implementation of REDD+ in Peru, and facilitated dialogue among relevant key stakeholders on the fight against deforestation and forest degradation.

Key outcomes of this series of workshops were the participants' contributions and questions on:

- Direct and indirect causes of deforestation and forest degradation;
- Strategies for environmental financing (i.e., REDD), its origin, access and distribution;
- Strategies to control and decrease illegal logging;
- Strengthening of coordination between indigenous organizations and representatives of different government sectors; mechanisms for the just, fair distribution of costs and benefits associated with the implementation of REDD+ schemes;
- System to monitor deforestation, encroachment, forest carbon, etc.

The contributions and questions compiled in the abovementioned workshops constitute significant inputs both for the preparation of this document and for the SESA (Component 2d), and for the position promoted by the Peruvian Government under the UNFCCC.

1.1 Mechanisms established for civil society participation in REDD+

The Peru REDD Group ("Peru REDD Roundtable") is composed of about 70 public and private institutions⁸ as well as indigenous peoples organizations. The REDD Roundtable is authorized to submit proposals to the GTREDD and to participate in discussions held in it. These proposals are evaluated and submitted to the CNCC for consideration. It is expected that, with the participation of REDD Roundtable members in the GTREDD, the representation of the various members of the group

⁷ Grassroots organization of AIDSESP in the Central Selva

⁸ Revised on May 25, 2010:

http://www.dar.org.pe/que_participa_redd.html/?optio=com_content&view=frontpage&temid=//

will be maintained. Indigenous organizations are occasional participants in National and Regional REDD Roundtables.

The Peru REDD Roundtable is an important promoter of REDD+ in the country. Thanks to its activities, similar forums for dialogue have been formed at regional level (e.g., Madre de Dios, San Martín, Piura, Cusco and Central Selva–Junín and Pasco), some of which have been recognized by regional governments through Executive Decrees, or agreements with instruments for the formulation of Regional REDD Strategies (San Martín and Madre de Dios). These initiatives of organized civil society, endorsed by regional governments, constitute an important mechanism to ensure the inclusion of all relevant stakeholders in REDD+ processes.

1.2 Participation of civil society in the process of formulating the R-PP

During the first REDD+ Seminar-Workshop of the Peru REDD Roundtable, held in Tarapoto from October 15 to 17, 2008, the Roundtable expressed to MINAM its willingness to collaborate in the preparation of the R-PP (previously called the R-Plan). This willingness was reiterated at several meetings but especially at the February 27, 2009 meeting with high-level staff of MINAM. With the relaunching of the CNCC and the formation of the GTREDD, the REDD Roundtable was invited to participate in the coordination meetings to prepare the R-PP. During the workshop for the formulation of the project, “Preparation Phase for REDD in Peru” held from November 10 to 11, 2009, the Peru REDD Roundtable formally proposed to be part of the preparation of the R-PP. At that workshop, representatives of the REDD Roundtable agreed to provide the necessary information to prepare the R-PP, and assumed commitments for the document’s preparation, which were fulfilled by several of Roundtable’s member institutions.

Following the Sixth Participants Committee Meeting of the FCPF, held from June 28 to 30, 2010 in Georgetown (Guyana), at which the REDD Roundtable participated as an observer, the Roundtable’s representative reiterated its willingness to contribute to improving the R-PP and agreed with MINAM that the REDD Roundtable’s support for the preparation of the final version of the R-PP would be provided at two different times: (i) during the preparation of the second draft, to be presented at the Seventh Participants Committee Meeting of the FCPF, and (ii) during the preparation of the final version of the R-PP, to be presented tentatively at the Eighth Participants Committee Meeting.

The REDD Roundtable was organized into technical committees to work on their contributions to the second draft of the R-PP, indicating that this mechanism does not replace other processes of publicity, information and consultation that MINAM should promote for greater and better public understanding of the R-PP preparation process. Under this agreement, the Peru REDD Group was able to form eight technical committees⁹ coordinated by five of the group’s member organizations.

These committees met for over a month simultaneously and together with representatives of MINAM and MIINAG-DGFFS on the analysis of each component and on the interdependence among them. On August 16, the coordinators of the technical committees submitted their recommendations and contributions to MINAM.

⁹ The issues addressed by the technical committees were: 1a. Arrangements for Managing National Readiness; 1b. Consultations with and Participation of Stakeholders; 2a. Evaluation of Land Use, Forest Policy and Governance; 2b. REDD Strategy Options; 2c. REDD Implementation Framework; 2d. Social and Environmental Impacts; 3. Develop a Reference Scenario; and 4b. Other Impacts and Benefits. Technical committees for analyzing Components 2d and 4b were unable to meet due to lack of participation by their members.

The present version of the document includes comments and recommendations for improving the REDD Roundtable. These comments were compiled during the R-PP Analysis Workshop held on February 25 (see annexes for the report prepared by roundtable members).

3. Information, Participation and Prior Consultation for Indigenous Peoples

Peru's Political Constitution stipulates that the State guarantees the right of land ownership, in private or communal form or in any other form of association. Peasant and native communities are autonomous in their organization, in communal work and in the use and free disposition of their lands, under the framework established by law. The Law of Native Communities and Agrarian Development of the *Selva* and *Ceja de Selva* stipulates that the State shall guarantee the integrity of the lands of indigenous peoples, conduct the corresponding cadastre, and grant them property rights. The part of indigenous peoples' land that corresponds to lands suitable for forestry shall be assigned to them for use, and their use shall be governed by the legislation on this matter.

The precise determination of lands that are titled or assigned for use to indigenous peoples is of key importance for the REDD+ Strategy, since in the areas awarded as property of the native communities, all attributes inherent to ownership are allowed to be freely exercised. Likewise, on lands that are assigned for use and that form part of the communal land, the communities request a forestry permit to make use of forest resources. In practice, there are various information gaps. There is no official study that determines the number of indigenous peoples existing in the nation's territory and the status of their processes of recognition or expansion of communal lands. Furthermore, the lack of economic resources allocated for the demarcation and titling of indigenous peoples' lands has given rise to the lack of a cadastre, which increases social conflicts stemming from encroachment by squatters, the overlapping of rights among communities, rural populations and forest concessions, among other motives. Currently, 1,260 native communities are titled, not all of which are recorded in Public Registries or have georeferenced cadastre information.

This lack of security constantly generates the occupation of indigenous lands by other people, which weakens the native communities' rights to these lands. Therefore, it is necessary to guarantee and consolidate them, establishing relationships between the communities and third parties, and with the government, so that their lands are not affected. Thus, it is important to update and record in the corresponding official registries the maps of formalized native communities, using traditional methods in order to have a cadastre of these communities that will avoid overlapping in the granting of other rights in the same area.

The objective of information, participation and prior consultation for indigenous peoples is to achieve the effective participation of representative institutions of indigenous peoples in the formulation of the policy on the implementation of REDD+ mechanisms. Indigenous peoples,¹⁰ grassroots communities, regional organizations and representatives of national federations have participated at different times in the processes of socializing REDD+ and have evaluated and commented on the various versions of the R-PP proposal. The recommendations of these groups have been incorporated to the extent possible, taking into consideration the scope of a document such as the R-PP. During the execution of the R-PP, the continuation of the information and participation process, as well as progress toward the prior consultation process of the National REDD+ Strategy, will be designed in

¹⁰ Participation was mainly by Amazonian indigenous peoples.

detail. It is important to mention that AIDSESEP feels that its comments have not been incorporated in the document.

The present document will present guidelines on the information, participation and consultation processes for native peoples interested in REDD+. To this end, the indigenous organizations AIDSESEP and CONAP, with the support of nongovernmental organizations and MINAM, have prepared an initial draft proposal on the proper mechanism to conduct this process; it will need to be improved during the R-PP implementation phase.

Indigenous peoples' right to participation, prior consultation and consent promote the sustainability of policies, plans, programs and projects approved by the government. These measures, which are designed to promote REDD+ mechanisms, will only be successful with the significant participation, consultation and consent of groups that are dependent on the forests. The collective rights of indigenous peoples are developed in international regulations and international case-law verdicts with mandatory compliance for Peru. These regulations and the essence of said rights are presented in the following chart, and would be considered for the implementation of REDD+ in indigenous communities' lands:

RIGHT	CONTENTS	REGULATORY INSTRUMENT
Right to participation:	Guarantee the participation of indigenous peoples in the formulation, implementation and evaluation of national and regional development programs. This is a special collective right of indigenous peoples, different from the right to citizen participation.	Articles 6.b. and 7.1. and 2. of Convention 169 of the International Labour Organisation (ILO) on Indigenous and Tribal Peoples. Articles 5, 18 and 23 of the United Nations Declaration on the Rights of Indigenous Peoples.
Right to consultation:	Conduct consultation processes prior to the approval of a legislative or administrative measure and prior to the authorization of large-scale development projects that affect indigenous peoples.	Articles 6 and 15 of ILO Convention 169 and Article 19 of the United Nations Declaration on the Rights of Indigenous Peoples.
Right to consent:	Applies to circumstances that directly affect the very existence of indigenous peoples; for example, prior to the authorization of development projects with a major impact.	Articles 10, 29.2 and 32.2 of the United Nations Declaration on the Rights of Indigenous Peoples and CIDH Verdict Saramaka vs. Suriname.

Information on indigenous peoples is essential to guarantee adequate processes of consultation and participation, in line with the Convention, and thus the first process of the Consultation and Participation Plan is to inform indigenous peoples about aspects of REDD+ that allow them to:

- a) Participate in the process of preparing and implementing the REDD+ Strategy, and in its evaluation;
- b) Be consulted on the instrument that contains the program or National Strategy on REDD+.

4. Proposal for the information, participation and consultation process¹¹

During the development of the R-PP proposal, MINAM scheduled the conduction of six information workshops to introduce the REDD+ mechanism. These workshops were conducted as a step prior to the design of the consultation and participation plan. The results obtained from the first four workshops conducted are presented in the annexes. Due to their participation in these workshops, organizations such as AIDSESEP, CONAP and CHIRAPAQ have sent communications to the Peruvian Government, giving their opinion and recommendations for the REDD+ Strategy and on the process of participation and consultation. Recommendations directly related to the R-PP proposal were included in this version.

Based on the results of the information workshops conducted to date, working meetings and sharing of ideas with key stakeholders, especially representatives of indigenous communities and other stakeholders of the REDD+ Roundtable, it is suggested that the proposal for REDD+ **information, participation and consultation** have the following features:

- Due to the specific nature of indigenous communities' relationship with forest lands and their specific rights, the information and participation process has features that are different (although not separate) features for two target groups: indigenous organizations and other civil society groups. Both groups, through the REDD+ Roundtable and specific workshops, will be informed so that their opinions and suggestions can be collected and thus increase acceptance of the National REDD+ Strategy by society. For indigenous peoples, it is also necessary to establish a consultation plan in accordance¹¹ with the framework of ILO Convention 169.
- Access to information and to consultation processes must be free, with no type of pressure or influence.
- Consultation must be informed, and therefore it is necessary to develop a process to socialize complete, truthful information, as well as training on climate change and REDD+, so that good decisions can be made on the benefits and possible negative impacts of the measures or projects submitted for consultation.
- Socialization and subsequent consultation must be done prior to the implementation of the REDD+ Strategy, i.e., *consultation must be conducted during the Readiness phase*.
- The participation process must be understood as an opportunity for intercultural, inclusive dialogue between government representatives and indigenous peoples in order to reach agreement.
- The process must be conducted in good faith by both parties.
- The process must be conducted with respect for the special customs of indigenous peoples.
- The process must take into account indigenous institutionality, which is organized by levels.
- The process must fairly include the indigenous peoples of the Selva, Sierra and Costa, and must have the participation of communities affiliated and not affiliated with federations.
- The REDD+ process makes it possible to incorporate the proposals of indigenous communities and peoples with regard to intercultural adjustments to their world views, rights and perspectives.

¹¹ Proposal prepared in coordination with AIDSESEP, CONAP, CHIRAPAQ and other civil society organizations meeting in the REDD+ Roundtable.

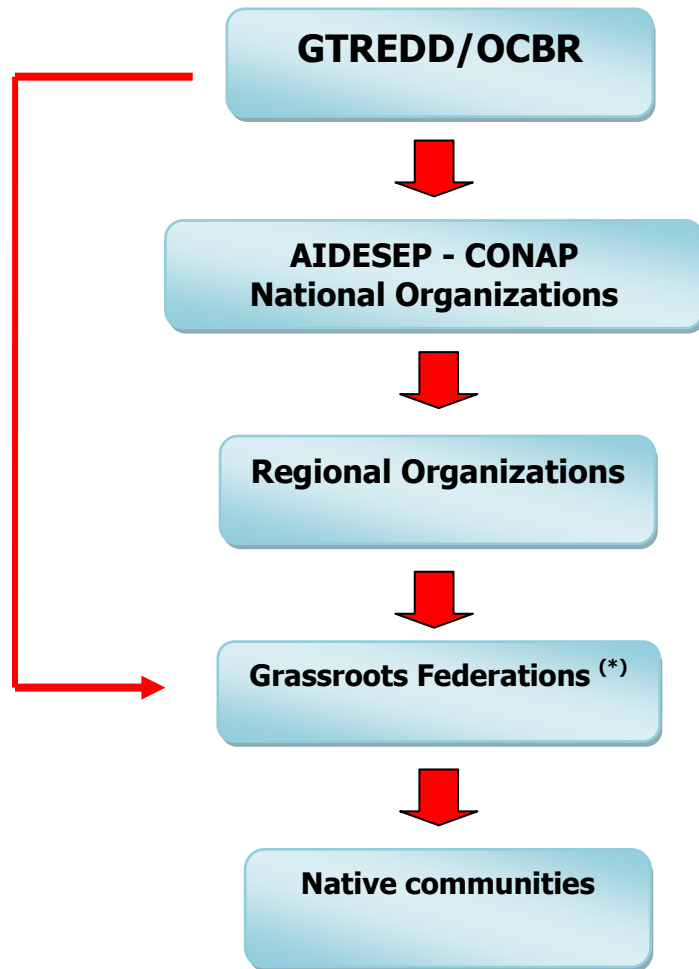
In this regard, AIDSESEP has made the following recommendations for the design of the REDD+ Strategy.

- a) Consider forests as a whole in terms of their ecosystem services (water, biodiversity, soils, climate, spirituality), not just carbon.
- b) Avoid converting natural forests to “forest or agroforestry plantations.”
- c) Resolve aspects related to titling rights on indigenous peoples’ lands and the Framework Law on Prior, Free and Informed Consultation.
- d) Ensure indigenous land management and avoid control of forests by third parties (financiers of REDD+ contracts).
- e) Include integrated indigenous management of low-intensity natural resources: forest, hydrobiological, agroforestry resources.
- f) Possible REDD+ contracts should be consistent with ILO 169 and include its regulations in their clauses, so that these prevail with regard to other articles in these contracts.
- g) REDD+ contracts with shorter, annually readjustable periods.
- h) Assign priority to direct relationships with the community, in coordination with its organizations (local, regional, national); reduce intermediation in the execution of REDD+ initiatives.
- i) With regard to autonomy in the case of REDD+ initiatives in protected areas under community administration, as well as in communal reserves, conduct coordination efforts with indigenous organizations (local, regional, national).
- j) Indigenous training, information and dissemination on ecosystem services and REDD+.
- k) Social inclusion and non-discrimination, so that in light of alternative indigenous proposals on REDD+, funds for indigenous peoples are not reallocated to loggers, plantations or national parks.
- l) Indigenous REDD+ initiatives are conducted outside the carbon market and outside of financial speculations that place pressure on indigenous lands and organizations.

4.1 Levels of indigenous organization of information, participation and consultation

Within indigenous organization, there are four levels of hierarchy, as represented in Graph 1b-1. The plan for consultation and participation with indigenous communities will be implemented at the four levels described below. The national government, together with regional governments, will lead the processes of **information, participation and consultation** with indigenous representatives at national level (AIDSESEP, CONAP) and seeks direct rapprochement with unaffiliated communities. Likewise, the national government will propose guidelines for relevant regional authorities and stakeholders interested in promoting the conduction of REDD+ activities on indigenous community lands to conduct consultation and participation processes at the level of grassroots federations and native communities.

Graph 1b-1. Flow of information for the process of information, participation and consultation with indigenous communities



(*) If the federations are not affiliated with any regional or national organization, MINAM will carry out communications directly.

The levels of indigenous organization are as follows:

LEVEL 1: Composed of representatives of the national organization (AIDSEP and CONAP National Council)

LEVEL 2: Composed of representatives of decentralized organizations of AIDSEP and CONAP (in the case of AIDSEP, this level is composed of the six decentralized organizations and one direct affiliate: the Regional Association of Indigenous Peoples of the Central Selva [ARPI S.C.], the Regional Coordination Office of Indigenous Peoples of the San Lorenzo Region [CORPI SAN LORENZO], the Native Federation of Madre de Dios and its Tributaries [FENAMAD], the Regional Organization of Indigenous Peoples of the Oriente Region [ORPIO], the AIDSEP Regional Organization Ucayali [ORAU], the Regional Organization of Indigenous Peoples of Peru's Northern Amazon Region [ORPIAN P], and the Machiguenga Council of the Urubamba River [COMARU]).

LEVEL 3: Composed of representatives of grassroots federations (in the case of AIDSEP there are 56 federations).

LEVEL 4: Composed of approximately 1,350 native communities residing in the Peruvian Amazon region. Information and training activities under the Consultation and Participation Plan during the first year should address an initial group of native communities that are representative of Amazonian indigenous peoples, for the purpose of evaluating and adjusting the abovementioned activities, according to their cultural differences, histories and socioeconomic status.

4.2 Implementation phases of the Information, Participation and Consultation Plan

PHASE I: COMPILATION OF RELEVANT INFORMATION

This phase includes office and field activities. At present, information is being obtained in the field to plan the process. This component presents the initial conclusions of workshops that have been conducted to date. During this phase, the information workshops held in 2010 are expected to continue and will be held at all levels of government (national, regional and local), taking into account the unique characteristics of each stakeholder. Workshops will be held with the different sectors, regional governments (natural resource managers and staff), local communities (native and peasant) and civil society (NGOs).

The information collected during the workshops will be systemized, taking into account the origin of the group of key stakeholders. Chart 1b-1 presents the subjects on which information is expected to be compiled, by stakeholder.

Chart 1b-1. Compilation of information, by stakeholder and by issue

SUBJECT	KEY STAKEHOLDERS
<ul style="list-style-type: none"> • Causes (direct and indirect) of deforestation and proposals to address them. • Strategy for the REDD+ preparation phase. • Institutional and legal framework necessary for the successful implementation of REDD+. • Monitoring, Reporting and Verification (MRV) System and the necessary institutional framework to facilitate its implementation. • Economic implications of the implementation of REDD+ • SESA 	<ul style="list-style-type: none"> • Regional governments • Local governments • Indigenous and peasant communities • Forest users • Private sector (exporters, investors) • Organized civil society • Academic institutions
<ul style="list-style-type: none"> • Appropriate methodologies and technologies for the development of reference scenarios for deforestation and forest degradation. • Multipurpose National Forestry Inventory and its scope. 	<ul style="list-style-type: none"> • Sectors involved in activities directly related to forests • Regional governments • Local governments (municipalities) • Organized civil society • Academic institutions
<ul style="list-style-type: none"> • Environmental and social impacts (positive and negative) of the proposed strategy developed. • Distribution of benefits and costs associated with the implementation of REDD+. • Needs for strengthening of technical, scientific, institutional and negotiation capacities. 	<ul style="list-style-type: none"> • Sectors involved in activities related to forests, directly or indirectly • Regional governments • Local governments (municipalities) • Indigenous and peasant communities

	<ul style="list-style-type: none"> • Other forest users (concession holders) • Private sector (exporters, investors) • Organized civil society • Academic institutions
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PHASE II: PLANNING

During this phase, the plan to execute the information, training and consultation processes will be designed, identifying the geographic areas and proper means of dissemination to be used in order to better reach the population and key stakeholders. For native communities, coordination will be conducted with AIDSEP, CONAP and other indigenous organizations in order to obtain precise information to fine-tune the logistics and costs of the plan. Attention will be placed on directly incorporating communities of the Sierra and Costa, as well as other unaffiliated organizations, in the process.

PHASE III: EXECUTION

For civil society in general, the process is executed through REDD+ Roundtables (national and regional), other relevant platforms, and direct coordination with key organizations. For native communities, it will encompass the four levels of Amazonian indigenous organization in order to respect the principles of inclusion and transparency, promote the sustainability of commitments assumed as a country under REDD+, establish the groundwork for broad participation in the subsequent design and implementation of development interventions, and respect the organizational structure of representative organizations.

During the plan’s execution, the following processes will be carried out for purposes of socialization and information with indigenous communities:

Information process: on a pilot basis, information processes are being carried out for indigenous representatives at their first and fourth levels of organization. At level 1, the activities conducted will make it possible to obtain the national leadership’s political backing for the Consultation and Participation Plan and the consequent opening of decentralized or regional organizations; this situation will be replicated in the federations and communities with the objective of informing them about REDD. With regard to level 4, through the information activity, an assessment will be made of the training needs of implements of future REDD+ projects; their suggestions and concerns about REDD will be collected, and *indigenous promoters*¹² will be identified so that they can participate in training activities.

Training process: this will be conducted taking into consideration the differences among and requirements of key stakeholders. For native communities, it will be conducted at the four levels of their organization, prioritizing issues identified during the information and information-gathering processes, in order to prepare the four levels of intervention for the participation and subsequent consultation processes.

Participation process: this is conducted gradually and in parallel with the processes of information, training and consultation at the plan’s four levels of intervention. Participation is not restricted to

¹² Indigenous promoters are members of native communities, and/or are members of indigenous organizations, who speak their native language, who stand out for their understanding of REDD and their desire to form part of an intercultural, multidisciplinary training team, in accordance with their own rules and organizational structures and independent from the State.

REDD strategies and projects or to the formulation of evaluation and control mechanisms. Therefore, the aim is to seek, through the REDD Roundtable, the way in which civil society and native communities will participate in the establishment of reference scenarios (Component 3) and the MRV (Component 4). For the strategic assessment, civil society is involved from the beginning in the design of the SESA, and a special space for this issue will be sought in the REDD Strategy.

Consultation process: this will be conducted taking into account the stages of: 1) planning and dissemination of the consultation; 2) pilot consultation to evaluate and adjust the methodologies; 3) implementation of the consultation at national level; 4) dissemination of results; and 5) feedback. This consists of evaluating the results of the consultation process in order to identify those populations that wish to participate in REDD+, as well as those that decide not to participate. This should have a clear connection with the SESA (Component 2d). During feedback, the results of the consultation will be disseminated to indigenous communities and peoples, and the level and means of incorporating their recommendations will be evaluated.

5. Component Activities (Information, Participation and Consultation Program)

5.1 Compilation of relevant information for the design of the information, participation and consultation plan (Phase I – Information gathering)

- 5.1.1 Identification of key stakeholders to conduct information, participation, training and consultation processes for REDD+ (mapping of stakeholders);
- 5.1.2 Design of adequate dissemination materials, depending on the type of target group;
- 5.1.3 Basic information workshops on basis concepts of climate change and REDD+; these workshops will be used to gather information on stakeholders' perceptions of specific issues relevant to REDD+.

5.2 Design of information, training, participation and consultation plans (Phase II – Planning)

During this phase, the Execution Plan to be carried out during the implementation of the National REDD+ Strategy will be designed, as well as the identification of the geographic areas in which it will be conducted. The plan will take into account means of mass dissemination in order to present invitations for information workshops on REDD+. With regard to native communities, there will be coordination with the national indigenous peoples' representatives of AIDSESEP, CONAP and other representative organizations.

In line with the implementation focus proposed by Peru, guidelines will be prepared during this phase so that the institutions can promote the implementation of REDD+ at subnational (regional and local) level, following REDD+'s information, training, participation and consultation processes.

- 5.2.1 Preparation of execution plan for the information, participation and consultation process;
- 5.2.2 Identification of adequate, priority geographic areas;
- 5.2.3 Means of dissemination to conduct the invitation and disseminate information related to REDD+;

- 5.2.4 Coordination meetings with national indigenous organizations and unaffiliated communities.

5.3 Execution of information, participation and consultation processes (Phase III – execution)

The consultation process will be conducted during this phase. Workshops, activities, as well as dissemination information and materials, will be prepared according to the target group. Activities of subnational stakeholders should follow the guidelines proposed by the National Government in coordination with AIDSESP and CONAP.

- 5.3.1 **Information process:** information workshops on basic aspects of climate change and REDD+. These workshops will present possible impacts (positive and negative) of REDD+, advantages and disadvantages, as well as factors that must be taken into account for implementing REDD+ in Peru;
- 5.3.2 **Training process:** in this stage, training workshops will be conducted, differentiating among types of target groups;
- 5.3.3 **Training process:** this process is conducted gradually and in parallel with the information, training and consultation processes at the plan's four levels of intervention;
- 5.3.4 **Consultation process:** this process will be aimed at native communities, respecting indigenous institutionality and its four levels of organization, and taking into account the unique features of each people, for which there will be indigenous translators;
- 5.3.5 **Evaluation:** the results of the consultation process will be evaluated in order to identify the populations that wish to participate in REDD+, as well as those that decide not to participate. This should have a clear connection with the SESA (Component 2d);
- 5.3.6 **Feedback:** the results of the consultation will be disseminated to indigenous peoples, and the degree and means of incorporating their recommendations will be evaluated.

TABLE 1-b. Budget – Component 1.b Stakeholder Consultations and Participation

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 1.b Stakeholder Consultations and Participation	2,102,629	-	413,714	128,000	562,557	747,629	897,300	180,857
Activity 1.b.1 Compilation of relevant information for the design of the information, consultation and participation plan (Phase I – Compilation of information)	253,500	-	-	-	253,500	-	-	-
Identification of key stakeholders in order to conduct information, participation, training and consultation processes for REDD + (mapping of stakeholders).	7,071				7,071			
Preparation of adequate dissemination materials	46,800				46,800			
Information Plan	21,214				21,214			
Workshops to gather information, aimed at stakeholders relevant to REDD, including native communities.	128,000				128,000			
Indigenous interpreters (two per workshop)	914				914			
Identification of training needs	35,357				35,357			
Training Plan	14,143				14,143			
Activity 1.b.2 Design of information, training, participation and consultation plans (Phase II – Planning)	371,000	-	-	-	106,143	96,714	96,714	71,429
Preparation of Execution Plan for the information, participation and consultation process	4,714				4,714			
Identification of adequate, priority geographic areas	4,714				4,714			
Means of mass dissemination to conduct invitations and disseminate information on REDD+	285,714				71,429	71,429	71,429	71,429
Coordination of meetings with national indigenous organizations and unaffiliated communities	37,286				12,429	12,429	12,429	
	38,571				12,857	12,857	12,857	
Activity 1.b.3 Execution of information, participation and consultation processes (Phase III – execution)	202,914	-	128,000	128,000	202,914	-	-	-
Information workshops on REDD+ with national representatives – 4 levels of indigenous organizations	42,857				42,857			
Information workshop on REDD+ with public and private sectors, civil society and other forest users	160,000		128,000	128,000	160,000			
Indigenous interpreters	57				57			
Execution of training and participation processes (Phase III – execution)	650,914	-	-	-	-	650,914	-	-
REDD+ Training Workshops at 4 levels of indigenous organizations.	42,857					42,857		
	480,000					480,000		
REDD+ training workshops with public and private sectors, civil society and other forest users	128,000					128,000		
	57					57		

TABLE 1-b. Budget – Component 1.b Stakeholder Consultations and Participation (Continued)

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
Execution of consultation process (Phase III – execution)	564,871	-	285,714	-	-	-	800,586	50,000
Planning of consultation	7,071						7,071	
Dissemination of consultation			71,429				71,429	
Preparation of adequate dissemination materials	7,800						7,800	
Means of mass dissemination			107,143				107,143	
Pilot consultation to evaluate and adjust methodologies	71,429						71,429	
Implementation of consultation at national level (taking into account the 4 levels of indigenous organization (Loreto, Ucayali, Cusco, Madre de Dios, San Martín, Amazonas, Central Selva)	428,571						428,571	
Dissemination of results of consultation in mass media and on a website in the 4 languages of the indigenous population with the largest number of communities			107,143				107,143	
Feedback	50,000							50,000
Evaluation (Phase IV)	9,429	-	-	-	-	-	-	9,429
Evaluation of results of consultation	9,429							9,429
Feedback (Phase V)	50,000	-	-	-	-	-	-	50,000
Return the evaluation of the consultation to the peoples consulted, as well as to their grassroots, regional and national representatives	50,000							50,000

Component 2: Prepare the REDD Strategy

2a. Assessment of Land Use, Forest Policy and Governance

This component describes the current status of forest governance and land tenure in Peru. It also presents the current status of information on deforestation and forest degradation, including the direct and indirect causes of deforestation. Existing knowledge, although based on many sources of information, is in some cases outdated and in others has not been validated in the field or by institutions in charge of forests. For this reason, the activities proposed in this component are aimed at: (i) the generation of updated, validated deforestation and forest degradation data; (ii) the analysis of the actual causes of deforestation and forest degradation in order to use them for preparing appropriate strategies for each of them, by geographic region of the country; and (iii) the identification of prior experiences with combating deforestation in the country, identifying factors of success or failure and the possibilities for extrapolating results.

1. Land Tenure

In Peru, the regulation of land use is related to the capacity for greater use of land and to land tenure. The Regulation of the Capacity for Greater Use of Land, approved by Ministry of Agriculture Supreme Decree N° 017-2009-AG, needs to be updated. The proposed new Forestry and Wildlife Law and National Forestry Policy will contribute to the updating of land use, which will aid in preventing conflicts through forest-use planning.

According to Peru's Political Constitution, forests are Peruvian Government assets and thus are for public use. The government, by law, grants concessions to third parties for public use of forests under certain uses such as: Timber Concessions in Forests Under Permanent Production, Non-Timber Forest Concessions (especially for Brazil nuts [*castaña*]), Ecotourism Concessions, and Conservation Concessions. All these modalities take place in forests under permanent production and protection. There are also government-managed forests on farms and under assignments for use, as in the case of peasant and native communities. Government management of Forests under Permanent Protection (*Bosques de Producción Permanente*, BPPs) under permanent protection and of forests on farms and under assignments for use is the responsibility of MINAG's DGFFS. Forests in the National System of Natural Protected Areas (SINANPE) are administered by the National Service for Natural Protected Areas (SERNANP), which is assigned to MINAM. Several natural protected areas have total or partial administration contracts under the responsibility of nongovernmental organizations (CIMA, AIDER, etc.). All categories of forest concessions and use are subject to the submission of a management plan following the signing of the operating permit contract. Natural protected areas require the preparation of a master plan for administration contracts.

The subsoil, according to law, is not part of the forest cover or of ownership and use of the soil. The Ministry of Energy and Mines is the relevant authority on concessions for purposes of mining and extraction of hydrocarbons.

Table 2a-1. Types of rights granted in Peru, by stakeholder and granting agency

Type of stakeholder actor	Type of right granted	Aptitude of land or on what type of areas these rights are granted	Agency granting the right
Native communities	Ownership	Clear cropping and permanent crop For grazing	COFOPRI
	Assignment for use of communal forests on lands with forest aptitude, with or without forests, or lands under protection	Aptitude for Forestry	There is currently a legal gap
	Forest Permit on lands assigned for use on behalf of native communities	Aptitude for forestry or protection	MINAG–DGFFS
Peasant Communities (Costa and Sierra)	Ownership	On all land where they are settled and carry out their activities (agriculture, livestock raising, etc.)	COFOPRI and Regional Agrarian Bureau
Peasant Communities (Selva)	Ownership	On a portion where they are settled (crops and grazing)	COFOPRI and Regional Agrarian Bureau
	Assignment for use, with the possibility of access to forest permits	Aptitude for forestry	COFOPRI and Regional Agrarian Bureau
Individual or corporation in general	Ownership. Only on lands with agricultural aptitude	Clear cropping and permanent crops	COFOPRI and Regional Agrarian Bureau
	Forest concession for logging purposes	Forests under permanent protection created by a Ministerial Resolution of the Ministry of Agriculture	MINAG–DGFFS and currently regional governments
	Concession for other forest products	Forests under permanent production and forests on lands under production	MINAG–DGFFS and currently regional governments

	Concession for ecotourism and conservation	Preferably in forests on protected lands. Granted preferably in forests not declared as being under permanent forest production	MINAG–DGFFS and currently regional governments
	Forestry concession for reforestation or forestation purposes, under Law 27308 Concessions for reforestation in accordance with Law 28852 (*)	Forest land without forest cover or wasteland	MINAG–DGFFS and currently regional governments (*) Reforestation concessions were awarded until July 2006
	Plantations on private or communal farms	Agricultural land or forest land where property right was granted under a previous regulatory framework	MINAG–DGFFS
	Permits and authorizations	Forests for reserve production Local forests Privately owned forests Other plant formations	DGFFS and currently regional governments

Under the framework of Forestry and Wildlife Law Nº 27308 issued in June 2000, starting in 2002 Peru initiated a new model for forest access and use, based on the awarding of forest concessions for logging purposes in forests under permanent production that were previously determined as part of the country's forest use planning.

As a result of the concession process, 556 forest logging concessions have been awarded in a total area of 7.1 million hectares. The holders of these concessions are obliged to formulate general management plans and annual operating plans, which are approved by the Forest Authority (currently the DGFFS at national level and regional governments at subnational level); compliance is overseen by the Supervisory Agency for Forest and Wildlife Resources (OSINFOR).

Among other results, this process has also enabled the certification of over 700,000 hectares of managed forests between 2005 and 2009.

With a multiple-use approach regarding forests in Peru, some 2,025 concessions have also been awarded for other forest products (Brazil nuts) in an area of 891,635 ha, 26 ecotourism concessions on 55,657 ha, 16 conservation concessions on 423,095 ha, 293 reforestation concessions on 135,143 ha, and a wildlife management concession on 3,861 ha.

The system for awarding rights is not perfect and therefore there are possible overlapping rights on the same forest area, granted by various institutions to various stakeholders. These cases also occur in

areas assigned for use by native communities, due to their size, cadastre problems, and lack of official control. This shows the need to establish better mechanisms of information and inter-institutional coordination.

Chart 2a-2. Hypothetical example of possible overlapping of land rights, showing how different State entities can award different rights on the same area

Granting agency	MINAG	MINAG DGFFS	Ministry of Energy and Mines, and DREM	Regional Bureau of Energy and Mines– DREM	Ministry of Energy and Mines, and DREM	Ministry of Transportation
Purpose	Agricultural use	Forestry use	Hydrocarbons	Mining	Energy	Road infrastructure
Type of right granted	Transfer for use	Forestry Permit	Lots for exploration concessions	Mining concession	Hydroelectric infrastructure	Highway

Chart 2a-3. National Forest Cover [cannot open this file to translate it]

Bosques en ANP y otras áreas de conservación		15'902,086.57 ha
Áreas Naturales Protegidas	15'716,315.36 ha	
Áreas de Conservación Regional	149,870.00 ha	
Áreas de Conservación Privada	35,901.21 ha	
Bosques en Reservas Territoriales, comunidades nativas y campesinas		14'830,758.56 ha
Reservas territoriales a favor de indígenas aislados o en contacto inicial	1'768,173.73 ha	
Comunidades nativas tituladas	10'507,689.93 ha	
Comunidades campesinas (bosques secos 63.7% y amazónicos 36.3%)	2'554,894.90 ha	
Concesiones maderables y no maderables		8'623,340.58 ha
Concesiones para conservación	349,507.49 ha	
Concesión para ecoturismo	54,114.95 ha	
Concesiones para otros productos del bosque (castaña)	619,457.90 ha	
Concesiones para reforestación	135,221.46 ha	
Concesiones de manejo de fauna silvestre	3,861.46 ha	
Concesiones maderables	7'461,177.32 ha	
Bosques de Producción Permanente disponibles para concesiones		12'292,144.18 ha
Zona Especial: Humedales en Amazonía		3'150,551.03 ha
Áreas aún no caracterizadas		17'207,201.97 ha
SUPERFICIE TOTAL (*):		72'006,082.89 ha

(*): La superficie de bosques de la cuenca amazónica es de 67'980'130.43 ha, entanto el bosque seco y valles interandinos del Perú cubre una extensión de 4'025,952.46 ha.

Fuente: MINAM, 2009 (c)

Chart 2a-3 on national forest cover shows over 17 million hectares that have not yet been categorized, on which, in some cases, there are claims by different stakeholders, including native communities.¹³ Although in all categories there are possible deforestation processes, the uncategorized areas are the

¹³ AIDESEP indicates that there are about 12 million hectares under the category of BPP, on which there are land titling claims by indigenous peoples. This shows the need to conduct relevant studies that allow areas of conflict to be identified and where it is relevant to conduct efforts aimed at resolving claims by indigenous communities and peoples.

most vulnerable to uncontrolled encroachment and deforestation, on which not even the National Forest Conservation Program for the Mitigation of Climate Change has an effect due to the lack of categorization. Complementing the PNCBMCC, the National REDD+ Strategy should especially consider these areas, supporting the categorization process by including the evaluation of the land titling process for native communities.

2. Forestry governance

The Peruvian Government is promoting the strengthening of forest governance, understood as the application of means and rules to determine, influence and control activities in order to achieve the agreements and priorities established for forest management. These rules must be coordinated in legal and policy instruments and implemented through agreements among various players, thus assuring respect for the rights of indigenous peoples.

The principles of forest governance for Peru are: (i) the promotion of effective, decentralized and integrated participation by the various public and private stakeholders in decision making; (ii) the management of conflicts and the building of consensus, based on clearly defined responsibilities; and (iii) legal security and transparency. These principles must be effectively incorporated in the National REDD+ Strategy in order to contribute to overcoming the reduction-oriented focus of forest resources and to adopt an ecosystem- and conservation-oriented view of forest assets in the management of the country's forests (see Components 1.a and 2.c).

At the present time, forestry and wildlife activities are still regulated by Forestry and Wildlife Law N° 27308, issued in July 2000, and its Regulation, approved by Supreme Decree N° 014-2001-AG in April 2001.

Under this framework, the entities in charge of forest administration in the country are the General Bureau of Forestry and Wildlife of the Ministry of Agriculture at central level, and the regional governments at subnational level; supervisory activities are the responsibility of OSINFOR, an agency assigned to the Office of the President of the Council of Ministers.

Peru is not only focused on strengthening public forestry institutionalization but also on strengthening private sector capacities for sustainable forest management through strategic alliances with civil society, represented by forums for dialogue and reaching agreement on forest issues, forest management committees, etc. These are complemented by demonstration projects that mainly include training and forest management components. The support of the International Tropical Timber Organization (ITTO) in this regard has been extremely important in the past two decades.

Taking into account the forestry decentralization process that has been initiated in the country, the commitments assumed under the Protocol of Amendment to the Peru–United States Trade Promotion Agreement, signed by both countries in June 2007, which includes Annex 18.3.4 “Forest Sector Management,” and the results of discussion forums, a jointly agreed proposal for a new Forestry and Wildlife Law has been prepared in a participatory manner; it is currently pending review and approval by the Congress of the Republic. The consistency, legitimacy and transparency of the proposed new law were evidenced by the broad dissemination and creation of forums for information and consultation at central and regional levels, as well as by the conduction of over 40 meetings in Lima and in the regions, and the nearly 200 contributions submitted to the Technical Secretariat in charge of the process.

In parallel to this law, the proposed National Forestry and Wildlife Policy has also been formulated in a participatory and jointly agreed manner. Both instruments highlight principles such as: forest governance, ecosystem approach, intercultural nature, equity and social inclusion, competitiveness and productivity, but especially sustainability in the use of the nation's forest and wildlife assets.

Likewise, the proposed Forestry and Wildlife Law and Policy take into account the lessons learned over the 10 years of effectiveness of Law Nº 27308, proposing measures to improve situations not considered in said regulation, as well as emphasizing aspects of decentralization, participation, transparency, climate change and forest institutionalality.

With regard to the latter point, the creation of the National Forestry and Wildlife Service is proposed, replacing the current General Bureau of Forestry and Wildlife, but with a higher level of authority and autonomy. Also proposed is the creation of the National Forest and Wildlife Management System, which would promote and integrate the participation of stakeholders at different levels in the management of the country's forest and wildlife resources.

Despite clear principles and well-defined institutional arrangements, forest governance faces many challenges in practice. These are related to conflicts over land use, control of encroachment, changes in land use, logging and illegal trafficking of timber, and inappropriate use of biodiversity (hunting and fishing, extraction of plant species). Management projects at regional level in the Amazon and at national level are currently being formulated and executed. These will support the Peruvian Government in improving forest governance through the strengthening of forest inventory and registration systems, institutional and legal strengthening for national and regional authorities, processes for control and penalties, and mechanisms for greater participation by civil society and communities settled in forests for purposes of forest control and management. These initiatives, among others, are being financed by USAID, CAF and FAO–Finland. The expected results of these processes are of great importance in controlling deforestation and thus constitute a significant support to the National REDD+ Strategy. Coordination between the DGFFS (MINAG) and MINAM, the government agencies in charge of said forest governance projects, will ensure effective collaboration in the execution of the various projects and alignment with the National REDD+ Strategy.

Performance of Institutionalality¹⁴

In view of the draft Forestry Law and the decentralization process, institutional roles are currently under review by the Peruvian Government. Details about this process are described in Component 2.c. The "Peru National Report" (*"Informe Nacional Peru"*), prepared by DGFFS under the framework of the 2010 Global Forest Resources Assessment (<http://www.fao.org/forestry/20262-1-212.pdf>), presents further information on the sector's current institutional status. The report was prepared in accordance with FAO instructions. It is of a broad nature and refers to subjects ranging from wood production, biomass stocks, formation stocks and carbon stocks, to socioeconomic factors such as employment, education, forest health, productive functions of forest resources, protective functions of forest resources, etc.

Deforestation and forest degradation

¹⁴ The concept of "institutionality" refers to the set of organizations and entities that carry out public responsibilities or functions and includes the set of beliefs, ideas, values, principles, collective representations, structures and relationships that condition the behavior of members of a society, and that characterize and structure it (Correa, 1999: 87).

Current status of national information on deforestation

Peru is the second-largest country in Latin America in terms of forest area, and the world's fourth-largest in terms of tropical forest area. It holds 13 percent of the Amazon's forests, with nearly 69 million hectares. Although it is considered a country with low rates of historical deforestation, as of 2000 the principal source of national greenhouse gas (GHG) emissions was the conversion of forests to pastures and other soil uses (110,368 Gg of CO₂-e), which occurred mainly in the country's Amazon forests. In addition, Peruvian forests are also some of the earth's principal sinks, contributing to the removal of significant amounts of GHG (53,541 Gg of CO₂-e). The difference between sources and sinks in the Soil Use, Change in Soil Use and Forestry (*Uso del Suelo, Cambio de Uso del Suelo y Silvicultura, USCUS*) category for that year resulted in net emissions of 56,827 Gg of CO₂-e., which represented 47.5 percent of the country's total emissions. However, it is important to note that gross GHG emissions stemming from the felling of Amazon forests represent 92.32 percent of the country's total emissions.¹⁵ The large contribution of deforestation to total GHG emissions in the country, and the forests' potential as sinks, are the key reasons why the Peruvian Government recognizes the importance of a National REDD Strategy. The enormous contribution of Amazon forests to emissions justifies special (but not sole) attention to the rainforests.

Public and private investments in infrastructure and in the mining, energy and agricultural sectors have been increasing in recent years, due to the nation's good economic performance, with a long-term trend toward continued growth at a rate of 1.5 percent per year. The country also shows a demographic growth of over 1.5 percent per year, and internal migrations from the Sierra to the Selva. These processes have turned into the underlying causes of deforestation due to land encroachment, improper forest use, and the opening of the forests for transportation, energy and mining infrastructure. In this context, integrating a REDD+ strategy in national, regional and sectoral development plans will be essential to avoid an increase in deforestation and its environmental impacts (GHG emissions, biodiversity, water, soils, etc.) and impacts on communities that depend on forest goods and services for their lifestyles.

Peru's deforestation map was prepared by the Program to Strengthen National Capacities to Manage the Impact of Climate Change and Air Pollution (*Programa de Fortalecimiento de Capacidades Nacionales para Manejar el Impacto del Cambio Climático y la Contaminación del Aire, PROCLIM*). Although the data are quite detailed, this study is evidently outdated and an effort must be made to generate, reach agreement on, standardize and validate updated information during the Readiness phase in order to develop a benchmark (these activities are addressed in Components 2.a, 3 and 4). PROCLIM estimated that the original land area of tropical forests located in the Amazon Basin totaled 77,535,348 ha and represented 60.3 percent of the country's total land area. Likewise, said study estimated a cumulative deforested tropical forest area equivalent to 7,172,553.97 as of 2000, and a deforestation rate equivalent to 150,000 ha/year between 1990 and 2000. More recent forecasts conducted on the basis of data from the 2000 Deforestation Map estimate that the deforestation of the Peruvian Amazon would be equivalent to 8.5 million ha as of 2009. Other recent estimates, such as those conducted under the framework of the PNCBMCC on the deforestation of Peru's Amazonian, inter-Andean and dry forests indicate figures that need to be balanced and validated in the field under the framework of the Readiness process.

Chart 2a-3. Cumulative deforested area as of 2000, by region

Cumulative deforested area as of 2000, by regions

¹⁵ Ministry of Environment (MINAM), 2009. Second National Communication.

<i>Regions</i>	<i>Deforested area (ha)</i>	<i>% of total deforested area</i>
San Martín	1,327,736.15	18.51
Amazonas	1,001,540.11	13.96
Loreto	945,642.15	13.18
Junín	734,303.77	10.24
Ucayali	627,096.73	8.74
Huanuco	600,654.46	8.37
Cusco	537,632.37	7.50
Cajamarca	520,061.64	7.25
Pasco	302,020.89	4.21
Madre de Dios	203,891.86	2.84
Puno	146,041.32	2.04
Ayacucho	135,373.07	1.89
Huancavelica	51,990.69	0.72
Piura	31,737.07	0.44
La Libertad	7,231.69	0.10
<i>Total</i>	<i>7,172,953.97</i>	<i>100.00</i>
<i>Source and Preparation: PROCLIM</i>		

In addition, the Ministry of Environment's General Bureau of Land Use Planning, through the Geographic Information System Unit (*Unidad del Sistema de Información Geográfica, SIGMINAM*), is in the process of conducting an analysis of forest/nonforest areas for 2000, 2005 and 2009, and of deforestation and disturbance as of 2000, 2005 and 2009 for the Peruvian Amazon Region, with technical assistance from the Carnegie Institute for Science. Preliminary results of this work indicate that the total deforested area as of 2009 is over 8 million hectares; and in subregional areas such as San Martín, Ucayali and Madre de Dios in the same period (2000–2009), the rate of deforestation is 11,000 ha/year, 7,000 ha/year and 2,000 ha/year, respectively. For the current year, field validation work will be conducted and the definitive results of deforestation and forest degradation in the Peruvian Amazon Region will be processed.

Current status of knowledge about causes of deforestation and degradation

The causes of deforestation and degradation are distinguished between direct and underlying (or indirect) causes. Direct causes are those that are visible, where an executor of the action can be identified. Underlying or indirect causes are more difficult to identify or understand, and include national and international policies, markets and elements that are often outside or distant from the place where they have influence. Although official data on forest size and deforestation are ten years old, there are more recent efforts to analyze the causes of deforestation and degradation. The results of the study, "Causes of deforestation and measures to mitigate it in critical areas of the Peruvian Amazon and the emission of greenhouse gases" (*"Causas y medidas de mitigación a la deforestación en áreas críticas de la Amazonía peruana y a la emisión de gases de efecto invernadero"*), conducted during the draft of Peru's Second Communication to the UNFCCC, published in 2009, affirm that the

principal direct causes of deforestation in Peru¹⁶ are: agriculture (including illegal crops) and cattle raising, due to logging, slashing and burning of forests. The key players in this deforestation are settlers who seek lands to implement crops and pastures. Another important source of deforestation is the conversion of forests into intensive agriculture (oil palm, soybeans) by agroindustrialists. Forest degradation is caused by inadequate forest extraction practices, burning and inappropriate use of forest resources (flora and fauna). The study states that deforestation and forest degradation have been a direct consequence of the following factors (underlying causes):

- a. State policies from 1940 to 1970 that encouraged migration to the Selva for purposes of expanding the agricultural frontier.
- b. Opening of roads or penetration routes to the Selva Region (Olmos–Marañón–Saramiriza Highway, Central Selva to Pichis and the *Marginal de la Selva*, and currently the North, South and Central IIRSA highway systems).
- c. Development of mining, hydroelectric and agroindustrial initiatives that have a direct impact on the forest, but their indirect impacts (opening of previously impenetrable areas and source of migration to the Selva Region) are much greater.
- d. Population increase in the Peruvian Amazon. According to statistical data from the National Institute of Statistics and Informatics (*Instituto Nacional de Estadística and Informática*, INEI), the population of Peru's Selva region increased from 1,772,000 inhabitants in 1981 to 4,115,000 in 2007; the Departments of Loreto and San Martín have the largest populations.
- e. Poverty and social exclusion are linked to the causes of deforestation, due to the need to initiate activities that generate short-term income, using the forest as the principal source of resources.
- f. Lack of management control and quality in forest concessions and in the wood value chain, causing degradation.

2.1.1 Deforestation in the Peruvian Amazon

Specifically for Peru's Amazon forests, there are efforts by nongovernmental organizations that have recently conducted various studies on the analysis of deforestation and forest degradation, the most recent of which is the REALU Peru Project Report, Phase 1,¹⁷ for which a meta-analysis of deforestation in Peru was conducted, using sources published in international scientific journals, books and reports by the Peruvian Government and working documents that have been validated either by local stakeholders or made available for comments by the general public. According to Pautrat et al. 2009, migration, deforestation and poverty in Peru are directly related and form a negative spiral (migration results in greater deforestation, which in turn results in greater poverty). According to said author, Andean migration is the most important direct factor of deforestation in the Amazon Region, although other sources draw different conclusions on this subject and relate deforestation to inadequate policies, gaps in legislation, and economic development programs that are not aligned with the Amazon's environment.

¹⁶ Three areas were prioritized in the study: 1) Mayo River Basin (San Martín Region); 2) Lower Basin of the Inambari River, Tambopata and Middle Basin of the Madre de Dios River; as well as the Mazuko–Puerto Maldonado–Iberia–Iñapari highway system (Madre de Dios Region); 3) Upper Basin of the Urubamba River (province of La Convención, Cusco Region).

¹⁷ Velarde S.J., Ugarte-Guerra J., Rüginitz Tito M., Capella J.L., Sandoval M, Hyman G., Castro A., Marín J.A. and Barona E. 2010. Emission Reductions from All Soil Uses. REALU Peru Project Report Phase 1. ICRAF Working Paper no. 110. ASB–World Agroforestry Centre (ICRAF). Lima, Peru.

The following two charts are adapted from the REALU report with the results of the analysis conducted using the conceptual framework of Geist and Lambin (2002) in three large study regions: Northern Amazonia (Loreto and San Martín), Southern Amazonia (Madre de Dios, Apurímac and Ene River Valley) and Central Amazonia (Ucayali), using the conceptual framework by Geist and Lambin (2002).

Chart 2a-4. Direct causes of deforestation and degradation in the Peruvian Amazon

Direct causes of deforestation and degradation	Northern Amazonia (Loreto and San Martín)	Southern Amazonia (Madre de Dios and Apurímac and Ene River Valley [VRAE])	Central Amazonia (Ucayali)
Infrastructure	Opening of penetration roads, including petroleum exploration roads		
	Future interoceanic highway (north) and Iquitos–Nauta highway	Interoceanic highway that crosses from Brazil to the Pacific in Peru (IIRSA)	Federico Basadre Highway that links Pucallpa with Lima and the <i>Marginal de la Selva</i>
Expansion of agricultural frontier	Agriculture due to logging and to slashing and burning of the forest to plant subsistence crops (7 and 8 cited in [WORDS MISSING])		
	Promotion of large-scale crops such as oil palm in San Martín Shorter fallow (<i>barbecho</i>) periods in Loreto	Promotion of large-scale crops	Annual crop production using slash-and-burn agriculture Grasses in secondary forests in 1990s Agriculture on riverbanks since 2000
Forest extraction	Charcoal production in swamp forests Illegal logging	Current and future increase due to better access to markets Illegal logging	Forest roads provide access to immigrants for colonization Illegal logging
Informal gold mining	NA	In rivers and forests	NA
Energy projects	48 petroleum and gas lots licensed to private companies in two-thirds of the Amazon Region		
		Hydroelectric projects, exploration and development of petroleum and natural gas	
Other factors	Coca leaf production in Huallaga Valley	Coca leaf production in VRAE	Coca leaf production in the upper parts of the Aguaytía Basin (1985–1995); lack of fire control

Adapted from: Velarde S.J. et al. 2010.

Chart 2a-5. Underlying causes of deforestation and degradation in the Peruvian Amazon

Underlying causes of deforestation	Northern Amazonia (Loreto and San Martín)	Southern Amazonia (Madre de Dios and Apurímac and Ene River Valley)	Central Amazonia (Ucayali)
Demographic factors	Andean migration	Andean migration	Andean migration Availability of labor
	Population increase		
Economic factors	Future connection with global markets through IIRSA Poverty is related to shorter duration of fallow periods	Connection with global markets through IIRSA	
	Agricultural credits that lead to deforestation Financial qualification given to forest users for informal or illegal activities Rural poverty in the Amazon Region generates the need to initiate activities that yield short-term income, using the forest as the main source of resources Urbanization of new areas		
Institutional and political factors	Lack of integrated, horizontal national development policies, with a short-, medium-, and long-term outlook; and political and economic relationships of neighboring countries and lack of institutional coordination		
Land-tenure and land-use policies	1940 to 1970: State policies promoting migration toward the Selva in order to expand the agricultural frontier for crops Policies for promotion and formalization of land ownership Lack of regional-level soil management policies Lack of Strategic Environmental Impact Assessments (SESAs) for transportation and energy projects State policies on biofuels		Alexander von Humboldt Rural Forest Settlement (1983) Land titling or formalization, subject to the owner conducting agricultural activities
Cultural factors			Inadequate management of the Amazonian ecosystem by immigrants
	Short-term character or outlook in decisions by local producers and related to poverty		

Sources: Adapted from Velarde S.J. et al. 2010.

The indicated deforestation processes respond to complex causes and vary by geographic zones. However, other studies provide indications that the principal motivation for deforestation in the Peruvian Amazon is economic, as shown in recent analyses by SERNANP (2009) and by the Madre de Dios Regional REDD Roundtable (Madre de Dios Consortium).

2.1.2 Deforestation in Andean Forest Ecosystems

Andean forest ecosystems (*ecosistemas forestales andinos*, EFAs) are among Peru’s most diverse and threatened land ecosystems (Etter and Villa 2000). They are recognized as a key global hotspot (Orme et al. 2005) and represent a priority for conservation due to their extraordinary wealth and endemic species, and because several of the species that constitute them are being severely threatened by human activity (Aubad et al. 2008). EFAs are located above 1,000 meters above sea level (m.a.s.l.) on the western slope and 2,000 m.a.s.l. on the eastern slope, and cover an area of approximately 44 million hectares in South America’s entire Andean region. In Peru, their area on the western slope is very limited due to the desert climate in most of its length. However, particularly in the northern regions of the country (Piura, Cajamarca, Lambayeque, La Libertad), the areas are significantly larger. Due to their difficult access and perhumid climate, Andean forests form a relatively well-conserved corridor along the entire eastern slope of the Andean Cordillera.

The regional program for the conservation of Andean forests (ECOBONA) has identified that the sources of pressure on EFAs can be summarized as follows (adapted from ECOBONA 2006):

Underlying causes	Direct causes	Effects
<ul style="list-style-type: none"> ▪ Insufficient or nonexistent public policies. ▪ Weak public management capacity. ▪ Exclusion of EFAs from public policies. ▪ Economic development programs (mining, infrastructure). ▪ Natural phenomena associated with climate change. 	<ul style="list-style-type: none"> ▪ Patterns of extraction of timber and non-timber resources ▪ Construction of highways and mines ▪ Greater accessibility of forests ▪ Expansion of agricultural frontier ▪ Expansion of cattle-raising frontier ▪ Conflicts of interests difficult to resolve in the short term 	<ul style="list-style-type: none"> ▪ Forest degradation and systematic deforestation due to various economic activities ▪ Conversion of forest lands into non-forest lands ▪ Forest fires ▪ Decrease in the amount of timber and non-timber resources with high cultural value

Furthermore, it has been identified that some of the conditions which increase deforestation and degradation in Andean Forests are:

- The limited appreciation of rural heritage as a result of rural exclusion in the social structure.
- The “extractivist” culture that is strongly rooted in the population.
- Forests viewed as “obstacles” for the development of other productive sectors.
- The “immediate needs” (*“inmediatista”*) culture that generates little attention to the restoration of EFAs and to forest investment.
- The limited visibility of the subject of EFAs at supranational levels.

2.1.3 Deforestation in Peru's Dry Tropical Forests

Dry tropical forests are located mainly on the northern coast, between the regions of Lambayeque, Piura, La Libertad and Tumbes, at elevations below 1,000 m.a.s.l. They also exist in certain dry Andean areas of the regions of Apurímac, San Martín, Junín, etc., covering a total area of 4,105,868 ha. The key ecosystems that they encompass include dry tropical forest, very dry tropical forest, premontane tropical forest, low-montane tropical forest, subtropical forest, and low-montane subtropical forest. Dry forests have considerable biological value due to their high level of endemic species, and social value due to their relatively small size in densely populated areas. In turn, these conditions are the reasons for their great vulnerability. They have little natural resilience and many pressures on their integrity. Dry forests are under-represented in the SINANPE.

The principal direct causes of deforestation and degradation of the dry forest are agriculture and cattle-raising, logging to convert forest lands, and improper extraction of forest products (firewood, wildlife, wood and non-wood products). In the case of the dry forest's life zone, there is a strong development of export and industrial agriculture, especially fruits and sugarcane. On the other hand, cattle-raising (goats and cows) is carried out by low-income peasant communities and represents a constant threat, since it is done without adequate management. Moreover, this activity requires the unplanned burning of grasses, which affects vast areas. Illegal logging of several valuable timber species and the extraction of non-wood products (carob, together with Brazil nuts, are the major forest export products, following timber) deplete key populations of forest species.

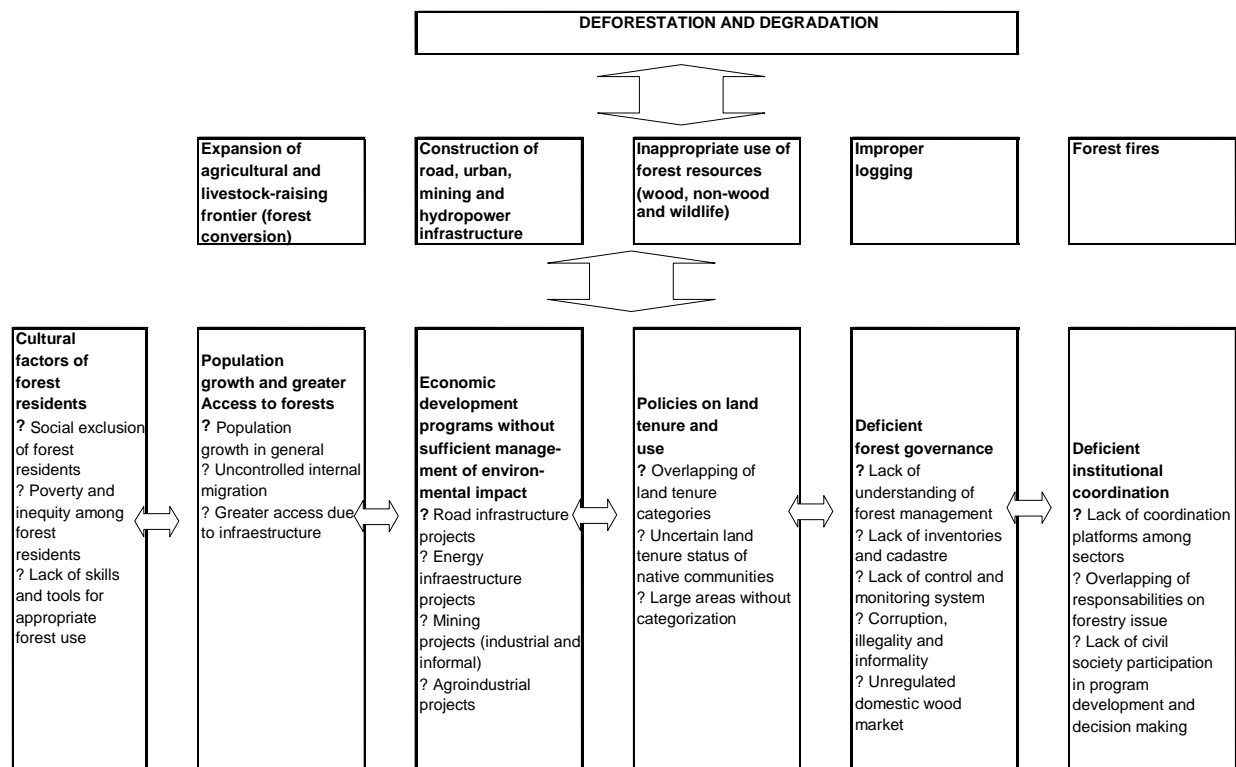
There is no current information on deforestation in dry forests; among other reasons, this is mainly due to the difficulty of categorizing and mapping them through the use of remote sensing. The only deforestation data are from the Carob Project (*Proyecto Algarrobo*), ten years ago, estimated at 25,000 ha per year.

The only Clean Development Mechanism (CDM) project in the forestry sector, registered in Peru with the UNFCCC, is in dry tropical forests. The project located in the Ignacio Távara Pasapera Peasant Community (Chulucanas, Piura) will reforest 8,981 ha and reduce total emissions by 973,788 tons of CO₂-e. In the project area, the degradation of forests and lands is mainly due to intensive illegal logging. Land-use trends include grazing (98 percent of the rural population carries out this activity) and subsistence farming during the rainy season. These poorly managed activities cause overgrazing in areas adjacent to means of communication and under-use of grasses in other areas, producing an accumulation of biomass that could create fire risks during the dry season.

In general, forest-related activities are legally restricted by a law that prohibits uses in dry forest ecosystems. This law allows the gathering of firewood and of branches of *Cordia lutea* to be used as broomsticks and in construction, which are marketed in several cities located near the forest. However, this law is constantly broken, especially through illegal use of *Prosopis pallida* and *Capparis scabrida*, which are widely used to produce charcoal and handicrafts.

2.1.4 Integration of direct and underlying causes of deforestation and degradation

Based on the current understanding of causes of deforestation in different areas of the country, and considering the complexity of this subject and the various interactions among the various causes, the direct and underlying causes can be charted in a general and preliminary manner as follows:



Because the identification of the underlying and direct causes of deforestation is an important input for the design of the Strategic Environmental and Social Assessment (SESA), during the detailed analysis of causes it is necessary to identify the connection between the causes of deforestation and degradation with social and environmental impacts and vice versa, and to identify key challenges for these social and environmental considerations.

3. Past experience with forest conservation

Peru has a long history of conducting experiences for forest conservation. The Peruvian Government has conducted several practical experiments to conserve forests and halt deforestation, with the active support of national and international NGOs that are leaders in this field. In general terms, it can be confirmed that Peru has been moderately successful in various aspects of conservation. Slightly more than 20 percent of the nation's territory is under protected area status, operating as an integrated system (SINANPE). It also has an enormous area of forest concessions (logging, tourism, conservation) that are formally established, with management and monitoring plans through OSINFOR. Several conservation organizations have generated projects for research and management of protected areas, normally in support of the environmental authority and involving society within the areas and in buffer areas. Conservation corridors and international coordination systems among various protected areas have been created. In other forests, NGOs have developed forest management projects, often with the active participation of local and indigenous communities, combining conservation with local development. This has resulted in new protected areas, concessions with communal forest certification and reforestation programs, and enrichment of degraded forests. In recent years, the private forestry sector has also expressed its interest in decreasing deforestation and degradation, mainly through forest certification processes.

Although all these efforts have obviously had various levels of success, they have been unable to halt deforestation or forest degradation. Despite significant amounts of additional resources from bilateral

and multilateral support (administered by PROFONANPE), the government still lacks sufficient resources to adequately manage protected areas and the rest of the country's forest assets. Agencies in charge of controlling forest management lack sufficient human and technical skills to implement the existing legislation. NGOs that support conservation generally operate through projects of limited duration and in determined geographic areas. Added to these are the lack of coordination between different government sectors and agencies and between the government and civil society, an inadequate legislative framework, and social and economic development programs that are not aligned with conservation objectives.

During the Readiness phase, an inventory of government and nongovernment efforts should be conducted to extract positive experiences and reach a detailed understanding of barriers to greater success. The National REDD+ Strategy provides opportunities to overcome many of these barriers and seeks large-scale, ongoing investment for activities aimed at decreasing deforestation, coordination among government and nongovernment players, and adjustment of the legislative and institutional framework.

4. Component Activities

As previously mentioned, the activities proposed in this component are aimed at: 1) generating updated, validated official data on deforestation and forest degradation; 2) pinpointing the direct and indirect causes of deforestation and forest degradation, and based on these, preparing strategies appropriate to each of them, according to the geographic region of the country; and 3) analyzing prior experiences in combating deforestation and identifying factors of success or failure and the possibility of extrapolating results.

4.1 Analysis of Current Land Use

- 4.1.1 Updated diagnostic of land tenure and current land use.
- 4.1.2 Analysis of problems of land overlapping, land tenure conflicts.
 - 4.1.2.1 Diagnostic of land tenure and ownership, title clearing, governance and intervention on lands traditionally occupied by indigenous peoples and their use, as well as those shared by different communities and peoples or lands of those who have been displaced.
- 4.1.3 Preparation of a specific program to identify and categorize uncategorized lands.
- 4.1.4 Design of specific actions to resolve land titling problems.
 - 4.1.4.1 Clearing of the georeferencing of formal titles.
 - 4.1.4.2 Clearing of the georeferencing of titled native communities.
 - 4.1.4.3 Analysis of regulation regarding land titling in native communities.
 - 4.1.4.4 Analysis of the feasibility of putting the unified cadastre into practice.

4.2 Identify direct and indirect causes of deforestation and forest degradation

- 4.2.1 Analysis of development policies, plans, strategies and programs that directly or indirectly generate deforestation and forest degradation.
- 4.2.2 Conduction of a detailed analysis of the direct and indirect causes of deforestation at regional level in order to prepare strategies and actions that address each of these causes.

4.2.2.1 Diagnostic of the social, economic and cultural impact of colonization by outsiders, internal migration and the construction of highways and dams on Amazonian indigenous lands.

4.2.3 Identification of priority functions and agenda of key players directly or indirectly involved with forest actions and their effect on deforestation and degradation.

4.3 Analysis of prior experiences for conservation of forests and reduction of deforestation and forest degradation.

4.3.1 Analysis and systemization of productive activities and projects implemented as a sustainable alternative to the felling, slashing and burning of forests, including positive experiences and best practices of local NGO and community programs on the subject of forest and agroforestry management or others.

4.3.2 Identification of traditional knowledge, practices, customary laws, cultural expressions and systems of indigenous governance that have had a positive effect on the conservation and sustainable management of forests.

4.3.3 Identification of interventions that directly or indirectly contribute to the objectives of combating agents of deforestation, identifying factors of success or failure and potential zones for early extrapolation.

TABLE: Budget – Component 2.a Evaluation of Land Use, Forest Policy and Governance

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 2.a Evaluation of Land Use, Forest Policy and Governance	138,142.86	103,285.71	-	-	241,428.57	-	-	-
Activity 2.a.1 Analysis of Land Use	70,714.29	28,285.71	-	-	99,000.00	-	-	-
Updated diagnostic of land tenure and current land use.		14142.86			14142.86			
Analysis of problems of land overlapping land tenure problems		14142.86			14142.86			
Diagnostic of land tenure and ownership, title clearing, governance and intervention on lands traditionally occupied by indigenous peoples and their use, as well as those that are shared by different communities and peoples or lands of those who have been displaced	14142.86				14142.86			
Preparation of a specific program to identify and categorize uncategorized lands	14142.86				14142.86			
Design of specific actions to resolve land titling problems	14142.86				14142.86			
Analysis of regulation on land titling in native communities	14142.86				14142.86			
Analysis of the feasibility of putting the unified cadastre into practice	14142.86				14142.86			
Activity 2.a.2 Identification of direct and indirect causes of deforestation and forest degradation	25,000.00	75,000.00	-	-	100,000.00	-	-	-
Analysis of development activities and policies that directly or indirectly generate deforestation and forest degradation at national, regional and local scales		25000			25000			
Conduction of a detailed analysis of the direct and indirect causes of deforestation at regional level in order to prepare strategies and actions that address each of these causes		25000			25000			
Diagnostic of the social, economic and cultural impact of colonization by outsiders, internal migration and the construction of highways and dams in Amazonian indigenous territories	25000				25000			
Identification of priority functions and agenda of key players involved directly or indirectly with forest actions and their effect on deforestation and degradation		25000			25000			
Activity 2.a.3 Analysis of prior experiences to conserve forests and reduce deforestation and forest degradation	42,429.00	-	-	-	42,429.00	-	-	-
Analysis and systemization of productive activities and projects implemented as a sustainable alternative to the logging, slashing and burning of forests, including positive experiences and best practices of local NGO and community programs on the subject of forest and agroforestry management or others.	14143				14143			
Identification of traditional indigenous knowledge, practices, customary laws, cultural expressions and systems of governance that have had a positive effect on the conservation and sustainable management of forests	14143				14143			
Identification of interventions that directly or indirectly contributed to the objectives of combatting agents of deforestation, identifying factors of success and failure and potential zones for early extrapolation	14143				14143			

2b. REDD Strategy Options

Peru has set the objective of substantially reducing its GHG emissions as a contribution to global climate change mitigation efforts. The major sources of national GHG emissions are in the soil use, change in soil use and forestry (USCUSS) sector, with the principal cause being the deforestation processes in the Amazon Region. Therefore, decreasing deforestation at national level is Peru's best option for contributing to climate change mitigation, as confirmed by the National Climate Change Policy (*Estrategia Nacional de Cambio Climático*, ENCC). In addition, forest conservation in Peru is a priority for the preservation of the biodiversity of this mega-diverse country and for the need to preserve the means and ways of life of populations settled in and dependent on these ecosystems, especially local and indigenous populations.

Consequently, the National Government, under the leadership of the Ministry of Environment, has created the National Forest Conservation Program for the Mitigation of Climate Change (*Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático*, PCNBMCC), which combines and coordinates the abovementioned priorities with national coverage and international financial support. This program is an umbrella for different forest conservation strategies and actions; in this context, the REDD+ mechanism constitutes a shared opportunity to contribute to meeting the ambitious targets of conserving 54 million hectares under said program, under which the rights of indigenous communities and peoples will be respected and guaranteed.

The National REDD+ Strategy will be a key, integrated component of the PCNBMCC and at the same time will complement it. The National REDD+ Strategy to reduce deforestation must be part of the framework of the PCNBMCC's scope and actions and be consistent with its intervention priorities. In addition, the REDD+ mechanism, due to its importance, imminent importance and strong potential to finance activities to combat deforestation and forest degradation, will be a determining factor in the PCNBMCC's design, implementation process and financial sustainability. The National REDD+ Strategy has an influence on the entire sphere of the PCNBMCC and complements it in uncategorized areas. The National REDD+ Strategy will propose activities to address the direct causes of deforestation and forest degradation through an approach that promotes public and private investment in forest carbon businesses.

These considerations guide the conceptual framework and design of the National REDD+ Strategy, which should provide the methodological, technical and operational elements unique to the REDD+ mechanism, in order to coordinate and unify current and future efforts to combat deforestation and forest degradation under the PCNBMCC's framework umbrella. Peru has unique geographic features, variable capacity and experience, and a complex situation of causes and effects of deforestation and forest degradation that condition the adoption of National REDD+ Strategy options. These, added to the progress of REDD+ projects at local level and the state decentralization process, point toward a flexible, gradual focus, working with a nested approach in the three phases (i. Readiness; ii. Implementation; and iii. Payment for Results) whose precise implementation should be developed during the Readiness phase.

For the Readiness phase, the National REDD+ Strategy has two sources of financing in addition to the FCPC: KfW and GBMF. It is important that the R-PP's approach and implementation be fully coordinated with these cofinancing projects, specifically because they are essential to ensure financial sustainability throughout the Readiness process. In addition, Peru has been selected as a pilot country

for the Forest Investment Programme (FIP) of multilateral development banks. FIP investment will constitute a significant support to the national government for the implementation phase of the REDD+ Strategy, making it possible to integrate the role of natural ecosystems in the country's development plans and strategies, thus complementing the current and future initiatives of the public and private sectors and of civil society in the conservation and sustainable management of forests.

1. National REDD+ Strategy options to address underlying causes and barriers to implementation

The activities proposed in this document are aimed at analyzing the convergence of actions that are under way in the country for purposes of REDD+. The National REDD+ Strategy must consider a detailed understanding of the direct causes (inappropriate use forest resources, fires, mining, infrastructure, encroachment of the agricultural frontier, etc.) and the underlying causes (development and social policies, governance, cultural factors, etc.) of deforestation and forest degradation (activity in Component 2a) and evaluate options to address each of the causes identified. On the basis of these results, the strategy should define what actions can be implemented, where, how and in what type of area. During the Readiness phase, this detailed analysis of the causes and the best ways to address them, and how to coordinate ongoing actions with additional actions, will be conducted. Only after this analysis (during the Readiness phase) can the specific nature of actions be determined (what should be done, where, and in what type of area). As an example, Chart 2b-1 presents various options in light of the causes initially identified, and how to address them.

Chart 2b-1. Illustrative analysis of management options in the National REDD Strategy to address a series of underlying causes of deforestation

Underlying causes	Management options	Scale of action and type of priority area
Deficient forest governance <ul style="list-style-type: none"> ● Lack of understanding of forest management ● Lack of inventories and cadastre ● Lack of control and monitoring system ● Corruption, illegality, informality ● Unregulated domestic timber markets 	<ol style="list-style-type: none"> 1. Coordination between different national and regional government sectors 2. Technical training for forest managers and technical staff of regional and national governments 3. National Forest Inventory Program 4. Strengthening of control and monitoring in the forest sector through equipment, training, citizen participation 5. Anti-corruption plan for the forestry and wildlife sector. 6. Analysis and regulation of domestic wood value chain. 	<ol style="list-style-type: none"> 1. National level, CNCC and PCM task 2. Regional level, forest concessions and BPP. OCBR, NGO 3. National and decentralized level. All forests 4. Level of decentralized authority. Forest concessions, protected areas 5. Cross-cutting activity. Study of domestic value chain by specific products
Policies on land tenure and use <ul style="list-style-type: none"> ● Overlapping of land-tenure categories ● Uncertainty of native communities' land-tenure status ● Large areas without categorization 	<ol style="list-style-type: none"> 1. Diagnostic of tenure, ownership, title clearing, governance and intervention of lands traditionally occupied by indigenous peoples and their use, as well lands shared by different communities and peoples or those of communities that have been displaced. 2. Preparation of a specific program to identify and categorize uncategorized lands. 	<ol style="list-style-type: none"> 1. Participatory study, jointly agreed by State institutions, indigenous peoples, NGOs. Mainly in lands possessed by indigenous communities and peoples. 2. Land categorization at national level 3. Land title clearing 4. Title clearing of lands of indigenous communities and peoples 5. Analysis of claims on native

Underlying causes	Management options	Scale of action and type of priority area
	<ol style="list-style-type: none"> 3. Clearing of the georeferencing of authorized titles. 4. Clearing of the georeferencing of titled native communities. 5. Analysis of the regulation on land titling in native communities. 6. Progress toward land titling in State-recognized native communities. 7. Putting the unified cadastre into practice. 	<ol style="list-style-type: none"> 6. community lands 6. Single cadastre at national level
<p>Economic development programs without sufficient environmental impact management</p> <ul style="list-style-type: none"> ● Road infrastructure projects ● Energy infrastructure projects ● Industrial and informal mining projects ● Agroindustrial projects 	<ol style="list-style-type: none"> 1. Strengthening of the design and implementation of Strategic Environmental Assessments for economic sector investments and Environment Impact Studies for projects. 2. Effective coordination in the planning of different sectors at national and regional government levels 3. Regulation of informal mining 4. Local-level monitoring of conservation projects with investment programs 5. Private-sector involvement in REDD+ projects 	<ol style="list-style-type: none"> 1. Legal/policy work at national level, support by NGOs/universities 2. Policy task at national level, PCM responsibility, technical support by OCBR-REDD Roundtable 3. National and regional levels 4. Monitoring of early initiatives of NGOs and regional governments. Areas of native communities, private reserves, concessions, etc. 5. Promotion of participation of companies in forest sector (concessions), NGOs (community, private lands) and financial sector (all)
<p>Population growth and greater access to forests</p> <ul style="list-style-type: none"> ● Population growth in general ● Uncontrolled internal migration ● Greater access due to infrastructure 	<ol style="list-style-type: none"> 1. Strengthening of status of land titling 2. Coordination among regional governments to mitigate migration toward forests 3. Control of encroachment 4. Effective implementation of SEA in infrastructure programs 5. Promotion of social (productive alternatives) and environmental projects for settlers 	<ol style="list-style-type: none"> 1. Support for regulated land titling in uncategorized lands with a large amount of migration 2. Work of planning, control, etc. at regional level 3. Surveillance and control by regional governments with participation by local population on uncategorized lands 4. EAE in large-scale infrastructure plans (IIRSA highways; new dams in Amazon region) 5. NGOs and regional governments promoting incentives for settler population in Amazon region (uncategorized lands)
<p>Cultural factors of forest dwellers</p> <ul style="list-style-type: none"> ● Social exclusion of forest dwellers ● Poverty and inequality among forest dwellers ● Lack of skills and tools for appropriate forest use 	<ol style="list-style-type: none"> 1. Participation of civil society in making policy decisions on forests 2. Promotion of productive alternative projects for forest dwellers 3. Strengthening of the system of access to and distribution of benefits from businesses (including 	<ol style="list-style-type: none"> 1. Promotion of participatory, fair forest governance at national level (new Forestry Law) and local level (especially protected areas, lands of indigenous communities and peoples, and BPP) 2. Productive alternatives between indigenous peoples and settlers;

Underlying causes	Management options	Scale of action and type of priority area
	<p>future REDD income)</p> <p>4. Training of local stakeholders in describing and appreciating forests, in sustainable forest management, in control and monitoring, etc.</p>	<p>support by NGOs, regional governments and social support organizations</p> <p>3. GTREDD approves guidelines</p> <p>4. Training at local level, beginning in priority areas under the strategy (Madre de Dios and San Martín) on control, monitoring, evaluation, etc.</p>

The National REDD+ Strategy should analyze the barriers to addressing these causes. , besides addressing these underlying causes through direct actions and through identification, Chart 2b-2 presents several of the barriers and gaps stemming from the situation described in this document, and also presents recommendations on preliminary actions for the establishment of GHG Mitigation Programs in the forestry sector.

Chart 2b-2. Identification of various barriers and gaps for the establishment of GHG Mitigation Programs in the forestry sector

Key barriers and gaps	Proposed actions
<p>Sociopolitical: Conflicts of interest with regard to public and private investments for forest use, between national government sectors, with regions, and among different stakeholders. Cultural distance and mutual distrust among the private sector, indigenous peoples and the government.</p>	<ul style="list-style-type: none"> • Program with an effect on the value of forests and alternatives, at high levels of the public sector, and private firms, placing the issue on the public agenda. • Program for participation and consultation on the conservation and use of forest resources.
<p>Information: Information in current and future causes of deforestation is isolated and outdated. There is no system to monitor deforestation and degradation or a system to conduct an inventory of greenhouse gases in the soil-use change and forestry sector.</p>	<ul style="list-style-type: none"> • Research program on the value of forests, potential for capture by ecosystems, methodologies, forecasts, etc. • Detailed design, technical and financial support in the implementation of the system to manage the USCUS sector's inventory. • System to monitor and control deforestation and forest degradation.
<p>Scattering of institutional efforts: Scattering and duplication of efforts and initiatives in forest and climate change management, and an imminent need for linkage and coordination among national institutions, regional and local governments and civil society.</p>	<ul style="list-style-type: none"> • Organization of the set of ongoing projects, identify their complementarities and direct efforts toward the design and implementation of the National Forest Conservation Program (MINAM and MINAG, regions and civil society initiatives). • Improvement of mechanisms and instruments for inter-institutional coordination.
<p>Capacities: Capacities to monitor deforestation and forest degradation, as well as to oversee regulations and plans in the State are insufficient in national organizations (MINAM, OSINFOR, MINAG) and in regional and local governments.</p>	<ul style="list-style-type: none"> • Capacity strengthening of national organizations and regional and local governments, especially those in the Amazon Region.
<p>Financing and incentives: The sources of financing for</p>	<ul style="list-style-type: none"> • Analysis of the complementarity of the different

Key barriers and gaps	Proposed actions
<p>forest conservation and management are scarce and diverse; they are not complementary. Private investment in this sector must be promoted.</p>	<p>programs and projects that have financing and those that are being negotiated and planned, and the setting-up of a matrix of needs and potential financial sources and schemes.</p> <ul style="list-style-type: none"> • Dissemination of opportunities for private investment in the forestry sector, associated with forest conservation, and provision of the necessary legal framework.
<p>Public awareness: Despite an increase in social recognition of the strategic value of forests for Peru, this awareness is restricted to specific groups of society in general.</p> <p>Many groups are still unaware of forests’ real value and therefore they promote generalized opinions that are against the forests’ integrity. Based on this conception, there is a greater social base for supporting large-scale development programs (although in some cases these imply deforestation) than for supporting conservation.</p> <p>Other, more specific forest-related groups (companies, individuals) with insufficient information on the real value of forests may become direct agents of deforestation and forest degradation.</p>	<ul style="list-style-type: none"> • Effective studies of forest value (financial, cultural, social, strategic) and of the direct benefits of halting deforestation • Communication strategies aimed at specific target groups (agents and social base of deforestation and forest degradation)

2. Proposed approach for REDD+ implementation

At national scale, the Peruvian Government is implementing specific actions to reduce GHG emissions in the forestry sector and to lay the groundwork for a country-level REDD+ strategy (see below). With regard to REDD+, Peru considers the adoption of a REDD+ Strategy appropriate and consistent with its national circumstances, using a nested approach that allows the evolution, as specific capacities required by the mechanism’s implementation are strengthened, of subnational (regional and local) initiatives toward an integrated, efficient national approach in order to reduce emissions, promote sustainable development and support the decentralization process.

In essence, the nested approach makes it possible to begin the implementation of REDD+ at subnational (local and regional) level, growing toward the national level as capacities increase in the country to design, implement, monitor, verify and report on REDD+ initiatives at all levels. Initially, emission reductions would only be reported for local-level initiatives, later for local- and regional-level initiatives, and finally for all levels. The various initiatives would be added as these are provided, endorsed and registered, following rules and procedures that make it possible to maintain the environmental integrity¹⁸ of the set of initiatives. In other words, the nested approach allows

¹⁸ In this context, the concept of “environmental integrity” means that an emission reduction in a specific site of the country is not counted two or three times in order to access international incentives (for example, the same emission reduction is claimed simultaneously by the proponent of a local initiative, by his regional government and by the national government). Moreover, the concept implies that emission reductions have been quantified in accordance with internationally approved methodologies.

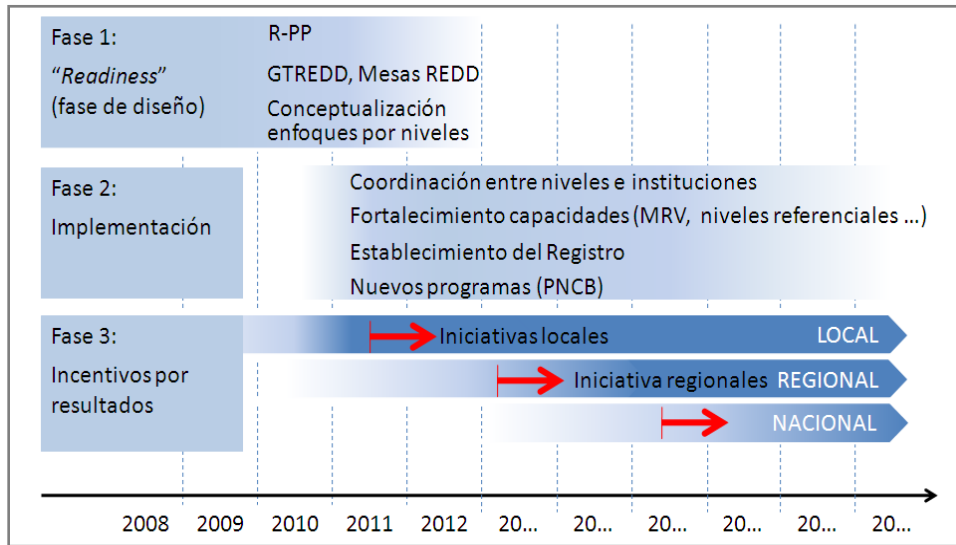
subnational initiatives to be in REDD Phase 3 (performance-based incentives) even though the national level is still in Phase 1 (Readiness) or Phase 2 (implementation), as illustrated in Figure 2.

Thus, the country can carry out concrete actions and experiences to reduce emissions from the start, working at the same on strengthening its institutions and public policies, thereby acquiring the required capacities and experiences to be able to assume, at the proper time, the national commitment to reduce emissions against a national reference scenario. In the context of the process of decentralizing State functions to regional governments, Peru will design its nested approach based on the different regions. This will assign a key role to regional governments, and requires smooth coordination between local initiatives (communities, NGOs, private firms) at regional level with Regional REDD Roundtables, and of registration, reference and MRV capacities in regional governments.

The nested approach allows proponents of subnational (local and regional) REDD+ initiatives to propose and register their projects and programs at national level, undergoing an institutionalized process of review, approval and registration of their initiatives. The objective of the review, approval and registration process is to guarantee to Peruvian society that State-endorsed initiatives are consistent with the country's sustainable development criteria, are effective to reduce emissions, are environmentally sound and therefore merit long-term respect for the rights granted by the State (including ownership of emission reductions). This means that only those initiatives that meet the criteria established by the Peruvian Government may be endorsed and registered, and that the national government may disregard those initiatives that have not undergone the review, endorsement and registration process.

When subnational initiatives "graduate" and are registered in the REDD+ "National Registry," they would have the right to market the verified emission reductions that have been generated in their respective areas. In the hypothetical case that the UNFCCC's future REDD+ mechanism only recognizes national emission reductions, the State would provide priority access to international incentives for those initiatives that have been registered, thus reducing the risk of public and private investments in REDD projects.

Figure 2b-1: REDD+ Phases and the REDD+ implementation focus by levels
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Note: Red arrows indicate the moment at which the three levels enter "Phase 3," i.e., the phase in which they have access to international incentives for having generated emission reductions that are verified.

3. Levels of REDD Implementation in Peru

3.1 Local Level

This level includes early initiatives that currently aim at accessing voluntary markets but are conducted with enough flexibility to be able to migrate toward a possible future regulated market. These could be conducted in any of the forest-use categories with potential for implementing the mechanism, both by private and public institutions. There are currently about twenty initiatives and their number is growing. The promoters of these initiatives are private firms and national and international nongovernmental organizations, and in some cases the Peruvian Government itself, i.e., entities with land ownership rights or with forestry concessions (Brazil nuts, conservation). There are also initiatives on various lands that are titled or under permanent beneficial use with indigenous communities.

Most of these initiatives are being formulated in accordance with the highest current international standards for project formulation (VCS¹⁹ and CCBS²⁰). There is still no set of rules and procedures for this type of initiative in the context of the UNFCCC. Despite that, and despite promising indications of coordination among Regional REDD Roundtable initiatives, the Peruvian Government has planned to play a leading role in the definition of minimum (methodological, social and environmental) standards to ensure that local and regional processes are conducted appropriately.

Although there are no data on investments that have already been made in initiatives at this first level, these are obviously being made and are not marginal. In fact, it is through the initiatives at this level that the country's pioneering regions (Madre de Dios, San Martín, Cusco, Piura) are obtaining financing to prepare their regional baselines. Furthermore, several initiatives are already investing in conservation activities and contributing to emission reductions.

As previously mentioned, the national and regional levels still need to generate the criteria and procedures for the review, endorsement and registration of the different REDD+ initiatives. However, initial discussions conclude that:

- a. The early initiatives must contribute to the preparation phase for REDD+ in Peru, especially with capacity strengthening for the implementation of the mechanism at regional level;
- b. If there is no reference scenario for REDD+ at regional level, the early initiatives must contribute to building these regional reference scenarios, which must be accepted by the relevant authorities (see Component 3);
- c. If there is a reference scenario for REDD+ at regional level that is accepted by the relevant authorities, the early initiatives should use them in the design of REDD+ activities;
- d. They must contribute to the Data Generation Network for the National Greenhouse Gas Inventory;
- e. They should serve as strategic partners of the national and regional levels in proposing and validating fair and just mechanisms for the distribution of costs and benefits associated with REDD+;
- f. They should contribute to the validation of methodologies for the development of information, participation and possibly stakeholder consultation processes.

¹⁹ VCS = Voluntary Carbon Standard.

²⁰ CCBS = Climate, Community and Biodiversity Standards.

3.2 Regional Level

The regional level is the level of convergence of early initiatives and the pillar for building the National REDD+ Strategy, which is consistent with ongoing processes (decentralization of Peruvian Government powers).

Initially, the regions will be the geographic areas in which reference scenarios on deforestation will be constructed.²¹ The baselines will be spatially and temporally specific forecasts, made using the best available knowledge in each region on land use and land-use change in the region, and will be conducted using strict, internationally validated methodologies. Forecasts will be reviewed at least every ten years and will also serve as reference scenarios for early initiatives and future REDD+ programs in the regions. The sum of regional forecasts, once all of them are available, will also serve as a national reference on emissions from deforestation.

The preparation of regional baselines will, at the same time, generate information on historical deforestation (the past 10 years), carbon stocks in different types of forests, and other types of information that should be analyzed and systemized, with future generation registered through the Greenhouse Gas Inventory System. With the information generated, regional governments will define their own Regional REDD+ Strategies as they acquire the capacities to implement their own programs.

3.3 National Level

The National REDD+ Strategy will be built with a “bottom-up” approach, as expressed in the previous levels. However, for this to occur in an appropriate (mutually agreed, methodologically consistent and environmentally sound) manner, the Peruvian Government, in accordance with the agreements mentioned in Component 1a, will have to generate the appropriate conditions, including the following:

- a. Criteria and procedures to evaluate, endorse and register local and regional initiatives;
- b. A clear regulatory framework on the subjects of rights of ownership of emission reductions and taxes;
- c. A registration system for endorsed initiatives that wish to have direct access to international REDD+ incentives (whether markets or funds);
- d. An integrated national system for MRV with sufficient quality and timeliness to serve initiatives at any level;
- e. Methodological protocols for the definition of regional baselines, MRV, control, registration and attribution of leaks.

4. Ongoing actions that affect the reduction of deforestation and forest degradation

4.1 Projects in support of the National REDD+ Strategy

Various donors have expressed interest in supporting Peru in the implementation of the REDD+ mechanism. During the preparation of the R-PP, significant coordination with these initiatives has been achieved and should extend during its implementation. The “Strengthening of Technical , Scientific and Institutional Capacities for the Implementation of REDD in Peru” Project, financed by the Gordon and Betty Moore Foundation (GBMF), and the “Support for REDD+ Implementation in Peru”

²¹ Emissions from degradation will be considered at a later stage.

Project financed by the German Development Bank (KfW), are two important projects for the development of the initial phase of REDD in Peru. Both projects, implemented as one by MINAM, seek to cofinance the R-PP in developing the institutional, legal and technical capacities of MINAM and other relevant institutions involved with the development of MRV methodologies, the building of a legal framework for the implementation of REDD+ at national and subnational levels, and the evaluation of REDD+'s institutional and economic feasibility. In addition, since 2009, through the General Bureau of Land Use Planning and in coordination with the Bureau of Climate Change, Desertification and Water Resources, the MINAM–Carnegie Institute for Science Cooperation Agreement was signed, under which MINAM is strengthening its technical capacities for the monitoring of forests, deforestation and degradation.

The Forest Investment Program (FIP), through multilateral development banks, has selected Peru as a pilot country in the implementation of the National REDD+ Strategy and for the purpose of integrating the management of natural ecosystems in the country's development plans and strategies. With this project's support, the aim will be to complement current and future public and private sector initiatives and investments in the conservation and sustainable management of forests during the implementation phase of the National REDD+ Strategy.

In addition, USAID launched a tender for a global program to monitor carbon and share REDD+ experiences with different countries, including Peru and several neighboring countries. Some of the planned activities include the development of technical capacities in carbon markets and finance, low-emission development strategies and MRV activities that contribute to REDD+ structure at international and national levels. Although the details of this program have not yet been defined, it will clearly constitute an important support for the National REDD+ Strategy.

Table 2b-3. Projects in support of the REDD+ issue

Donor	Executing institution	Description	Duration	Amount (estimated)	REDD+* Phase
KfW	MINAM	Implementation of a REDD+ system	2011–2014	€6.3 M	I and II
GBMF	MINAM	Strengthening of technical, scientific and institutional capacities for the implementation of REDD in Peru	August 2010–August 2012	US\$1.9 M	I and II?
WB–FIP	MINAM, MEF, MRE	Implementation of National REDD+ Strategy	?	US\$60 M	II
Carnegie	MINAM–DGOT	Pilot programs to evaluate large-scale deforestation and degradation in the Madre de Dios and San Martín Regions	2009 - ?	US\$1.5 M	I
GEO	MINAM–DGOT	Establishment of a forest and forest-carbon monitoring system	2010 - ?		I
USAID	MINAM	Regional-level carbon monitoring and sharing of experiences		(\$20 M global call)	I

4.2 Projects in support of the fight against deforestation

A series of actions are under way in Peru, contributing to the fight against deforestation. For illustrative purposes, this document presents a series of projects and programs implemented by State agencies. It is worthwhile to highlight the fact that a multitude of civil society programs and projects at different levels are contributing in a fundamental and significant manner to the fight against deforestation nationwide. All these activities will need to be analyzed in the light of REDD+ to evaluate their impact and convergence in terms of GHG emission reductions, and to design the REDD+ Strategy.

The National Forest Conservation Program for the Mitigation of Climate Change (PNCBMCC) is an umbrella program that encompasses all government activities dealing with reducing deforestation; it is a voluntary contribution by the Peruvian Government to global climate change mitigation efforts. It was created on July 14, 2010 by Supreme Decree N° 008-2010-MINAM. The program's²² principal objective is to conserve 54 million hectares of tropical forests. The program's initial activities will be financed by MINAM's fiscal budget; access to complementary sources of international financing was considered essential in order to achieve the proposed objectives.

The PNCBMCC will integrate the initiatives that are developed in the country and that contribute to forest conservation. During the first years, significant bilateral and multilateral grants are expected for the program's implementation, while long-term financial sustainability will depend, among other things, on the REDD+ mechanism. REDD+ constitutes a new financial option to address the direct and indirect causes of deforestation and forest degradation, and to promote the sustainable management and conservation of Peruvian forests. REDD+ activities conducted within the country will be coordinated with this program.

The PNCBMCC is about to receive funds through a credit from the Japan International Cooperation Agency (JICA) for US\$40 million. The objective of these funds is to support different courses of action, but especially forest monitoring in the country, and funds will be disbursed through the National Public Investment System (*Sistema Nacional de Inversión Pública, SNIP*²³) under the control Ministry of Economy and Finance (*Ministerio de Economía y Finanzas, MEF*). Likewise, GTZ and KfW also announced their significant support to PNCBMCC. These activities, although they are not directly allocated to REDD+ (and therefore they do appear on the list in Section 1a), contribute to its implementation.

FAO, together with other donors, is implementing Peru's National Forest Inventory jointly with the Peruvian Government (MINAM and DGFF-MINAG). This inventory's objectives are to (i) implement an institutionalized office with trained staff to design, generate and manage information on forest resources, (ii) design and implement a monitoring system with remote sensing and permanent parcels in the field, and (iii) conduct an initial survey and assessment of forest resources at national level. Donors that are considering financing activities to combat deforestation include USAID, which, starting in 2011, will be supporting forest governance activities, permits with native communities, and training for native communities and concession holders (currently being tendered). USAID will also finance the second phase of the Andean Amazon Conservation Initiative (*Iniciativa de Conservación de la Amazonía Andina, ICAA*) in Peru, Colombia, Ecuador and Bolivia. In its new phase, it has a component

²² The public interventions conducted under the framework of the program should follow the rules and guidelines of the Ministry of Economy and Finance and of the Presidency of the Council of Ministers, and beneficiaries should be titled native and peasant communities and settlers who live around the country's Amazonian and dry tropical forests.

²³ Set of technical, legal, regulatory and managerial rules that seek to regulate the use of public resources in the execution of projects and works. The SNIP project bank is assigned to MEF.

dealing with financial sustainability, including issues of training and support for REDD+ initiatives. CAF is negotiating with MEF and DGFF–MINAG a US\$55 million credit for a program of sustainable and competitive management of Amazon forests in Peru. This project will be focused on supporting the forestry sector by strengthening the institutional framework, conserving forests under permanent production, and supporting the competitiveness of the forestry sector. Finland has several environmental projects in the Andes region, in collaboration with [CAN \[Comunidad Andina de Naciones, Andean Community of Nations\]](#). It is in the process of bidding for a forest management and reforestation project (with IICA as a counterpart) that contains REDD+ elements. All these activities, although they are not directly associated with REDD+ (and therefore do not appear on the list in Section 1a), contribute to its implementation.

Table 2b-4. Projects in support of the fight against deforestation

Donor	Executing institution	Description	Duration	Amount (estimated)
CAF	MINAG	Strengthen capacities of forest concession holders		US\$55 M
FAO	MINAG and MINAM	Forest inventory of Peru	2010–2013	\$5.0 M
GTZ	MINAM–PNCBCC	Support to National Forest Conservation Program		€12.5 M
JICA	MINAM–PNCBCC	Forest conservation, national profile for forests, greater possibility of mapping and monitoring	2010–	\$40 M
KfW	SERNANP and Profonampe	Preparation of baseline and proposes guidelines for avoided deforestation and degradation under the scope of the project	2007?	€5.5 M
PFCI	MINAG	Forest governance to implement FTA with US	2009–?	?
USAID	MINAG	Forest governance, CCNN permits, training component for CCNN and concessions; also incentives	2011–2016	US\$30–40 M
USAID	MINAM–NGO	Initiative for Conservation of the Andean Amazon Region: financial sustainability component	2011–2015	Approx. US\$4 M
Finland	CAN–IICA	Forest conservation and reforestation program: [WORDS MISSING] component	2011–2014	

The attention that donors are placing on the subject of REDD+ in Peru is an opportunity for the country to receive assistance for implementing its National REDD+ Strategy and improve its forest governance. However, it also generates certain risks that can be mitigated; for example, one of the

major risks of having various donors is that multiple structures are created for similar purposes, and all of them respond to individual institutional interests, using different operational manuals and plans, instead of contributing to the creation of a consistent, integrated outlook and strategy for the country. It is crucial to promote coordination between donors and the Peruvian Government to thus support the creation and consolidation of a strong, functional national institutional framework for REDD+ that also includes common planning elements. It is also worthwhile to work toward a forecast of the funds needed and achievable by different sources in order to ensure the incorporation of new donors in a consistent national framework. The creation of a Donor Coordination Board would be an important tool to achieve these objectives. Although this idea has been discussed at various times with the GBMF, KfW, MINAM and MEF, and has been introduced at various meetings with donors, it still needs to be shared with other donors and with the highest levels of the Peruvian Government.

4.3 Ongoing processes and actions that support the National REDD+ Strategy

Several of the actions needed to address the underlying causes of deforestation are now being recognized and launched by the Peruvian Government; these must be linked with the REDD+ Strategy in the implementation of the R-PP.

4.3.1 *Review processes and proposals to improve the regulatory and institutional framework*

A series of actions are currently being carried out in Peru with the aim of proposing improvements to the regulatory and institutional framework related to the forestry sector and REDD+. The impact of these actions will need to be analyzed in light of REDD+. Some of the activities that the government is carrying out with regard to the regulatory and institutional framework are: the draft “Forestry and Wildlife Law” and “National Forest Policy,” “Environmental Services Compensation Law” and “Prior Consultation Law.” These three processes are currently being evaluated by various committees of the Congress of the Republic (see further details in Components 1a and 2c).

4.3.2 *Supervision of forest and wildlife resources*

In 2008, Legislative Decree N° 1085 created the Supervisory Agency for Forest Resources (*Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre*, OSINFOR), which is in charge, at national level, of supervising and monitoring the sustainable use and conservation of forest and wildlife resources, as well as of the forest’s environmental services granted by the government through various types of uses. OSINFOR is assigned to the PCM.

4.3.3 *Anti-corruption efforts in the forestry and wildlife sector*

The participatory process of constructing the Anti-corruption Plan for the Forestry and Wildlife Sector is currently under way. This plan forms part of the State Policy and is in line with the process of implementing the National Anti-corruption Plan, in coordination with various government agencies specializing in this subject. The plan, presented by the PCM, has been constructed with the participation of citizens, civil society and institutions such as the Office of the Comptroller-General of the Republic and the Ombudsman.

4.3.4 *Compliance with environmental regulations and the fight against informal mining*

With regard to compliance with environmental regulations, in February 2010 the Peruvian Government approved Emergency Decree N° 012-2010, which states that it is a matter of public need, national interest and priority execution to regulate gold mining in the Department of Madre de Dios in

order to ensure the health of the population and of individuals, tax collection, conservation of natural heritage and the development of economically sustainable activities.

Informal gold mining is considered one of principal causes of deforestation and forest degradation in the Madre de Dios Region. The approval of the abovementioned decree contributes directly decreasing deforestation and forest degradation in Madre de Dios, and to decreasing the environmental impacts that this activity causes.

4.3.5 Improvement of administration and increase in the forestry sector's competitiveness

The Peruvian Government has found gaps in the current management of the forestry sector in the Amazon Region, in terms of its administration (governance, capacity, institutional regulation) and its profitability, which endanger the forests' integrity. Therefore, it has initiated various programs in support of forest governance, including projects with the CAF and USAID. The program carried out with the CAF implies significant investments by the Peruvian Government in this sector.

4.3.6 Improvement of coordination mechanisms among institutions with regard to land tenure and use

Since MINAM's creation in 2008, the General Bureau of Land Use Planning (Dirección General de Ordenamiento Territorial, DDGOT) has been working on supporting and strengthening the Ecological-Economic Zoning (ZEE) and Land Use Planning efforts that are being conducting in different regions of the country. In addition, said bureau, together with the Technical and Consultative Committee on Land Use Planning, is formulating proposals to improve coordination mechanisms among institutions that grant land rights and to establish a unified national cadastre system, which would resolve problems of overlapping rights, as explained in Component 2a.

4.3.7 Citizen participation

The process of reviewing and updating forest and wildlife legislation was headed by the Forestry and Wildlife Bureau, during which the contributions of forest stakeholders were collected and the different versions produced in the National Forest Policy and the proposed Forestry Law were presented (see details in Component 2c).

4.3.8 Other activities conducted by regional governments, MINAM, MINAG and SERNANP

Important efforts are under way to carry out various projects and actions aimed at forest conservation, recovery of degraded areas, and sustainable management of natural resources, with priority for reforestation projects and agroforestry projects that promote sustainable alternative activities that are compatible with the objectives of conserving the tropical forests of the Amazon and the Costa.

4.4 Plans, strategies and sectoral policies that may have a negative impact on the fight against deforestation and forest degradation

Peru is a country that is fully undergoing accelerated economic development. This development is associated with a rapid, intensive exploitation of natural resources, the development of infrastructure in zones with limited access to markets (including Amazon forests), agroindustrial development in the coastal region (Costa) based on large-scale irrigation projects, development of crops for biofuel production and cattle in the Amazon Region. Many of these plans and policies include environmental and social considerations. However, they may become underlying causes if rules for environmental impact strategies are not properly and strictly implemented, and/or when they lack proper coordination with other sectors, or if they are not implemented. The design of the National REDD+

Strategy, during the implementation of the R-PP, should include a detailed analysis of the impacts of the development policies, plans and strategies of other sectors on deforestation and forest degradation. Alternatives for impact mitigation should also be analyzed, and intersectoral coordination mechanisms should be proposed and implemented. One example of these policies is the construction of the Southern Inter-oceanic Highway (*Carretera Interoceánica Sur*).

5. Design and implementation of the REDD+ Strategy in Peru

The following is a description of the considerations to be taken into account for the design of the National REDD+ Strategy in Peru. This responds to the country's priorities and unique characteristics, the proposal to develop the strategy using the nested approach, the opportunities, risks, progress, processes and projects under way, as previously described.

5.1 Addressing the underlying causes of deforestation and forest degradation

The status of the causes of deforestation and forest degradation in Peru is complex and differs from one region to another. In the description in Component 2a, a general, preliminary analysis was made of the direct and underlying causes, and in the first part of Component 2b, an illustrative assessment was made of options for addressing the underlying causes de la deforestation (Table 2b-1).

During the implementation of the R-PP, based on the results of Component 2a, the National REDD+ Strategy will be designed, analyzing the logic of underlying causes, direct causes and effects on the forests. Based on this, the National REDD+ Strategy can be developed in detail, linking ongoing actions with additional actions. Only after this analysis (to be conducted during the Readiness phase) can specific, adequate actions be proposed to address the identified causes, using tools that eliminate barriers for better, sustainable management of Peru's forests.

The underlying causes of deforestation and forest degradation identified to date cannot be addressed solely from a technical standpoint. Some of them are associated with institutional and legal issues: gaps in legal and regulatory frameworks, limited capacity of the public institutions in charge of overseeing the conservation and sustainable management of forests, the scarcity of intersectoral coordination mechanisms and of national, regional and sectoral development policies. These issues are addressed in Components 1a and 2c, enabling the creation of an institutional framework for the development of the National REDD+ Strategy.

5.2 Preliminary cost/benefit estimate

The subject of deforestation and forest degradation is complex, and Peru has three completely different biomes (Amazonia, Andes and Costa) with different technical, legal, political, social and cultural characteristics. Furthermore, taking into account the enormous lack of basic information, the costs of implementing a National REDD+ Strategy are quite high. Among other things, large investments are needed for inventories, cadastres, and technical monitoring systems. It is necessary to increase control and surveillance personnel, and to create technical and social capacity in the different aspects related to REDD+. Local and regional strategies for consultation and participation must be developed; besides time, these require numerous workshops, meetings, and travel to different geographic regions of the country. Effective, efficient coordination among different sectors is needed; for this purpose, national and regional strategies must be designed and validated. Finally, in order to create a culture of halting deforestation among all of society, wide-scale communication is needed, by means of awareness-raising and training campaigns that foster consensus.

There are numerous benefits for the country. Current deforestation benefits Peru's economy only to a limited extent. Agro-industry currently lacks the relevance it has in other Amazonian countries, for example. Extractive industries may be more profitable or even more efficient when they demonstrate environmental efficiency. The timber industry benefits from greater regulation of forest management and combats illegal logging. Jobs are created for control and surveillance, research and inventories, training and communication, etc. Large social groups benefit from improved land tenure status and from economic alternatives to informal extraction of timber, minerals and other products. Of course, less deforestation benefits biodiversity and other environmental aspects (water in the Andes, resilience to disasters in the Andes and Costa), benefiting large groups of society in general, firms and individuals, whether or not they use the forests. Finally, the proper implementation of the REDD+ mechanisms benefits indigenous communities and peoples, allowing them greater participation in forest governance and in decision making on natural resources. Moreover, Peru as a country benefits from being one of the first countries with adequate REDD+ implementation, thus contributing to the integrity of its forests and to global climate change mitigation efforts.

It is acknowledged that the country's costs will be high. However, various mechanisms coexist in Peru, mitigating costs and increasing the cost/benefit balance in a positive manner. Peru already has several elements for the National REDD+ Strategy. The PNCBCC is an umbrella for the strategy that is now under way. Many projects as a whole, totaling tens of millions, are under way for different aspects of forest governance, inventories, cadastres and conservation. The country has several early experiences and an institutional capacity that is being adjusted. All of this decreases the costs of implementing the strategy. Finally, Peru's option of using a nested approach favors the decentralization process (including capacity strengthening at regional level) and maximizes the benefit of resources mobilized by early initiatives.

5.3 Economic, political and institutional feasibility of the Strategy

The fact that Peru has a National Climate Change Strategy (*Estrategia Nacional de Cambio Climático*, ENCC) and an inter-institutional group for climate change management (CNCC), and in addition if the National REDD+ Strategy is designed under the leadership of an intersectoral Management Committee at the highest level, this would mean that the country supports the strategy at the highest level. At institutional level, the OCBR should be developed and its institutional anchor should be ensured, in order to have an entity that ensures its implementation. The good scheme of collaboration and task distribution of the OCBR with other State and civil society entities (in the GTREDD, Indigenous REDD Roundtable and REDD+ Roundtable) contributes to institutional feasibility.

It is necessary to strengthen the capacities of MINAM and of the National Forest Authority and regional governments so that, in coordination, they can address the technical assistance requirements for each region where there is a Regional Roundtable, which will be a key element for better integrating the National REDD+ Strategy at subnational levels. In other government sectors and levels as well, it is necessary to increase technical capacities in the different aspects of the National REDD+ Strategy (reference scenarios, registration, MRV, etc.)

Economic feasibility is high. Besides the FCPF funds that are herewith being requested, approximately US\$13 million have been assured for the Readiness phase, and US\$30 to 50 million are committed (from the FIP) for the implementation phase. In addition, the Peruvian Government is committed to forest conservation and is thus implementing the PNCBMCC.

5.4 Risks of Leaks

The subject of leaks is frequently mentioned as a concern in the nested approach. Subnational initiatives would cover a portion of the national territory, and therefore the Peruvian Government should assign priority to areas that are outside lands covered by these initiatives and that at the same time have a significant level of threat, or are priorities for conservation.

Prior to reaching the “payments for results” phase at national level, the only option that subnational initiatives will have is to internalize leaks in their carbon accounting, using internationally accepted methodologies which, for the time being, are only available under voluntary standards such as the VCS. However, leaks should continue to be a relevant subject for access to international incentives, only until such time as the country adopts a national reference scenario and decides to report emission reductions under that context. From that time onward, the subject of leaks under subnational initiatives should not be of great concern to the international community (and to the voluntary carbon market), because the country would be reporting emissions on its entire national territory, which would automatically capture any intra-national leak generated by subnational initiatives.

Options that are being evaluated to mitigate leaks include concentrating the nested approach in the regions. This means that the regions, through their authorities, prepare their Regional Climate Change Strategy using REDD elements. The shared view is that the regional level will constitute the “hinge” between the local level and the national level. In this sense, reference scenarios on emissions established at regional level will simultaneously be used to determine the reference scenarios of local REDD initiatives and to establish, through the aggregation of regional reference scenarios, the future reference scenario for the country. The country can also progress in regions with greater experience in REDD+ and then collaborate with the other regions. An additional option is to address areas of the country not covered by subnational initiatives, through other areas of work by the PNCBMCC and by strengthening the implementation of the law and the sanctions contemplated in it.

5.5 Flexibility

The National REDD+ Strategy that Peru will propose should be flexible enough to permit and encourage the organized, consistent progress, but at different rates, of the various subnational initiatives under way in the country, which are a reflection of the unique features and the differences in the capacities and circumstances of each forest region, and among key stakeholders. The nested approach provides this flexibility and at the same time is aligned with the country’s decentralization process and capitalizes on successful initial efforts.

5.6 Promotion of private investment in forest conservation and forest carbon

It is acknowledged that there are different stakeholders within the private sector who are essential for the sustainable implementation of REDD+ activities. An initial description could differentiate between private sector stakeholders within the forest (e.g., forest concession holders) and private sector stakeholders outside the forest (e.g., cattle ranchers, multinational petroleum companies, investors, etc.).

The private sector has great potential in terms of the conduction of REDD+ in Peru. However, it is necessary to have an institutional and regulatory framework that guarantees the minimum conditions for active participation by this sector. Removing regulatory and market uncertainties and other barriers to investment is a key element of the Peruvian Government’s National REDD+ Strategy. Through the design and implementation of the present strategy, the Peruvian Government hopes to

generate a favorable climate for private and public investment and to attract investments to the country for purposes of developing REDD+ initiatives.

In addition, Peru recognizes the need for a focus on promoting the active participation of the private sector in different areas, including financiers, promoters and implementers of activities. Consequently, the strategy includes activities aimed at the active participation of the private sector once the Readiness phase has been completed.

5.7 Payment for Environmental Services (PES) to avoid deforestation and forest degradation

If several of the motivations for deforestation in the Peruvian Selva are economic (Component 2a), the payment of incentives for conservation (a form of PES) could be an appropriate tool to reduce deforestation in Peru. Peru has several examples of local PES mechanisms, especially for services such as water regulation. However, the conditions for the applicability of these mechanisms to forest conservation for the mitigation of climate change must still be studied in greater detail. MINAM's Bureau of Evaluation, Assessment and Financing of Natural Assets is conducting several regional-level analyses to assess these assets in order to include them in future PES schemes. In addition, the draft law on this subject may provide an important legal framework for this view of REDD. The initial studies conducted by SERNANP on the economic viability of implementing PES schemes indicate that the opportunity cost of avoiding 60 percent of annual deforestation in the Peruvian Amazon would be equivalent to 445 million nuevos soles, or approximately US\$160 million (SERNANP 2009). This value does not take into account other relative costs such as transaction costs, implementation costs, etc.

5.8 Technical risks

In the nested approach, there is a risk that some subnational initiatives may adopt methodological approaches and processes that are not fully compatible with National REDD+ Strategies and policies that the country may define, and with the methodologies, modalities and procedures related the reference scenario issues, MRV (monitoring, reporting and verification), etc., defined by the parties to the UNFCCC for the subject of REDD+ or various countries demanding emission reductions. The means of mitigating these risks are described in Components 3 and 4 of this document.

6. Progress of early REDD+ initiatives in Peru

At international level, Peru is a pioneer in proposing a "nested approach" for the implementation of REDD+, because it has had several successful early initiatives and a solid implementation of REDD+ at regional government level, and has initiated the necessary coordination among local, regional and national governance levels, which the implementation of the nested approach will require. This conceptual progress and coordination would not have been achieved without the initiative of local-level project promoters and the receptiveness of institutional stakeholders at regional (especially in San Martín and Madre de Dios) and national levels (especially MINAM). Ongoing experiences could become examples for the rest of the world and could even affect the development of international standards, either those of the voluntary carbon market (VCS) or the REDD+ mechanism that is current being negotiated under the UNFCCC.

At regional level, the initiatives under way have been organized around "Regional REDD Roundtables," which have been authorized as consultative and technical implementation agencies on the subject of REDD+ by the regional governments of San Martín and Madre de Dios. The model is being considered

for replication in other regions of Peru (e.g., the Piura and Cusco Regions have already formed their respective Regional REDD Roundtables). In time, the Regional REDD Roundtables will become forums for discussion and consultation on subjects that go beyond the scope of REDD+, and may serve as platforms for the analysis of forest and environmental governance issues in general. Coordination among REDD+ initiatives, taking place through the Regional REDD Roundtables, include the participation of regional governments, the technical support of national and international experts, and in some cases the financial support of international organizations for the conduction of specific studies by technical groups composed of members of these same Regional REDD+ Roundtables. In San Martín and Madre de Dios, technical working groups have been formed; with financing by project promoters and international NGOs, these groups are addressing the issues of analyzing satellite images by analyzing agents and causes of deforestation, as well as analyzing opportunity costs, carbon stock inventories, and emission forecasts due to regional-level deforestation.

In the case of San Martín, the work of constructing a “Baseline for San Martín” is being financed mainly by Forest Trends (FT) and Conservation International (CI). In addition, REDD Roundtable organizations and the San Martín Regional Government (*Gobierno Regional de San Martín*, GORESAM) are contributing in kind (local knowledge, information, data and human resources time). CI is also financing a study of opportunity costs by the GRADE organization and the historical analysis of deforestation (2000–2005 and 2005–2010) by a specialized laboratory of the La Molina National University (*Universidad Nacional de la Molina*, UNALM).

In the case of Madre de Dios, there is a greater degree of progress in the development of reference scenarios for emissions, but a lesser degree of coordination among different initiatives compared to San Martín. The region also has a REDD Roundtable headed by the Madre de Dios Regional Government (*Gobierno Regional de Madre de Dios*, GOREMAD) and a Collaboration Agreement signed by a consortium of NGOs and private firms headed by GOREMAD to work on the subject of reference scenarios. The consortium agreed to create three working groups to conduct the analysis of historical deforestation, studies of biomass and carbon, and modeling of deforestation, respectively. At the same time, Brazil’s Institute for Environmental Research on the Amazon Region (*Instituto de Pesquisa Ambiental da Amazônia*, IPAM) is working with GOREMAD on a deforestation model that will cover Madre de Dios and the Brazilian State of Acre.

In Madre de Dios there are at least 11 initiatives for REDD+ projects and several NGOs (WWF, CI) have grants from the Norwegian Government or contracts with private investors (e.g., AIDER with SFM/BAM and with Greenox), under which baseline or related studies are also being financed. The project in the Maderyja and Maderacre concessions, in which the combined certification by Forest Stewardship Council [FSC] for forest management and by CCBS for emission reduction from reduced deforestation and degradation was achieved, is already receiving significant investments from private banking. In addition, CI is financing of study of opportunity costs prepared by GRADE, and the WWF is conducting carbon inventories.

Technical work related to the establishment of reference scenarios for emissions and monitoring of deforestation in Madre de Dios and San Martín have achieved a significant degree of progress, having obtained the commitment of various public and private institutional stakeholders to the process. Thus, local initiatives organized in “Regional REDD Roundtables” have gained relevance in two important aspects: institutional coordination among levels of REDD+ implementation and the creation of capacities and technical information for the subjects of reference scenarios and MRV. This progress may contribute to the identification of the institutional arrangements needed to achieve an effective, efficient distribution of roles and functions among the three levels of REDD+’s implementation in Peru

(local, regional and national) and to the definition of methodological frameworks that the country needs to design, validate and adopt for the future establishment of reference scenarios on emissions and the national MRV system to have methodological consistency in terms of space and time, as well as a sufficient level of international credibility so that the country can access international incentives for REDD+.

Thus, the Regional REDD+ Roundtables constitute an excellent background so that the REDD+ initiatives which the country is preparing at different levels contain methodological consistency, transparency and an adequate level of participation by key stakeholders. The “Regional REDD Roundtables” are viewed not only as a forum for sharing information and knowledge but also as drivers of the REDD+ process in the country’s regions.

There are a good number of early initiatives at regional level (see Annex). However, with some exceptions, at local level most REDD+ initiatives are too early a stage for their impact and relevance to be appreciated. Nevertheless, the initiatives under way have clearly led to discussion and learning on REDD+ at local level, and if the projects currently under consideration are implemented successfully, there will be benefits for the development of local communities and local forest governance. The effective local contribution to emission reduction cannot yet be determined and will depend to a large extent on where the projects are located at local level, on their aggregated size and on the effectiveness of the measures that these projects will implement.

7. Component Activities

The activities proposed below are aimed mainly at identifying the set of strategies and actions needed to address the causes of deforestation and forest degradation and thus overcome barriers to their implementation. This will initially be done through intersectoral linkage and coordination and with civil society on land use in order to geographically pinpoint future actions and strategies. It is necessary to identify and analyze the convergence of activities under way in the country with the purposes of REDD+ and their coordination with the PNCBMCC. The aim is to coordinate activities that are currently being carried out separately in the country, in order to conserve 54 million hectares of forests as Peru’s contribution to climate change mitigation. The National REDD+ Strategy will propose activities to address the direct and indirect causes of deforestation and forest degradation, using an approach that promotes public and private investment in forest carbon businesses.

7.4 Improve linkage and coordination with regard to land use among State institutions, regional governments, NGOs, the private sector and local and indigenous communities

- 7.4.1 Strengthening of Ecological-economic Zoning (EEZ) and Land Use Plans (*Planes de Ordenamiento Territorial*, POT) efforts, especially in regions of the Amazon Rainforest. To the extent possible, EEZ and POT should be developed at micro level and agreed with local governments;
- 7.4.2 Strengthening of the Technical and Consultative Committee for Land Use Planning as a means to improve coordination mechanisms among institutions that grant land rights and to establish a unified national cadastre system.

7.5 Analyze the impact and potential convergence of the various ongoing actions that have an effect on reducing deforestation and forest degradation, for purposes of the design of the National REDD+ Strategy

- 7.5.1 Identification and analysis of the potential of projects and programs at different government and civil society levels that contribute to combating against deforestation and forest degradation;
- 7.5.2 Evaluation of impact and proposal of measures for convergence in order to coordinate projects and interventions that are relevant for Readiness purposes, especially interventions by the PNCBMCC and regulatory changes.

7.6 Design the National REDD+ Strategy as part of the National Forest Conservation Program for the Mitigation of Climate Change

- 7.6.1 Identification of the logic of the National REDD+ Strategy (what are the direct causes (infrastructure, encroachment of agriculture and livestock, mining, fires, etc.), underlying causes (institutional coordinatin, policies, governance, culture, etc.) and barriers (Component 21), what are the actions and strategies needed to address them, what is covered by projects under execution and what should also be initiated with the strategy);
- 7.6.2 Identification of priority areas for the implementation of REDD+ initiatives;
- 7.6.3 Design of the National REDD+ Strategy (actions, strategies, tools, coordination) as one of the interventions to be implemented under the framework of the PNCBMCC;
- 7.6.4 Conduction of an analysis of the political, institutional and economic viability of implementing the proposed strategy.

7.7 Promote public and private investment in REDD+ in priority areas

- 7.7.1 Conceptualization, under the framework of the National Climate Change Strategy, of a development fund to encourage public and private investment in activities to address the direct causes of deforestation and forest degradation;
- 7.7.2 Design of a fund and financing mechanisms for carbon accounting (technical studies, REDD+ baselines, monitoring systems, etc.) of new and existing public and private forest conservation projects, adjusted to the methodologies defined at national level and registered and endorsed by the State;
- 7.7.3 Guidance to national and regional public institutions on the formulation of REDD+ projects that meet the requirements of the National Public Investment System (SNIP).

Table 2-b. Budget Component 2.b REDD Strategy Options

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 2.b REDD Strategy Options	125,000.00	-	700,285.71	-	485,857.14	339,428.57	-	-
Activity 2.b.1 Improvement of linkage and coordination with respect to soil uses, among State institutions, regional governments, NGOs, the private sector and local and indigenous communities	-	-	-	-	-	-	-	-
Strengthening of Ecological-Economic Zoning (EEZ) and Land Use Plans (POT), especially in regions of the Amazon Rainforest. To the extent possible, EEZ and POT should be developed at macro level and agreed with local governments.								
Promotion of the Consultative Technical Committee for Land Use Plan as a means to improve coordination mechanisms among institutions that grant land rights; and establishment of a single, national-level cadastre system								
Activity 2.b.2 Analysis of the impact and possible convergence of various ongoing actions that affect the reduction of deforestation and forest degradation, for purposes of designing the REDD+ Strategy	47,143	-	-	-	47,143	-	-	-
Identification and analysis the potential of projects and programs at different government levels that contribute to combatting deforestation and forest degradation	23,571.43				23,571			
Evaluation of the impact and proposal of measures of convergence to coordinate projects and interventions relevant to the purposes of Readiness, especially PNCB interventions and regulatory changes	23,571.43				23,571			
Activity 2.b.3 Design of the National REDD+ Strategy as part of the National Forest Conservation Program for Mitigation of Climate Change	77,857	-	-	-	77,857	-	-	-
Identification of the logic of the National REDD+ Strategy (what are the causes and barriers - Component 2a-, what are the necessary actions and strategies to address them, what is covered by projects in execution, and what should be also be initiated in the Strategy)	7,143				7,143			
Identification of priority areas for the implementation of initiatives	23,571				23,571			
Design of the REDD+ Strategy (actions, strategies, tools, coordination) as one of the interventions to be implemented under the framework of the National Forest Conservation Program for the Mitigation of Climate Change	23,571				23,571			
Conduction of an analysis of the political, institutional and economic viability of the implementation of the proposed strategy	23,571				23,571			

Items highlighted in yellow correspond to activities financed by the Peruvian Government.

Table 2-b. Budget Component 2.b REDD Strategy Options (continued)

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 2.b REDD Strategy Options	125,000.00	-	700,285.71	-	485,857.14	339,428.57	-	-
Activity 2.b.4 Promotion of public and private investment in REDD+ in priority areas	-	-	700,286	-	360,857	339,429	-	-
Conceptualization, under the framework of the National Climate Change Strategy, of a development fund to promote public and private investment in activities aimed at addressing the direct causes of deforestation and forest degradation.			10,714		10,714			
Design of a fund and financing mechanisms for carbon accounting (technical studies, REDD+ baselines, monitoring systems, etc.) of new and existing, public and private forest conservation projects, adjusted to the methodologies that are defined at national level and are registered and endorsed by the Government			10,714		10,714			
Guidance to national- and regional-level public institutions on the formulation of REDD+ projects that meet the requirements of the National Public Investment System (SNIP)			678,857		339,429	339,429		

2c. REDD+ Implementation Framework

The Peruvian Government's National REDD+ Strategy contemplates the elimination of barriers related to regulatory and market uncertainties and to investment as one of its principal elements. In this regard, the regulatory and institutional framework that would facilitate the implementation of REDD+ is currently being reviewed and improved by the Peruvian Government. In the current international political context regarding REDD+, carbon markets present uncertainties. Added to these uncertainties are significant gaps in international and national regulatory and administrative issues. But this has not kept a variety of public and private stakeholders from investing in REDD+ initiatives at subnational (local and regional) level, which suggests that investments could increase substantially if these uncertainties are reduced. The activities proposed in this component are aimed at decreasing these barriers.

1. Strategic linkage between REDD+ and International, National and Sectoral Policies

There is a broad international and national legal framework on matters related to REDD+. This section describes the legal framework to ensure that activities for the development of the National REDD+ Strategy are in line with said legislation and to achieve proper coordination during its implementation.

1.1 International agreements

Peru has signed international agreements that are important in terms of the possibility of linking forests, land and land uses with climate change (Velarde et al. 2010). In accordance with Peru's Political Constitution, signed and ratified international treaties form part of national law and are implemented through various rules and regulations. Thus, Peru has signed several international treaties and agreements that are related to its natural resources and may be relevant for the implementation of PES schemes, such as REDD+.

With regard to forests or forest ecosystems, the principal targets of the Agreement on Biodiversity are to protect biodiversity, use biological resources in a sustainable manner, and fairly share the benefits of these resources. Thus, this agreement also promotes the conservation and maintenance of forest ecosystems. In addition, Peru has also ratified the Convention on International Trade in Endangered Species (CITES), under which significant progress has been made in conserving certain forest species such as mahogany (*Swietenia macrophylla*).

It should also be noted that Peru has signed the United Nations Framework Convention on Climate Change as well as the Kyoto Protocol. Under this framework, Peru's work is included, represented by the National Climate Change Commission and its active participation in successive international meetings. In addition, bilateral treaties have been signed, such as the recently signed Free Trade Agreement with the United States, which represent an opportunity to improve forest governance and implement the regulatory framework for forests.

Finally, with regard to the protection of the fundamental rights of original populations, Peru has signed ILO Convention 169 (see details in Component 2b).

At regional level, Peru is a member of the Andean Community, which is promoting an Environmental Agenda that includes the climate change and biodiversity conservation program.

1.2 National regulation associated with natural resources and the establishment of REDD+ schemes

1.2.1 General Framework: Peru's Political Constitution and organic laws

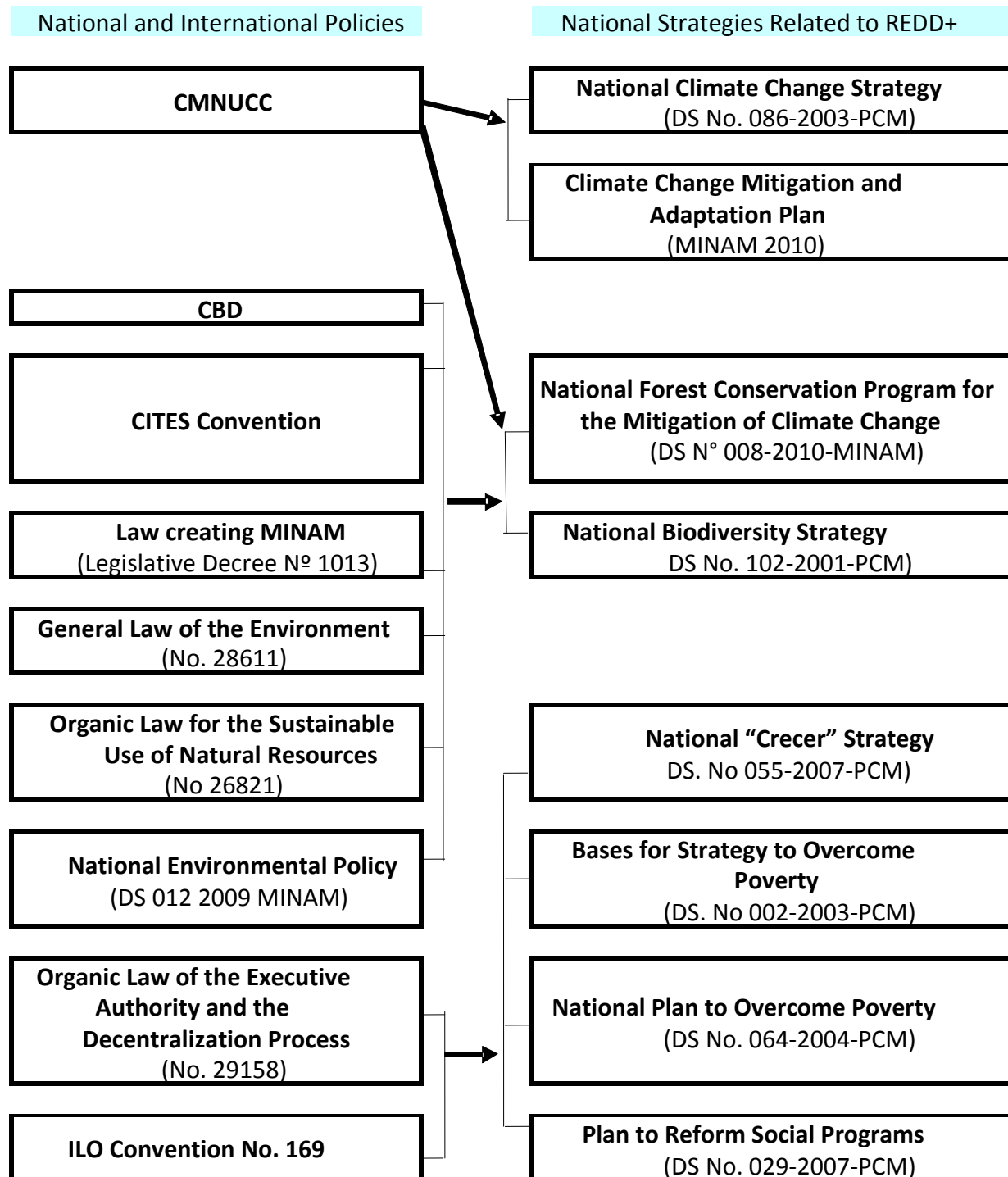
Peru's Political Constitution contains several specific articles that define the regulatory framework regarding natural resources. In fact, Article 66 states that renewable and nonrenewable natural resources are national assets, whereby the State has sovereign authority over their use. An organic law establishes the conditions for using these natural resources and granting rights to individuals. On the basis of this article, it is stipulated that natural resources are granted under modalities such as concessions, not under ownership, since the State must maintain eminent domain over them.

Article 68 gives the State an express mandate to promote the conservation of biodiversity and of natural protected areas. The specific rules that will regulate these areas are prepared under the framework of this article.

The development of Peru's Political Constitution stems from the following key regulations:

- Organic Law for the Sustainable Use of Natural Resources.
- General Environmental Law.
- Specific laws directly associated with lands, forests and the agrarian regime, such as: Forestry and Wildlife Law, Natural Protected Areas Law, Land Law, Legislative Decree 673, etc.
- Specific laws dealing with natural resources or economic activities that may affect the conduction of PSA schemes associated with forests and climate change, such as the General Hydrocarbons Law, the General Mining Law, the regulation on Road Construction, etc.

Figure 2c-1. General relationship between international conventions and general government laws with official strategies and programs related to REDD+.²⁴



²⁴ ILO Convention 160 has a cross-cutting effect on the National Climate Change Strategy and on the National Biodiversity Strategy.

1.2.2 *Forestry and Wildlife Law and its regulation*²⁵

This rule (Law 27308 enacted in 2000 and currently in effect), in accordance with the Organic Law for the Use of Natural Resources, regulates the promotion and granting to individuals of rights to forest resources, wildlife and forest environmental services for purposes of their conservation and sustainable use.²⁶ It defines forest resources as natural forests, forest plantations and lands whose capacity for large-scale use includes forest production and protection, and other components of emerging terrestrial and aquatic plants, regardless of their location in the nation's territory. It also defines forest environmental services as those whose objective is to protect the soil, regulate water, conserve biodiversity, conserve ecosystems and scenic beauty, absorb carbon dioxide, and in general to maintain essential ecological processes.

The current Forestry and Wildlife Law does not contain a specific definition of what is legally called a forest. However, Article 3 of its regulation defines the concepts of natural forest, primary forest and secondary forest. In addition, both this law and its regulation also include, under the subject of forest planning, several types of forests such as: forests for production, divided into permanent production and reserve production; forests for future use; secondary forests; forests on protected lands; forests in native and peasant communities; local forests, etc. With regard to modalities of access to rights by individuals to commercially utilize the forest, the Forestry and Wildlife Law stipulates three legal instruments: concessions, permits and authorizations.

1.2.3 *Law on the Promotion of Investments in Reforestation and Agroforestry*

Law 28852, on the Promotion of Investments in Reforestation and Agroforestry, which was enacted in 2006, extracts reforestation activities from the sphere of the application of the Forestry and Wildlife Law to include them within this new legal framework.

Thus, said rule stipulates that the State may award, under concession through a public auction, forest lands without forest cover and/or uncultivated lands under its domain. This concession right is granted for a period of 60 years, with the commitment to make investments. In the case of concessions already granted in virtue of the Forestry and Wildlife Law, contracts awarded to individuals to conduct these activities do not expressly include the granting of benefits from the environmental services that such individuals help to maintain.

1.2.4 *Natural Protected Areas Law*²⁷

Natural protected areas (*Areas Naturales Protegidas*, ANP) in many cases shelter important forest ecosystems that are regulated by provisions in Article 68 of Peru's Political Constitution, which indicates that the State is obliged to promote the conservation of biodiversity and of ANPs. As stipulated by the Natural Protected Areas Law, these areas are spaces delimited by the State for conservation of ecosystems, biodiversity and scenic beauty, with the function of protecting a representative sample of the country's biodiversity.

²⁵ Law 27308, enacted in July 2000, and its regulation, Supreme Decree 014-2001-AG, in April 2001.

²⁶ As stipulated by Article 3 of the Regulation of the Forestry and Wildlife Law, sustainable use refers to "the utilization of plant and wildlife resources in a way and at a pace that do not cause a long-term decrease in biodiversity, thus maintaining the possibilities for meeting the needs and aspirations of present and future generations."

²⁷ Law 27834, enacted in June 1997.

1.2.5 *Decentralization Law*

According to Decentralization Law Nº 27783 and its complementary rules, natural resource management duties and functions (including forestry and wildlife resources) must be transferred to regional governments.

2. Necessary revisions and improvements to the regulatory and institutional framework for the National REDD+ Strategy

In Peru, a series of characteristics (forest size, conservation status, threats from unsustainable activities and mega-projects, etc.) converge, making it worthwhile to host a series of policy and technical initiatives associated with REDD+.

As mentioned in the previous section, Peru's regulatory framework, which has developed since the 1990s, expresses the intention to move toward development with standing forests. This policy was bolstered by the creation of MINAM in 2008 and by the National Environmental Policy,²⁸ whose approval marks an important milestone because this is a cross-sectoral policy and is a decision by the highest level of the Executive Authority that must be considered by all public and private agencies in conducting the actions under their responsibility. The political will to conserve forests and achieve development through them is therefore formally present in Peru's regulatory framework and is (from a programmatic standpoint) an important line for establishing a National REDD+ Strategy for Peru.

In fact, the first policy element, called "conservation and sustainable use of natural resources and biodiversity," contains a complete, specific clause dealing with forests (clause 6). This clause stipulates environmental policy guidelines related to forests, especially avoided deforestation and the prioritization of actions associated with a national strategy to achieve emission reductions from deforestation and forest degradation. It is also worthwhile to consider that in the process of implementing the National Environmental Policy, the National Environmental Action Plan (currently under public consultation) is designed, prioritizing forest-related actions.

A later event that is worth mentioning is the creation of the National Forest Conservation Program for the Mitigation of Climate Change (PNCBMCC) by the Ministry of Environment (2010). This program constitutes an affirmative action by the Peruvian Government and the Ministry of Environment on behalf of the idea of conserving Peruvian forests, based on a combination of command and control efforts and incentives to those who implement efforts to avoid deforestation.

Despite what is mentioned above, there is still a long way to go before the intention of the Ministry of Environment and the expression of willingness to conserve forests are translated in practice into a national-level public policy on REDD+. The country would certainly need clear signs of support (such as that offered by FCPF, KfW, GBM, etc.) for a policy on the reduction of deforestation and degradation which are currently also included in the climate change framework and in the efforts that Peru is making to address it (National Strategy).

²⁸ Approved by Supreme Decree 012-2009-MINAM under the framework of the implementation of Article 67 of Peru's Political Constitution. Compliance is mandatory and must guide public and private activities within the nation's territory.

2.1 Updating of regulatory framework

The regulatory and institutional framework of the forestry sector will have implications on the design and implementation of REDD+, which must be reviewed for purposes of designing an effective National Strategy that should address three processes that are currently under way:

The new **“Forestry and Wildlife Law”**²⁹ and **National Forestry Policy**, undertaken by the Ministry of Agriculture as the national forest authority. The proposed new Forestry and Wildlife Law has been prepared by the State with the participation of various sectors of the national, regional and local governments as well as by representatives of private institutions, nongovernmental organizations and civil society in general. This proposal has already been transferred from the Executive Authority to the Congress of the Republic for corresponding discussion. This new proposal was prepared in the context of the Trade Promotion Agreement between the US and Peru (better known as the Free Trade Agreement, FTA), which contains an environmental chapter that in turn contains an annex on forest management. The proposed new Forestry and Wildlife Law proposes the creation of a new National Forestry Authority (National Forestry and Wildlife Service, SERFOR) and states that the benefits stemming from the economic use of forest ecosystem services form an integral part of the authorized titles (rights) granted.

With respect to lands in native or peasant communities, the draft Forestry law states that assignment for use constitutes a real, exclusive, perpetual, non-transferrable right, the objective of which is to ensure the traditional uses and life systems of native communities and grants to native communities the ownership, access, use, enjoyment, and recovery of lands for forest production and protection that are a part of the community, as well as of forest and wildlife resources and ecosystem services found within them, exclusively. Likewise, the respective regional government should issue the resolution on the demarcation of communal lands, which will stipulate the assignment, on the basis of ownership, of agricultural lands and the area assigned for use of lands suitable for forestry, which include protected lands and those used for forest production, in accordance with the Regulation on the Classification of Lands by their Capacity for Greater Use.

In this regard, the State agrees not to grant authorizing titles in areas which, as of the date of the Law’s publication, are in the process of titling or expansion of native communities. In our opinion, concerning REDD, no project or initiative should be approved in areas that are in the process of titling or expansion of native communities.

The **“Environmental Services Compensation Law”** is currently being discussed in the Congress of the Republic. However, indigenous populations have requested that, prior to discussion, it undergo the prior consultation procedure, in accordance with ILO Convention 169. The implications and coordination with the REDD+ Strategy are explained in Component 1a.

“Prior Consultation Law.”³⁰ This proposal was approved by the Congress of the Republic on May 19, 2010 and was observed by the Executive Authority. Currently, the Executive’s observations have been

²⁹ The proposed new Forestry and Wildlife Law, among others, proposes a reorganization of forest governance and states that the benefits stemming from the economic use of forest ecosystem services form an integral part of the authorized titles (rights) granted. This clarifies the gap existing in the current legislation with regard to whether or not a forest concession holder, native community, etc. has the right to benefits stemming from forest ecosystems.

³⁰ The proposed law has been prepared under the framework of ILO Convention 169, which was ratified by the Peruvian Government in 1994. This proposal was approved by the Congress of the Republic on May 19, 2010 and was observed by the Executive Authority. Currently, the Executive’s observations have been reviewed by the Commission appointed in the Congress of the Republic, and the observations have been accepted; thus, it will be resubmitted to the plenary session of Congress for discussion in the next legislature (2010–2011).

reviewed by the Commission appointed by the Congress of the Republic; these observations have been accepted, and thus the proposal will again be submitted to the plenary session of Congress for discussion in the next legislature (2010–2011). The implications and coordination with the REDD+ Strategy are explained in Component 1a.

2.2 Considerations for improving the implementation framework for REDD+

Activities related to the institutional arrangements associated with REDD+ have been coordinated under the framework of Component 1a of the R-PP. Under this initiative, Peru has agreed to provide information on an institutional mechanism by which public institutions can coordinate efforts for a national-level avoided deforestation strategy, with the corresponding relationships with regional public agencies. Although MINAM and other sectors have recognized the need to implement Regional REDD+ Strategies as part of the National Strategy, this is kept as a focus. Therefore, there is still no institutional structure associated with REDD+; instead, a series of arrangements (only within the ministry and not at intersectoral level) have been established to promote activities associated with forest conservation, where the subject of REDD+ appears as an option. Thus, one of the objectives of this component should be to support the Peruvian Government (the Ministry of Environment and others such as the DGFFS and regional governments) in forming a specific, intersectoral, coordinated public policy regarding REDD+. Concrete leadership is required at national level, with sufficient strength to make decisions, so that the various agencies in charge of implementing the ambitious steps toward a National REDD+ Strategy are in alignment with a common idea. The Peruvian R-PP process should support this objective.

Component 1a presents the planned institutionality for the coordination of the National REDD+ Strategy in Peru. The country needs a coordinating agency for REDD+ (OCBR), as part of the Ministry of Environment, but with a sufficient level of authority to ensure coordination with the various State sectors: both in other entities that have forest responsibilities (MINAG-DGFF, MEF, MINRE, MEM, regional governments) and in sectors whose activities have an influence on forests. Thus, the agency in charge of coordinating the National REDD+ Strategy responds to an intersectoral Management Committee under the PCM in order to ensure that the National REDD+ Strategy is anchored with social and economic development programs and strategies. The OCBR will coordinate the financing of REDD+ issues through its interaction with a Donors' Committee, and will receive ongoing technical and strategic support from the GTREDD, ensuring civil society participation.

It should be kept in mind that the R-PP is a programmatic document that the country establishes; it is not a legally binding document. Therefore, the decision that the country makes regarding institutionality for REDD+ must be formalized by means of a legally binding instrument. The OCBR should be approved by means of a regulation such as a supreme decree (as occurred in the case of the PNCBMCC), and in the meantime this institution should begin as a REDD+ Management Unit while formal arrangements are organized. Likewise, there should be an operational manual that summarizes all institutional arrangements needed to implement REDD+ in Peru; no new rules or new programs should be needed to implement it. An important point in this concept is that this agency should be flexible and include options to adjust it to new challenges in relation to the implementation of REDD+ in Peru.

The initial task of an OCBR created to coordinate REDD+ initiatives should be to provide the Peruvian Government (especially MINAM, MINAG and regional governments) with a clear, common idea that it is desirable for the country to:

- (i) Plan and provide consistency to early REDD+ implementation efforts being made to date without major participation by the State, under the framework of the implementation of a future National REDD+ Strategy and under the framework of the National Environmental Policy and the National Forestry Policy. In other words, the “nested approach” should be formally adopted;
- (ii) Be associated in a mutually agreed manner with international initiatives for support and improvement of the country’s conditions to take advantage of the REDD+ mechanism.

Peru is formed by 25 regions that have been undergoing a process of decentralization for the past several years. Some regions have been better able to implement their responsibilities, while others, due their characteristics, have not done so in a suitable manner. In compliance with Article 51 of the Organic Law of Regional Governments, since the second half of last year to the present, forestry and wildlife duties have been transferred. Of the country’s 25 regions, four have been given forest responsibilities by the Ministry of Agriculture (San Martín, Ucayali, Loreto and Madre de Dios). The level of progress in the implementation of these responsibilities differs, as does the possibility of establishing solid links with the individual initiative processes that have been implemented. It is important to mention that the four regional governments to which forest responsibilities have been transferred together account for over 80 percent of the country’s tropical humid forests.

For the regions to properly assume the responsibilities transferred to them, the Ministry of Agriculture, through the General Bureau of Forestry and Wildlife, is putting into practice a training program for staff members of regional governments on the different subjects required by forestry and wildlife management. The corresponding responsibilities will gradually be transferred to the remaining regional governments. Likewise, in the context of the proposed Forestry and Wildlife Law, local governments as well as regional governments are included in the management of the country’s forest and wildlife resources, and the relevant mechanisms are being established for this purpose.

The regions of San Martín and Madre de Dios are highlighted in terms of strategies associated with REDD+. In both cases, organized civil society initiated processes to implement capacity associated with REDD+; these have led to significant progress and to the formalization of certain steps that could lead, in the medium term, to regional reference scenarios that in turn could be used by specific subnational projects and by the regions themselves and constitute the components of a future national reference scenario (see Section 1.5 for further details on this matter). Thus, it is recommended that work with these initiatives be continued, and that the launching of their responsibilities be improved in individual processes and projects that are implemented, seeking to integrate them in a consistent national framework and to replicate them in other regions of the country.

2.3 Regulatory and market uncertainties and other barriers to investment

Eliminate barriers that give rise to regulatory and market uncertainties and other barriers to investment is a key element of the Peruvian Government’s REDD+ Strategy. The removal of these barriers at national level will be the principal objective of activities under the present component.

As previously mentioned, the regulatory and institutional framework that would facilitate the implementation of REDD+ is now being reviewed and improved by the Peruvian Government. In the current international policy context regarding REDD+, carbon markets present numerous uncertainties. Added to these uncertainties are significant gaps in regulatory and administrative issues, both international and national. However, this has not kept a variety of public and private stakeholders from investing in subnational (local and regional) REDD+ initiatives in Peru, which could

increase significantly if said uncertainties are reduced. Several necessary conditions for private-sector participation in REDD+ include:

- Definition of a legal and tax framework on the use of environmental services.
- Clear implementation focus.
- Possibility of accessing markets as these are developed.

2.3.1 Review, endorsement and registration

International negotiation processes have warned of the need to establish clear mechanisms for the proper accounting, registration and monitoring of initiatives aimed at reducing emissions from soil use. Only a national system, with regional anchors that operate effectively and efficiently, could meet this requirement for the case of Peru.

2.3.2 Costs and benefits stemming from REDD+ activities

Direct users of forests should be the principal beneficiaries, taking into consideration those responsible for changes in attitude and Peruvian society as a whole, in order to ensure a reduction in deforestation and forest degradation. The sharing of costs and benefits stemming from REDD+ activities, and respect for indigenous peoples and local stakeholders, are important points with regard to the next steps for successful implementation of the mechanism in Peru.

2.3.3 Implementation of regulations and systems to manage forest use

Despite consensus on the importance of these regulations and policies, it is necessary to mention that the forest governance required to implement schemes of this type goes beyond the approval of regulations; it needs to be verified in terms of concrete changes in the reality of forests and the way they are used by the Peruvian people, which implies a high level of implementation of approved regulations and adequate systems to manage land and forest use.

3. Component Activities

- 3.1** Continue the process of formulating and approving the National Forestry Policy and the new Forestry and Wildlife Law (process under way) and coordinate with the Regional REDD+ Strategy.
- 3.2** Continue the process of formulating and approving the Environmental Services Compensation Law (currently with the Congress of the Republic) and coordinate with the Regional REDD+ Strategy.
- 3.3** Generate legal security for investments in REDD+.
 - 3.3.1** Define criteria to evaluate REDD+ initiatives.
 - 3.3.2** Propose procedures to review, endorse and register them, so that the country can select those initiatives that it considers appropriate and timely for sustainable development and for the National REDD+ Strategy. These procedures should be streamlined, transparent, fair and effective for this purpose.

- 3.3.3 Decrease ambiguities on the right of ownership with regard to emission reductions that are generated under different legal circumstances (ownership, concession, right to use land, etc.).
- 3.3.4 Define clearly and with appropriate, stable legal instruments the tax issues related to the generation and transfer of emission reductions.
- 3.3.5 Analyze national-level barriers that ensure the access of REDD+ initiatives to carbon market incentives or to international funds for REDD+. This should take place regardless of the results generated by other initiatives in the country and of the scale of such initiatives. However, for this to be possible, the future international rules of the REDD+ mechanism should permit the accounting of subnational emissions and not make access to international incentives by subnational initiatives dependent on reductions of national emissions. If the future regulations of the REDD+ mechanism do not allow subnational initiatives to directly access international incentives, the Peruvian Government should reconsider its National REDD+ Strategy with regard to early initiatives.

- 3.4 **Implement in Peru a system to register initiatives endorsed by the Peruvian Government**, to ensure that the safeguards proposed by the country and by the UNFCCC and the rights of the indigenous communities and peoples involved are fulfilled. It should also make it possible to separately account for emission reductions achieved at subregional, regional and national levels, at the same time maintaining an environmentally sound and methodologically robust and consistent scheme with regard to baseline issues, MRV, leaks and permanence (see below). The activity includes investment in materials and equipment to make the registry operational as part of a new institution or to modify the existing institutionality so that it can fulfill the proposed functions.
- 3.5 **Proposal and validation of fair, just mechanisms for the distribution of costs and benefits associated with REDD+**. This activity will be conducted with the collaboration of early initiatives.

Table 2-c Budget Component 2.c REDD+ Implementation Framework

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 2.c REDD+ Implementation Framework	242,786	-	1,093,143	-	527,000	405,500	403,429	-
Activity 2.c.1 Continuation of the process for the formulation and approval of the National Forestry Policy and the new Forestry and Wildlife Law (process under way) and coordination with Regional REDD+ Strategy								
Activity 2.c.2 Continuation of the process for the formulation and approval of the Environmental Services Compensation Law and coordination with Regional REDD+ Strategy								
Activity 2.c.3 Formation of REDD+ Roundtables	85,714	-	171,429	-	85,714	85,714	85,714	-
Support for the formation of REDD+ Roundtables in regions where these are not operating, in consultation with regional government and social stakeholders	85,714				85,714			
Sharing of experiences between various Regional REDD Roundtables and National REDD Roundtable			85,714			85,714		
Participatory development and implementation of training plan on decentralization and its relationship to REDD+, forest-related responsibilities of regional governments and their coordination with the National REDD+ Strategy			85,714				85,714	-
Activity 2.c.4 Generation of legal security for investments in REDD+	117,857	-	-	-	117,857	-	-	-
Definition of criteria to evaluate REDD+ initiatives	23,571				23,571			
Proposal of procedures for review, endorsement and registration	23,571				23,571			
Decrease in ambiguities generated in different legal circumstances on the right to ownership with respect to emission reductions	23,571				23,571			
Using legal instruments, definition of tax issues related to the generation and transfer of emission reductions	23,571				23,571			
Analysys of national-level barriers that ensure the access of REDD+ initiatives to carbon market initiatives or international funds for REDD+	23,571				23,571			
Activity 2.c.5 Implementation in Peru of a system to register initiatives endorsed by the Peruvian Government	-		921,714	-	323,429	280,571	317,714	-
Implementation in Peru of a system to register initiatives endorsed by the Peruvian Government, making it possible to separate accounts for emission reductions achieved at subregional, regional and national level, while at the same time maintaining a system that is environmentally sound and methodologically robust and consistent with regard to baseline issues, MRV, leaks and permanence (see below). The activity includes investment in materials and equipment to implement the registry as part of a new institution or the adjustment of existing institutionalities so that it can fulfill the proposed functions.			678,857.14		226,286	226,286	226,286	
			28,571.43		11,429	11,429	5,714	
			214,285.71		85,714	42,857	85,714	

Items highlighted in yellow correspond to activities financed by the Peruvian Government

Table 2-c Budget Component 2.c REDD+ Implementation Framework (Continued)

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
Activity 2.c.6 Proposal and validation of fair and just mechanisms for REDD+ cost distribution								
	39,214.29	-	-	-	-	39,214.29	-	-
Proposal and validation of fair and just mechanisms for the distribution of costs and benefits associated with REDD+	7,071.43					7,071.43		
	32,142.86					32,142.86		

2d. Social and Environmental Impacts

The objective of this component is to design and implement a Strategic Environmental and Social Assessment (SESA) that makes it possible to minimize potential social and environmental risks and conflicts and enhances benefits. The SESA will create a specific framework for the implementation of Readiness, ensuring that the activities and actions proposed throughout the R-PP components have the least possible impact in social and environmental terms. Although the SESA is presented as a specific component in the R-PP proposal, it has cross-cutting activities in all components at different times in its implementation. To monitor the execution of the SESA, the building of an Environmental and Social Monitoring Framework (ESMF, a term used by the World Bank) will be defined in this component.

Certain elements of the SESA were already carried out during the process of developing the R-PP. Institutional, social and private-sector stakeholders were identified and analyzed, and they were connected to the development process. This was done through bilateral meetings but mainly under the scope of the REDD+ Roundtable, participation in which increased significantly in the past year. This roundtable is an adequate forum for analyzing, discussing and including social and environmental considerations for the National REDD Strategy. Furthermore, during the development of the proposal, numerous events were held among these stakeholders to disseminate and analyze this issue. In terms of reactions to these workshops, stakeholders defined not only possible social and environmental impacts but also concrete recommendations on environmental and social considerations in options for the REDD+ Strategy and the institutional arrangement.

Preliminary analyses have made it possible to identify several key social and environmental aspects regarding REDD+. The analysis was performed using as a basis the information collected in: a) the “information workshops” held in 2010; b) the various working workshops regarding REDD+ in which MINAM participated as a co-organizer (see Component 1.b) and the various meetings with the Peru REDD Roundtable and GTREDD; and c) meetings with representatives of indigenous communities and other stakeholders. These preliminary analyses will serve as the basis for the initial phases of the implementation of the R-PP.

Critical aspects identified with regard to REDD+ are: 1) land titling and requests to expand existing lands in native communities; 2) conflicts due to overlapping of ownership rights in the Amazon Region; 3) indigenous peoples’ right to participation and to consultation; 4) aspects related to the roles and functions of institutions with authority over the forest and over activities that lead to deforestation and forest degradation; and 5) aspects related to the distribution of possible benefits derived from REDD+ among government institutions and among stakeholders in general.

In this context, the SESA will help Peru to determine the social and environmental benefits and impacts, as well as risks and opportunities, of REDD+ activities, in order to be properly informed to select development strategies with emphasis on poverty alleviation and biodiversity conservation.

1. SESA Objectives

The main objective of the SESA is to ensure that the National REDD+ Strategy contributes to positive environmental management and to the development of society in general, avoiding negative impacts. This component includes, in a cross-cutting manner, the social and environmental safeguards mentioned in UNFCCC statements and included in World Bank guidelines. Peru accepts the internationally identified safeguards for incorporation in the National REDD+ Strategy, and due to the country's characteristics, it will pay special attention to those related to indigenous peoples. In the particular case of this R-PP, in which there is cofinancing from different donors, the project, in coordination with the various stakeholders, will decide on accepting the World Bank Safeguards Policy.

Due to the fact that during the implementation of the R-PP, activities are limited to communication, technical advice and training, there are no large-scale interventions in the field. Therefore, the objectives of Component 2d during the R-PP phase are the design of the SESA, its socialization and the involvement of its key stakeholders, and the participatory development of an Environmental and Social Management Framework (ESMF) and the means to implement it. Conflict management mechanisms should also be provided in the project, as well as the way in the results of the SESA will be incorporated.

The SESA will initially conduct an evaluation of the principal potential impacts, whether positive or negative, of the ongoing actions that are being implemented in Peru to reduce deforestation, as well as of the National REDD+ Strategy options that Peru will propose (see Component 2b). Experience in Peru, as in other countries of the region, is still limited in terms of the design and implementation of the SESA tool. However, the SESA is considered a key element of the Readiness phase and is expected to help minimize the possible negative effects and conflict risks that may emerge from REDD+ through cross-sectoral and participatory analysis and consensus.

2. World Bank social and environmental safeguards

The World Bank has environmental and social safeguards that will be applied during the preparation phase for REDD+ in Peru. The specific safeguard instruments applicable to REDD+ are: 1) an ESMF to comply with general environmental and social safeguard policies (OP 4.01); 2) a resettlement policy framework dealing with potential land expropriations or physical reallocation; 3) procedural rules on management of and restriction on access to natural resources and protected areas, both complying with OP 4.12 on involuntary resettlement; 4) planning framework for indigenous peoples in order to comply with OP 4.10 on indigenous peoples, in reference to activities that may potentially affect them, and 5) the consent of indigenous peoples prior to the incorporation of indigenous lands and natural resources under the National REDD+ Strategy.

3. SESA implementation framework

Since 2008, Peru has implemented the Law on the National Environmental Management System (*Sistema Nacional de Gestión Ambiental, SEIA*), which stipulates the mandatory use of the Strategic Environmental Assessment (SEA). The SEA is defined as an “anticipated, ongoing, systematic and transparent process under which the environmental and social impacts that could arise from the decision to approve or modify national, regional and local policies, plans and programs are analyzed and evaluated” (DAR 2008).

In addition, MINAM and the Ombudsman signed an agreement in July 2009 to jointly prevent and resolve socio-environmental conflicts. Under the framework of the agreement, the term “social conflicts” is used for all those situations in which two or more stakeholders feel that they have incompatible objectives. This definition could extend to socio-environmental conflicts, such as those situations in which two or more stakeholders differently perceive the environmental impact of a certain intervention or action and/or the means to mitigate it. Thus, for the purpose of sharing information and more efficiently preventing socio-environmental conflicts that may arise in the country, an interactive map was prepared in order to conduct the Monitoring of Socio-environmental Conflicts.

MINAM is currently conducting activities to reduce the risk of potential conflicts under the framework of the PNCBMCC, specifically during the implementation of its first intervention, “Conserving Communal Forests.” Although experience on the subject of conflict resolution is being generated for possible use in the REDD+ framework, it is acknowledged that there is still a need to conduct a series of prior studies to identify potential conflicts that are closely related to REDD+ and that may endanger the success of its implementation. These and other studies conducted under the REDD+ framework will contribute to the database of the interactive map on the Monitoring of Socio-environmental Conflicts, and will make it possible to adapt the regulation on socio-environmental conflicts to REDD+ requirements.

Considering the program’s institutional framework and its governance, and recognizing a working relationship between MINAM and the Ombudsman, an implementation framework for the SESA will be designed, following guidelines for consultation and coordination of the organizational chart, with an additional role for the Ombudsman.

- The REDD Roundtable is the appropriate forum for dialogue, analysis and monitoring of environmental and social considerations. It will also constitute a forum par excellence for managing conflicts among different stakeholders. For this purpose, the Ombudsman is invited to be part of the REDD Roundtable and, if accepted, to form a specific group on the SESA within the Roundtable.
- The GTREDD, as technical and strategic adviser for the National REDD+ Strategy, translates the REDD Roundtable’s recommendations and observations into action recommendations for the OCBR and monitors their incorporation. The GTREDD will also be the entity responsible for intervening in case of discrepancies between the REDD Roundtable and the agency coordinating the strategy (OCBR, MINAM).
- The OCBR contains a technical office for the SESA; its responsibilities include communications with the SESA group in the REDD Roundtable, the incorporation of recommendations on the implementation of the National REDD+ Strategy, the monitoring of the ESMF and communications about it.
- The OCBR’s Management Committee, including representatives of different ministries, GTREDD, donors and regional governments, evaluates the effective compliance with the SESA

and decides on the incorporation of recommendations with a greater scope, of interest to the State. The Management Committee is also the appropriate forum for managing conflicts among State organizations.

The SESA will be key for the implementation of REDD+ at subnational level. During the Readiness phase, the way in which local initiatives should identify and minimize social and environmental risks will be defined. Thus, these local initiatives, whether public or private, will need to demonstrate compliance with minimum social and environmental standards. For example, proponents will submit documentation demonstrating that implementation plans have been prepared through participatory processes with key stakeholders; or in the case of initiatives with indigenous communities, proponents will demonstrate that they have conducted adequate processes for consultation, participation and consent with these communities.

4. Process of designing the SESA

4.1 Consultation process with respect to the SESA

During the socialization of REDD+ throughout the country and the preparation of the R-PP proposal, various aspects of the future SESA have been identified. Especially in the information process conducted with indigenous organizations and with civil society in the REDD+ Roundtable, participants expressed their social and environmental concerns about REDD+ and made suggestions to mitigate negative impacts. Many of these suggestions have been incorporated in the proposal, evidencing that the process of socialization through the REDD Roundtable and direct communication with representatives of indigenous peoples complies with transparency standards.

The terms of reference for the design of the SESA in the R-PP will be made available to the public in order to receive comments and contributions, especially from the most vulnerable groups and other key stakeholders involved in REDD+. The results of the studies conducted during the Readiness phase will be discussed with key stakeholders and later will serve as inputs to the participation and consultation plan presented in Component 1a.

During this phase of defining the terms of reference, the contribution and experiences of early initiatives are valuable, because they contain practical lessons; likewise, the participation of indigenous communities and peoples will be very important.

4.2 Initial diagnostic of risks and social benefits, and preparation of ESMF

The Readiness process seeks the proposal of strategies, terms of reference, and the implementation of the framework for REDD+. In this context, the participation of communities and stakeholders is recognized as critical to ensure the successful implementation and sustainability of the proposals. Therefore, a large percentage of the FCPF grant will be allocated to activities related to stakeholder consultation and participation, as well as to raising public awareness of REDD+ (see Components 1a and 1b).

The National REDD+ Strategy, as well as all the interventions conducted under the framework of the PNCBMCC, will seek to reduce the vulnerability of the country's poorest population (see description of the recently created PNCBMCC in Component 2b), and its beneficiaries should be titled native and peasant communities and settlers living in and around the country's Amazon tropical and dry forests. The assessment of the social impacts of the proposed REDD+ Strategy and of implementation activities will be integrated during the implementation phase of the R-PP through the SESA.

The options for REDD+ in the country (Component 2b) require monitoring of the SESA through an evaluation framework such as ESMF that includes potential impacts, actions for their mitigation, and objective, quantifiable and measurable indicators. During the R-PP phase, an initial, general diagnostic will be conducted on overall social and environmental considerations, in order to be able to create the ESMF. These overall considerations include environmental (impact on deforestation and degradation, biodiversity conservation, other environmental services such as water, etc.) and social aspects (poverty reduction, job creation, access to and distribution of benefits, use of traditional knowledge, etc.).

The ESMF provides the tools to address key social and environmental considerations associated with the National REDD+ Strategy and its options, built on World Bank safeguards and on agreements regarding REDD in the UNFCCC. The SESA provides the inputs for the country to create its ESMF that will be applied to investments, actions, policies, regulations and programs in the context of the future implementation of the National REDD+ Strategy. The ESMF will be a separate, independent document and its preparation will begin soon, during the implementation of the R-PP, so that it can be disseminated to all stakeholders and their recommendations can be incorporated.

5. Expected results of the SESA

The expected results of the social assessments will be:

- An analysis of the connection between the causes of deforestation and degradation and social and environmental impacts, and vice versa, and the identification of key challenges.
- Diagnostic and description of possible risks of social conflicts caused by REDD+.
- Identification of populations with a greater likelihood of benefiting from and/or being affected by REDD+ activities, including description and social effects.
- List and description of social and environmental aspects of REDD+ initiatives under way in the country.
- Establishment of participatory process in ongoing public consultations on the design and implementation of REDD in the country.
- Methodology to adequately disseminate the social and environmental information generated by the consultation processes.
- Social monitoring indicators mutually agreed and overseen by the populations involved, the relevant authorities, and civil society in general.
- Possible or expected solutions to eliminate or mitigate identified social and/or environmental impacts.
- Indicators that make it possible to identify areas that are most socially vulnerable and have potential for the implementation of REDD+.

The expected results of the environmental assessment will be:

- Physical and biological inventory of areas influenced by REDD.
- Complete environmental diagnostic that includes environmental description, problems and effects of areas where REDD+ will be implemented.
- Environmental monitoring indicators mutually agreed and overseen by the populations involved, the relevant authorities, and civil society in general.
- Indicators that make it possible to identify areas that are most environmentally vulnerable and have potential for the implementation of REDD+.

6. Activities

- 6.1 Dissemination of terms of reference for the preparation of the SESA in order to receive feedback from stakeholders in general, including the selection of safeguards (during the first half year of R-PP implementation).
- 6.2 Conduction of an initial diagnostic to identify environmental and social considerations (the environmental and social baseline), with special emphasis on priority areas for the implementation of REDD+ activities and for the establishment of the ESMF (during the second half year of R-PP implementation).
- 6.3 Conduction of transparent consultations on environmental and social issues relevant to REDD+, involving the participation of key stakeholders and interest groups identified to ensure the formulation and participatory adoption of the strategies (during the first two years of R-PP implementation).
- 6.4 Participatory design of the REDD+ National Environmental and Social Monitoring (ESFM) framework, including an environmental management framework, resettlement policy framework, procedural framework, and indigenous peoples planning framework (at the end of the first year of R-PP implementation).
- 6.5 **Preparation of the SESA (during the second year of R-PP implementation)**
 - 6.5.1 Establishment of an organizational framework on the SESA (specific group in REDD+ Roundtables, advisory services through the GTREDD, specific office in the OCBR, role of Management Committee).
 - 6.5.2 Preparation of a SESA procedural manual, including the incorporation and monitoring of its results in the National REDD+ Strategy.
 - 6.5.3 Definition of forums and mechanisms for conflict resolution.

Table 2-d. Budget: Component 2.d Social and Environmental Impacts

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 2.d Social and Environmental Impacts	124,071.43	-	-	-	80,142.86	43,928.57	-	-
Activity 2.d.1 Dissemination of terms of reference for preparation of the SESA in order to receive feedback from stakeholders in general	5,357.14	-	-	-	5,357.14	-	-	-
Dissemination of terms of reference for preparation of the SESA in order to receive feedback from stakeholders in general, including selection of safeguards	5,357.14				5,357.14			
Activity 2.d.2 Conduction of studies to establish environmental and social baseline with special emphasis on areas prioritized for implementation of REDD+ activities	53,571.43	-	-	-	53,571.43	-	-	-
Conduction of studies to establish environmental and social baseline with special emphasis on areas prioritized for implementation of REDD+ activities	53,571.43				53,571.43			
Activity 2.d.3 Conduction of initial diagnostic to identify environmental and social considerations with special emphasis on areas prioritized for implementation of REDD+ activities and for establishment of the ESMF.	32,142.86	-	-	-	-	32,142.86	-	-
Conduction of an initial diagnostic to identify environmental and social considerations with special emphasis on areas prioritized for implementation of REDD+ activities and for establishment of ESMF	32,143					32,142.86		
Activity 2.d.4 Conduction of transparent consultations on environmental and social issues relevant to REDD+ activities*								
Conduction of transparent consultations on environmental and social issues relevant to REDD+ activities								
Activity 2.d.5 Design of National REDD+ Environmental and Social Monitoring Plan (ESFM)	4,714.29	-	-	-	-	4,714.29	-	-
Design of National REDD+ Environmental and Social Monitoring Plan (ESFM)	4,714					4,714		
Activity 2.d.6 Preparation of SESA	28,285.71	-	-	-	21,214.29	7,071.43	-	-
Establishment of organizational framework on SESA (specific group in REDD+ Roundtables, Advisory services through GTREDD, specific office in OCBR, role of Management Committee)	14,143				7,071.43	7,071.43		
Preparation of a SESA procedural manual including the incorporation and monitoring of its results in the National REDD Strategy	7,071				7,071.43			
Definition of forums and mechanisms for conflict resolution	7,071				7,071.43			

Component 3: Develop a Reference Scenario

Peru has opted to consider the subnational (regional) level as the unit of analysis for the establishment of reference scenarios. It has also opted to implement REDD+ by means of a nested approach, which will allow the country to address implementation at different rates, as technical capacities are developed, until reaching national level. Reference scenarios will first be established in regions with greater technical capacity and data availability, and then will be added until the national reference scenario is completed. This procedure will make it possible to take into account the unique background and features of each region that unleash the dynamics of deforestation and must be analyzed individually and with the participation of regional stakeholders, who know best what is happening in their own territory. Thus, pioneering regions such as Madre de Dios and San Martín, with the support of public and private institutions, have been organizing participatory technical processes with the objective of developing spatially and temporally explicit deforestation forecasts.

Peru will begin with the development of the reference scenario for deforestation. The other components of REDD+, especially degradation, will be included progressively, taking into account: a) the clarification of definitions, guidelines, modalities and/or procedures for these activities, and b) experiences and methodological developments within and outside of Peru as these take place.

As technical capacities improve in the regions (subnational level) and modalities and procedures (international) are generated, the subjects of emissions due to degradation and emission removal through the recovery of carbon stocks in forests will also be considered. The above will not keep subnational initiatives that have the capacity to do so, from considering in their proposals reducing emissions from degradation or increasing emission removals through the recovery of carbon stocks.

The forecasts at regional level will be conducted by using the modalities and procedures proposed at national level and updated at least once every ten years. They will have to be adopted by regional authorities and will serve as an emission reference scenario and at the same times as a “baseline” for early initiatives, thus ensuring consistency between the local and regional levels. This “bottom-up” approach will be a contribution for Peru and for other countries with REDD+ potential, representing a possible synergy with other countries that are applying to the FCPF.

The reference scenario for the national level will be built based on regional deforestation forecasts, for subsequent aggregation at national level. Both the definition of methodologies for the reference scenario by region and for aggregation at national level will be made taking into account the decisions and regulations under the UNFCCC and experiences in other countries. With regard to carbon reserves and sources of emissions of other (non-CO₂) gases, each early initiative will be able to consider those that can be measured and reported. For the regional and national levels, the country has still not generated a proposal and a discussion, which should be done under the framework of the process of preparing and creating the National System for the National Greenhouse Gas Inventory and its USCUS subcomponent.

The proposed process is already planned and its implementation will begin in two regions of the country with the support of the Gordon and Betty Moore Foundation under the framework of the “Strengthening of Technical Capacities for the Implementation of a REDD+ Program in Peru” Project, which is in the Readiness phase.

Peru's chosen approach of establishing a national reference scenario based on regional scenarios is in line with the country's conditions and with the nested approach for the National REDD+ Strategy; it is also consistent with the recent decision on this subject adopted in the COP-16. However, there are also technical and methodological challenges related to combining a series of different scenarios into only one. Thus, it is important to have the same tools, approaches and quality of information, and to share experiences and capacities. It is important to mention that the work with technical applications in the two initial regions is being supervised by a national agency, MINAM's General Bureau of Land Use Planning, and financed by projects directly related to the R-PP (GBMF, etc.). This ensures ongoing training and direct coordination between the development of regional scenarios and the national scenario, to be prepared during the R-PP.

For the system to have international credibility, and thus to be eligible for international incentives, it is essential that the methodologies used to establish emission reference scenarios comply with credible international standards and with IPCC guidelines. Peru should evaluate the existing international standards, methodologies and guidelines and make timely decisions on the methodological issue, identifying and, if necessary, developing a Standardized Methodological Framework (*Marco Metodológico Estandarizado*, MME) that is appropriate for the country's conditions.

Although international standards and methodologies already exist, both for MRV (IPCC, GOCF-GOLD) and for reference scenarios (VCS), international discussion on these matters has not yet concluded. There are uncertainties about methodological approaches, definitions, calculation methods, etc. that are still being discussed. Moreover, in December 2010, during the COP-16 of the UNFCCC in Cancún, the Voluntary Carbon Standard Association (VCSA) announced a new initiative to develop, in 2011, standards applicable to "regional baselines" and "jurisdictional" REDD+ programs. For this purpose, the VCSA expressed its interest in taking Peru's regional experiences into consideration (San Martín in particular). Thus, any attempt to establish an MME for Peru should be well informed about international methodology discussions and not result in an overly rigid system that cannot be adapted to the progress that is constantly being made on these matters. This shows that the experiences under way in the regions of Madre de Dios and San Martín have gained sufficient national and international importance that it is worthwhile to take them into consideration in future exercises for the definition and validation of an MME for Peru. The above does not mean that the methodologies used and the products generated to date in these two regions should be considered definitive and as examples for the rest of the country. However, they should be considered a starting point for the development of the MME. It is also possible that some aspects of these experiences should be adapted and that, within the MME, different protocols should be envisaged for regions of Peru whose biophysical conditions are different from those of San Martín or Madre de Dios.

1. Principal implications of the proposed approach

Regional baselines are constructed by means of specialized technical groups that are formed with the support of Regional REDD Roundtables under the guidance of national and international experts. In turn, this procedure makes it possible to incorporate the understanding of regional deforestation and forest degradation processes into forecasts, generate technical capacities in the regions, and apply rigorous, technically advanced methodologies.

The national reference scenario will be built by means of a participatory process in which the country's regions and local knowledge of deforestation have the most weight. Thus, the country will be able to generate realistic forecasts and submit them, if needed, for international review procedures as required by the REDD+ mechanism.

Because the proposed approach (from subnational to national) is participatory and rigorous, it will take at least five years for the country to be able to define its national reference scenario, provided that during this period the technical, analytical and financial capacities and the processes required in each region are generated, as well as the relevant definitions in terms of modalities and procedures for REDD+. The implementation of the proposed approach implies major methodological challenges that can be overcome through the establishment of a Standardized Methodological Framework (MME). Some of these challenges include:

- Consideration of different carbon reserves and sources of non-CO₂ gases.
- Differences between the availability and quality of spatial and socioeconomic information used in deforestation forecasts.
- Spatial resolution of deforestation forecasts.
- Different time horizons of forecasts.

Any incentive from emission reductions in Peru will be compared against a baseline that is fully consistent among early-initiative (local), regional and national levels, thus ensuring the environmental integrity of the country's REDD+ scheme.

To quantify leaks, local-level early initiatives will initially use the methodologies approved under voluntary carbon market standards. Most of Peru's early initiatives are using Voluntary Carbon Standard (VCS) methodologies, which must undergo a rigorous formulation process and double-checking by independent, accredited verifiers prior to being approved and registered. These methodologies require proponents of early initiatives to quantify leaks and subtract them from the emissions measured, reported and verified within the project areas. If a regional baseline exists, it may be used as a reference to quantify the early initiatives' leaks.

Moreover, as previously mentioned, the PNCBMCC, by granting incentives to communities for forest conservation, reduces conditions that allow the spread of leaks in areas served by the program; this is an initial, nationwide measure to control leaks. Later, the subject of leaks (as well as other methodological issues) will be addressed in the context of the development of the country's MME and of strategies and policies to reduce deforestation. A discussion of these issues and the development of specific policies in this regard are envisaged under the framework of projects directly related to the R-PP (GBMF, etc.). The outcome of these discussions will depend mainly on the following factors:

- The development of international discussion on the methodological issue under the Climate Change Convention and other international standards, including the process that the VCSA is currently developing with regard to nested projects and regional baselines.
- The modalities for implementing the nested approach that the country may decide to adopt in order to ensure that REDD+ initiatives at all levels are mutually complementary, thus achieving maximum effectiveness in reducing deforestation and the broadest possible stakeholder participation.

Later, because the sum of the regions is equal to the country's entire territory, the sum of regional reference scenarios will make it possible to consider any possible leak within the country. Although it is true that completing the national reference scenario will take several years, the proposed approach is considered to be acceptable since it is similar to the logic used in international negotiations in which it is assumed that the issue of international leaks will be fully resolved when all countries have adopted national reference scenarios and an MRV system. In this regard, it is worthwhile to mention

that Peru's Amazon regions, which hold most of the country's forests, contain more forest area, on average, than a smaller tropical country.

Several pioneering regions³¹ (San Martín and Madre de Dios) have made progress in this process, thus demonstrating the viability of the Peruvian proposal. However, it is likely that some regions may lack sufficient capacities of their own to organize similar processes and conduct them with an appropriate technical and participatory level. Therefore, one priority in the country's preparation process will be to generate capacities in the regions (by means of inter-regional exchanges and with the support of national and international experts) and to encourage and support the necessary processes in order to generate the reference scenarios that the REDD+ mechanism requires.

2. Process of developing a subnational reference scenario

In each region, the work plan for the development of reference scenarios will be prepared by means of planning sessions with the participation of public and private technical and social, regional and national stakeholders who comprise the respective Regional REDD Roundtables. The work will be conducted by one or several working groups, which will be appointed by the Regional Roundtables. Sometimes, a Regional REDD Roundtable may appoint specific technical committees whose duty will be to support, guide and supervise the working groups. Each region will establish its own working style and will receive support from national, and if necessary international, experts. The responsibility of these national experts is to ensure the proper, effective implementation of the MMEs. The hiring and training of these national experts is envisaged under the framework of projects directly related to the R-PP (GBMF, etc).

Using the experiences of pioneering regions such as Madre de Dios and San Martín, it is estimated that these work plans will consist of three or four phases or stages over a period of 12 to 18 months, depending on the level of organization, technical preparation, availability of information, and requirements for strengthening specific capacities in each region.

Phase I. Establishment of the REDD Roundtable and formation of working groups: While some regions already have an organization in place to address the subject of REDD+ (generally a "Regional REDD Roundtable" presided by the regional government and with civil society participation), in other regions it will be necessary to promote a process of organizing public and private, regional and national stakeholders in order to create the political governance and technical execution structure needed to supervise and execute, respectively, the development of the regional reference scenario. Once the REDD Roundtable is formed, it will appoint working groups (one or several, depending on what is decided in each region), whose responsibility will be to prepare a work plan and a budget for the subsequent phase of the work (Phase II). If necessary, training sessions will be organized so that the working groups can carry out their duties in the following phases. These training sessions will be conducted by national and international experts, whose hiring and prior preparation are envisaged under the framework of projects directly related to the R-PP (GBMF, etc.).

During this phase, consultations will be held with key stakeholders (including indigenous peoples and communities), as well as awareness-raising and training workshops, and finally an agreement will be

³¹ In the Madre de Dios Region, 11 institutions interested in REDD+, including the regional government, have joined together in the "Madre de Dios Consortium" and are working on the preparation of deforestation maps, deforestation models, and maps showing carbon content. These works are being systemized in protocols that may be used as a reference at national level and in other regions. In the San Martín Region, five institutions, including the regional government, are working on similar activities.

reached among key stakeholders on how to organize and conduct the studies needed to generate the regional reference scenario.

Phase II. Compilation of available information and identification of information gaps: Many organizations and regions have valuable data and information that should be compiled and evaluated in order to minimize the costs of preparing a reference scenario. In this phase, the working groups will begin compiling data, published studies and any type of information that can be used to develop the reference scenario. Among other things, they will compile information on deforestation agents and causes, forest and carbon inventory data, socioeconomic data, data on the opportunity cost of avoided deforestation, and maps of spatial variables that are normally important for forecasting deforestation (highways, navigable rivers, soil types, slopes, current soil cover, deforestation in the past ten years, etc.). The compiled information is systemized in ordered databases and in a geographic information system, using the Standardized Methodological Frameworks (MMEs) that are expected to be developed.

At the end of this phase, the available information that was found will be compared with the minimum information needed (according to the MMEs), and information gaps will be identified. The results obtained will be presented and discussed at an assembly of the Regional REDD Roundtable, which may endorse the results and decide how to proceed in the next phase.

Phase III. Compilation of missing information: Once the information gaps are identified, the technical groups will proceed to prepare a working plan and budget to collect the missing information. The plan and budget will be submitted to and endorsed by the REDD Roundtable and its possible financiers. Afterwards, the groups will proceed to conduct field surveys, purchase and analyze satellite images, studies of agents and causes that may be needed to complete the minimum database required to forecast deforestation according to MMEs.

It is expected that in many regions the missing information and data will be in the following areas:

- **Maps of historical deforestation:** To calibrate a deforestation model and validate its predictive capacity, a historical series of deforestation maps is needed; these maps should be prepared using a methodology that is consistent and in line with scientific good practices. At a minimum, there should be classified images from three different dates covering a ten-year historical period. Although the national level is moving forward on this subject, until the country has a national MRV system capable of producing annual maps with sufficient resolution and quality, each region may have to conduct the work of acquiring and analyzing satellite images, using the MMEs.
- **Maps of current soil cover:** In order to estimate carbon density in the agricultural systems established in deforested areas, there must be at least one map of current soil cover, which in many cases does not exist.
- **Carbon density by type of forest:** Although in many regions forest inventories and even biomass and carbon studies have been conducted, in many cases it will be necessary to complement existing information with field measurements or other technologies (LiDAR) that also require field measurements for purposes of calibration and validation. In this regard, it is also important to stress the need to develop allometric equations and national databases. This work will be conducted in coordination with the National Forest Inventory (INF) Project.
- **Socioeconomic and opportunity-cost data:** To model future deforestation rates, stratify regions with socioeconomic criteria and determine the cost of halting deforestation in many regions, it will be necessary to conduct surveys of economic variables (transport costs, product prices, productivity per hectare, etc.).

- **Databases in GIS:** Although many institutions have digital maps for several of the variables that are usually considered in a deforestation model, these are often outdated or incomplete. In particular, the need to update maps of roads, population centers, and market locations is envisaged, as well as the need to reconstruct the historical sequences of these variables in order to be able to properly calibrate the deforestation models.

Phase IV. Development of a deforestation forecast and calculation of reference emissions: Using the information compiled in Phases II and III, deforestation models will be constructed and projected emissions will be calculated. The modeling will be done by using the MMEs; the results will first be validated by the REDD Roundtable in order to prove their realism based on the understanding of regional stakeholders with regard to the actual processes of deforestation in the region and subsequently with national, and if necessary international, experts to validate compliance with the methods used with the MMEs and with internationally accepted good practices and methodologies.

After this phase, and once accepted by regional and national authorities, the regional reference scenario will be registered at national level and will be integrated with other regional reference scenarios that have already been prepared, thus updating the national reference scenario. The definition of procedures for the national-level review, endorsement and registration of regional reference scenarios is envisaged under the framework of projects directly related to the R-PP (GBMF, etc.).

At the present time, the early initiatives that are being carried out at local level are adapting, using, and when necessary improving different methodologies proposed at international level (particularly under the VCS). As previously mentioned, in the cases of Madre de Dios and San Martín, these local early initiatives have merged in order to collaborate on the development of a regional reference scenario that may be used as a common, consistent baseline. The experience and knowledge acquired in these two regions will be evaluated and considered for purposes of developing the MMEs that the country plans to develop with the support of projects directly related to the R-PP (GBMF, etc.).

3. Preliminary considerations for the establishment of regional reference scenarios

3.1 Geographic delimitation of regions for which reference scenarios would be developed. The subject of how to delimit a subnational territory (a “region”) and then determine its reference scenario gives rise to numerous discussions. Two criteria appear to be important in defining a national policy in this regard:

- (i) **System of governance of the process of preparing, endorsing and registering a regional reference scenario.** The process of developing a subnational reference scenario, which was described in the previous section, requires an institutional organization and a system of governance that provides legitimacy to the processes of preparing, endorsing and registering the reference scenario. Therefore, the departmental boundaries of Peru’s political regions should be considered an important criterion for delimiting those territories for which regional reference scenarios should be prepared; this will greatly facilitate governance. This criterion is even more important, considering that in the current context of decentralizing State authority, public institutions are assuming greater responsibilities in the forest sector and in the political and administrative management of their territories. Thus, the generation of departmental reference scenarios through a participatory process can empower regional governments to better carry out their new functions, creating a

culture of dialogue and collaboration as well as generating highly useful, complete departmental databases for the management of the departments' territories. However, an important issue will be the need to consider in the analysis areas that are adjacent to but outside departmental boundaries that could have an effect on future deforestation within a department (for example, the construction of a new highway outside but near a department's boundary).

- (ii) **Social and economic dynamics and biophysical conditions.** On the other hand, political-administrative boundaries have little relevance for explaining the dynamics of deforestation; thus, social, economic and biophysical criteria could also be highly relevant for defining the geographic boundaries of regional reference scenarios. However, delimiting the regions with these criteria could hinder the creation of a system of governance for the development, endorsement and registration of reference scenarios and would not generate complete databases for those departments that now have greater management responsibilities. The use of these criteria would also generate considerable discussion on which these criteria should be, and would not be very practical for delimiting one region from another. Moreover, social, economic and biophysical criteria can easily be incorporated in deforestation models, for example to stratify departmental territories in areas with different dynamics.

3.1.1 Discussion of this subject has not yet concluded in Peru and should be considered in the development of the MMEs.

- 3.2 **Use of internationally recognized technological tools (software).** In the Madre de Dios Region, CLASlite-version 2.3.1 and ENVI (for the monitoring work group) and DINÁMICA-version 1.4 (for the modeling work group) are being used. Each region should especially analyze the tools to be used that are the most suitable for their circumstances. At national level, it is necessary to ensure the standardization of the procedures used in all regions, for example to ensure that in all cases the definitions of forest/nonforest correspond to the same characteristics of forest cover. For Madre de Dios, the desk work is being complemented by validation efforts, which will be a requirement for all regions
- 3.3 **Work based on parameters and processes established by international REDD standards,** such as IPCC guidelines and VCS methodologies (frontier, modular, mosaic), as well as other recognized documents such as the GOFC-GOLD REDD Sourcebook. These references have been used by the Madre de Dios Region and will be used to determine land-use classes, levels of uncertainty, and local consultation processes on drivers of deforestation, among other important aspects.
- 3.4 **Variables to be included in the analysis of deforestation patterns.** It is worthwhile to include the following: type of land ownership and use, capacity for greater use of land, geology, distance to road networks and navigable rivers, distance to population centers, distance to markets, costs of access by type of plant cover, opportunity cost, height, and slope, among other very significant aspects.

4. Benefits of inter-institutional work for the establishment of regional reference scenarios

- 4.1 **Results of technical quality and consistency and institutional support.** Regional government representatives are participating actively in the working groups that have been formed in Madre de Dios and San Martín. The Madre de Dios Regional Government has made the decision to use

the information generated by the Madre de Dios Consortium as the official information for all of the region's public agencies.

- 4.2 **Mutually agreed methodology at regional level, with the potential for replication in other regions.** To this end, the groups are working on the development of protocols that describe and detail all the steps taken in the process of generating each product, which will serve as examples for the development of protocols and methodologies that may be proposed at national level. If necessary, these will later be adapted to the protocols proposed at national level.
- 4.3 **Strengthening of capacities at regional level.** Knowledge, capacities, skills and information are currently being shared among the different institutions that comprise the working groups on technical issues for the monitoring and forecasting of deforestation, and on conceptual aspects associated with REDD+. The necessary capacities are mainly strategic (theory of the establishment of reference scenarios, IPCC principles, different options and approaches) and technical (handling of software, validation, integration, monitoring, etc.). To identify the precise capacities, a participatory training plan is required, stemming from an analysis of gaps and expectations of target groups. The plan can be implemented under different modalities, such as workshops, courses, exchanges, internships, etc. Many training elements are included in the "Strengthening of Technical Capacities for the Implementation of a REDD Program in Peru" Project, with R-PP cofinancing, and is implemented jointly.
- 4.4 **Distribution of costs related to the generation of reference scenarios.** It has been possible to distribute the costs of developing reference scenarios among the different interested stakeholders (e.g., costs of spatial information), benefiting the public sector and civil society, and especially the future early initiatives that may arise in groups of small landowners or forest concession holders or native communities who may not be able to make such large investments and lack the required technical skills.

5. Component activities

5.1 At national level, review, propose, consult on and adapt conceptual and methodological frameworks for the preparation, review, approval and registration of reference scenarios.

- 5.1.1 Review, consolidate and analyze existing information.
- 5.1.2 Conduct workshops with regional, national and international experts to define conceptual and methodological frameworks as well as appropriate technologies and information.
- 5.1.3 Support the establishment of a Standardized Methodological Framework (MME).

5.2 Strengthen regional capacities for the establishment of reference scenarios (current and projected) stemming from deforestation and forest degradation.

- 5.2.1 Form specialized regional technical groups with the support of the REDD Roundtables that are formed in the regions.
- 5.2.2 Design and implement the plan for the strengthening of technical and scientific capacities for REDD+.
 - 5.2.2.1 Identify needs for technical and strategic capacity.
 - 5.2.2.2 Identify training methods (workshops, courses, exchanges, internships among regions).

5.2.2.3 Develop training plan (target group, execution, experts, facilitators).

5.3 Establish reference scenarios (current and projected) on deforestation and forest degradation based on historical trends and forecast models that consider socioeconomic aspects and other national circumstances.

5.3.1 Develop and validate deforestation and forest degradation scenarios (future and projected) at regional level.

5.3.2 Adoption of reference scenarios by regional authorities once these are proposed.

5.3.3 Integrate the reference scenarios developed at regional level into a national reference scenario.

5.4 Facilitate access to and sharing of information needed to prepare reference scenarios by all interested stakeholders (see Component 4a).

Table 3. Budget: Component 3. Develop a Reference Scenario

CATEGORY	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 3.a Develop a Reference Scenario	15,535.71	262,321.43	2,233,928.57	0.00	584,642.86	1,245,892.86	556,250.00	125,000.00
Activity 3.a.1 At national level, review, proposal, consultation and adaptation of conceptual and methodological frameworks for the preparation, review, approval and registration of reference scenarios	15,535.71	44,107.14	-	-	59,642.86	-	-	-
Review, consolidation and analysis of existing information		15,536			15,536			
Workshops with regional, national and international experts to define conceptual and methodological frameworks as well as appropriate technology and information		28,571			28,571			
Support for establishment of a Standardized Methodological Framework (MME)	15,536				15,536			
Activity 3.a.2 Strengthening of regional capacities for the establishment of reference scenarios (current and projected) stemming from deforestation and forest degradation	-	87,500.00	133,928.57	-	87,500.00	133,928.57	-	-
Formation of specialized regional technical groups with the support of the REDD Roundtables that are formed in the regions		42,857			42,857			
Design and implementation of the plan to strengthen technical and scientific capacities for REDD+.		44,643	133,929		44,643	133,929		
Activity 3.a.3 Establishment of reference scenarios (current and projected) on deforestation and forest degradation, based on historical trends and forecast models that consider socioeconomic aspects and other national circumstances	-	130,714.29	2,100,000.00	-	437,500.00	1,111,964.29	556,250.00	125,000.00
Development and validation of deforestation and forest degradation scenarios (current and projected) at regional level								
Adoption of reference scenarios by regional authorities, once these are proposed		130,714	2,100,000		437,500	1,111,964	556,250	125,000
Integration of the reference scenarios developed at regional level into a national reference scenario								
Activity 3.a.4 Facilitation of access to and sharing of information needed to prepare reference scenarios by all interested stakeholders								

Items highlighted in yellow correspond to activities financed by the Peruvian Government.

Component 4: Design a Monitoring System

4a. Emissions and Removals

The Second National Communication on Climate Change proposes the National Data Generation System for the National Greenhouse Gas Inventory (*Sistema Nacional de Generación de Datos para el Inventario Nacional de Gases de Efecto Invernadero*, SNIGEI) and describes the USCUS component. The proposal presented in that document considers the conduction of activities to oversee deforestation and land-use changes, using satellite data together with a historical mapping database and field reconnaissance.

For the implementation of the SNIGEI in terms of the USCUS component, it is necessary to strengthen the capacities of sectoral and regional information systems so that they can generate and systemize adequate information. Likewise, it is necessary to establish uniform criteria on land-use classifications, update sectoral information, and investigate the capacity of species capture and forest ecosystems.

The coordination of initiatives that are underway or whose activities are about to begin, such as the National Forest Inventory (INF) Project, the “Strengthening of Technical Capacities for the Implementation of REDD Program in Peru” Project, the MINAM-Carnegie inter-institutional cooperation agreement, as well as other activities that are being carried out under the framework of the Regional REDD Roundtables, are elements that contribute to the implementation of the USCUS sector’s SNIGEI.

Thus, this component proposes the coordination of these initiatives for the purpose of monitoring carbon reserves, deforestation and forest degradation at national and subnational (regional and local) levels.

Like Component 3, this component proposes the facilitation of access to and sharing of information that contributes to the monitoring of carbon reserves, deforestation and forest degradation.

1. Initiatives and projects that will contribute to MRV

1.1 Proposed National System for the Inventory of Greenhouse Gases (SNIGEI)

Peru has a technical proposal for the creation of the SNIGEI,³² prepared under the framework of “Peru’s Draft Second Communication to the United Nations Framework Convention on Climate Change.” This proposal includes flows of information and responsibilities, differentiated in accordance with Peru’s sectoral structure. There is a legal version of this proposal, which is being analyzed for purposes of its implementation. The system’s implementation assumes that sectoral information systems will be strengthened so that they can generate and systemize adequate information on levels

³² Previous versions mentioned the project to create the National System for the Monitoring and Verification of Forest Carbon (*Sistema Nacional de Monitoreo y Verificación de Carbono Forestal*, SISNACAF). Its roles and functions are included in the SNIGEI.

of activities and determine emission factors. The system will especially consider the USCUS sector, since it is the principal category of sources and where the capacities for generating and managing information are the weakest. For this purpose, unified criteria should be established with regard to land-use classifications, sectoral information should be updated, and the capacity for capturing species and forest ecosystems should be investigated. The Ministry of Environment will be part of the system, acting as the Sole National Entity responsible for the National GHG Inventory and for preparing and submitting Peru's National Communications to the UNFCCC. MINAG will be in charge of matters concerning emissions from agricultural, fishery and agroindustrial activities under its responsibility and for land use and changes in land use.

For details on the proposed data flow for the Inventory System of the agricultural sector and USCUS, visit: <http://www.minam.gob.pe/dmdocuments/SCNCC-MINAM.pdf>

1.2 National Forest Inventory Project (*Proyecto de Inventario Forestal Nacional*, IFN)

The lack of a forest inventory is identified (Components 1a and 2a) as an important barrier to forest governance in general and to the development of a National REDD+ Strategy in particular. It is of key importance for MRV because it provides the bases for the system and offers monitoring tools. The IFN (<http://geoservidor.minam.gob.pe/ifn/datosproyecto.aspx>) is a Peruvian Government initiative, through the Ministry of Agriculture, Ministry of Environment, regional governments and other national stakeholders, under the auspices of FAO–Finland; its objective is to lay the foundation for the sustainable management of forest resources at national level and contribute to improving the living conditions of the population, especially of forest resource users. It fills the gap of the forest inventory required by the National REDD+ Strategy. Specifically, the INF Project proposes the conduction of the following:

- Implementation of a solid, permanent institutional foundation and adequate structure for the National Forest Monitoring and Inventory (*Monitoreo e Inventario Forestal Nacional*, MIFN) and development of the methodology for Peru's MIFN, as well as the development of cooperation mechanisms and strategic alliances under a participatory process. This methodology will be shared with the National REDD+ Strategy and incorporated in the MRV.
- Evaluation of the current and future potential of forests and of changes in forest cover in natural forests and forest plantations, lands suitable for forestry, and trees outside the forest at national, regional and provincial levels, contributing to the reference scenarios and prioritization of interventions in Phase 2 of REDD+.
- Measurement, evaluation and assessment of the stock of environmental goods and services of forest resources: biomass, timber reserves and various wood products, carbon reserves, wildlife, water resources, soils and landscapes. This includes the technical basis with regard to carbon reserves and emissions for the MRV.
- Implementation of a system to monitor and evaluate forest resources, a permanent forest information system, and a database for direct service to users, in support of national, regional and local forest development plans, and the identification of highly competitive investment opportunities: in sustainable forest management, reforestation, industry, and environmental services. This aspect will be development in conjunction with the OCBR to ensure that the monitoring and evaluation system corresponds to the MRV of the REDD+ Strategy.

1.3 Design and implementation of a Georeferenced Information System for the monitoring of the dynamics of land use changes (MINAM-DGOT)

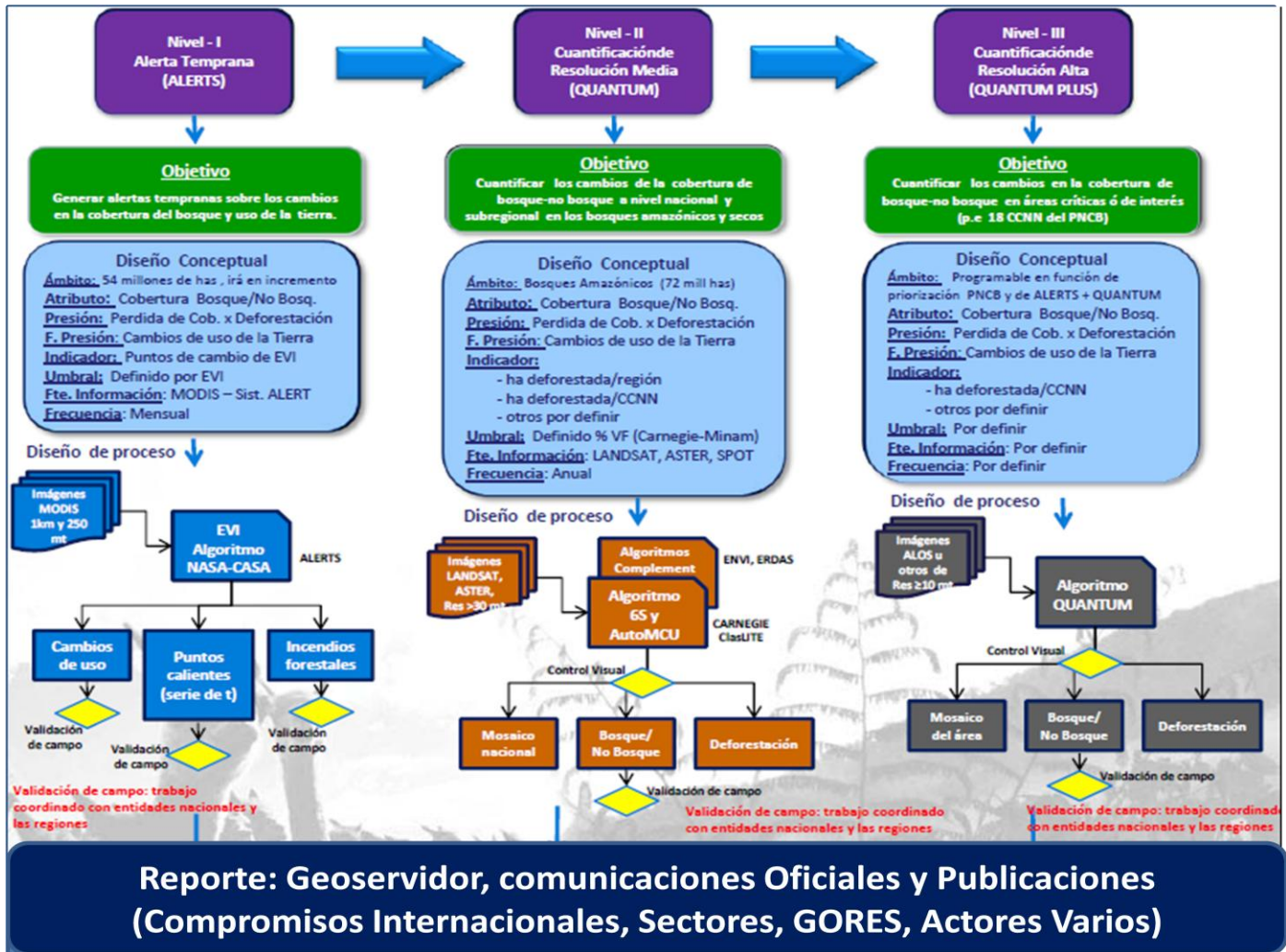
In DGOT's operating plans, between 2009 and 2010 preparatory activities were considered for the establishment of the territorial monitoring plan. MINAM-DGOT's 2011 Institutional Operating Plan (*Plan Operativo Institucional*, POI) concretely defines as a target the implementation of the Georeferenced Information System for the monitoring of the dynamics of land use changes.

Figure 4a-1. Timetable of the process of implementing a Georeferenced Information System to monitor the dynamics of changes in land use [cannot open this chart to translate it]



The financial resources committed for the system's implementation are detailed in 4a-1.

Figure 4a-2. Proposal for the Georeferenced Information System to monitor the Dynamics of Changes in Land Use [cannot open this chart to translate it]



1.4 “Strengthening of Technical Capacities for the Implementation of a REDD Program in Peru” Project

The “Strengthening of Technical Capacities for the Implementation of a REDD Program in Peru” Project is being implemented with the support of the Gordon and Betty Moore Foundation. Under the framework of this project, criteria will be defined to conduct the inventory, evaluation and monitoring of forests and carbon reserves at national and subnational levels, for subsequent validation in two regions of the country. For this purpose, a series of activities are initially envisaged, enabling dialogue between national and international experts in order to evaluate and establish criteria regarding necessary data, methods, appropriate technology, software and necessary human resources.

Results will include the previously mentioned conceptual framework, as well as a plan of actions and activities to strengthen capacities at national and subnational levels for REDD+ monitoring, verification

and reporting. This project will coordinate its activities with the INF to avoid the duplication of efforts; both will contribute to the SNIGEI through the generation of necessary information and the strengthening of technical capacities.

Prior steps under the framework of this project are:

Institutional analysis: For different historical reasons, several public and private institutions at national and regional levels are conducting some sort of forest monitoring, or should do so, or have capacities, plans and international assistance projects to carry out some type of monitoring work. However, until now the country had not needed to implement a national MRV system, and thus the capacities, information and monitoring procedures are scattered and lack any real coordination. A technical, legal and institutional analysis is needed in order to establish the country's starting point with respect to MRV. Stemming from this analysis, a road map can be proposed for purposes of building the national MRV system that the country needs.

Establishment of an inter-institutional coordination and cooperation mechanism. Stemming from the institutional analysis and its validation at a national workshop, the aim is to establish the inter-institutional coordination mechanisms needed to govern the design of a national MRV system. This system is expected to have two key components: institutional and methodological. The first of these should be resolved by means of cooperation agreements among institutions, and the second through the establishment of MMEs, work protocols and shared databases, among other tools. In order for inter-institutional coordination and cooperation to work, it will be essential to achieve better coordination with the donor community and with technical and scientific institutions that are supporting or intend to support the subject of MRV in Peru.

Definition of Standardized Methodological Frameworks. The development of MME proposals will progress in parallel with the previous step, based on collaborations already existing with technical and scientific institutions, as well as on experiences under way in the regions of Madre de Dios and San Martín. However, the MMEs cannot be implemented in the institutions until effective collaboration and coordination is established among institutions committed to building a national MRV system. From that time, MME proposals can be debated, validated and approved by the institutions and finally converted into institutionalized, binding protocols.

It is envisaged that the MMEs will define minimum methodological requirements, both for monitoring and for reference scenarios. However, proponents of REDD+ initiatives at local, regional and national levels will be allowed to conduct additional measurements (for example, a larger number of carbon reserves, provided that they at least comply with minimum requirements. The results of the measurements conducted will be subject to an MME for quality control, and the results will be stored in shared, coordinated and georeferenced databases, following protocols agreed at national level. The georeferencing of information will make it possible to work with minimum, common information for the entire country (for example, at the level of considered carbon reserves), and more detailed information for regions or areas where additional measurements have been conducted. The details on which reserves, emission sources, etc. will be considered have not yet been defined.

Establishment of the National MRV System. The final step in building the national MRV system will be the establishment of legal and financial mechanisms to make the system itself sustainable. Likewise, shared or coordinated databases, quality control and system support systems, and data access and distribution policies must be designed and implemented, and a system that facilitates the creation and use of information at national level must be created. The creation of a national registry system is envisaged, in which regional reference scenarios and the results of the national

MRV system can be available and linked, eventually making emission reduction calculations in an automatic and centralized manner. Thus, the aim is to achieve a significant economy of scale that will allow disadvantaged social groups to initiate their deforestation reduction projects.

1.5 MINAM–Carnegie Inter-institutional Cooperation Agreement

Under the framework of the MINAM–Carnegie Cooperation Agreement, high-resolution maps have been produced, showing carbon stored in tropical forest vegetation and emitted by land-use practices (<http://geoservidor.minam.gob.pe/geoservidor/Carnegie.aspx>). To conduct this study, satellite mapping, airborne laser technology, and parcel-level validation studies were integrated. The study was conducted on over 42,000 square kilometers of the Peruvian Amazon in the Madre de Dios Region. The work was conducted in four stages: i) satellite mapping of types of vegetation and disturbance; ii) development of 3-D maps of vegetation structure using the LiDAR system (detection of light and range); iii) conversion of structural data into carbon density using a small network of rural parcels; and iv) integration of satellite and LiDAR data to construct high-resolution maps of stored and emitted carbon. The results obtained with regard to carbon reserves as of 2009 were combined with deforestation and degradation data, and emissions from 1999 to 2009 in the Madre de Dios Region were estimated.

MINAM staff participated throughout the entire process of information generation. Although the technical and economic feasibility of the methodological proposal in other regions still needs to be analyzed, the experience gained as well as the results obtained will be considered during the selection of methodological proposals and procedures to be used in quantifying carbon reserves.

The cooperation between Peru’s Ministry of Environment and the Carnegie Institution for Science–Department of Global Ecology began in 2009 and includes:

- Training of MINAM specialists on the use and application of the software developed by Carnegie, CLASlite, for the identification of deforestation and forest disturbance through the use of satellite images;
- Technical support to the team that operates MINAM’s Geographic Information System on the analysis of satellite images, using CLASlite;
- Internships by MINAM technicians at the Carnegie Laboratory for the post-processing of data generated during the campaign with the Carnegie Airborne Observatory.

Efforts are currently focused on two courses of action:

- The Bureau of Land Use Planning and SIGMINAM are in the process of conducting the forest–nonforest analysis for 2000, 2005 y 2009, as well as the analysis of deforestation and disturbance as of 2000, 2005 and 2009. Carnegie is providing technical assistance to SIGMINAM on the generation of these analyses.
- Work is underway on extrapolating the Madre de Dios study to the entire region (8.5 Ha), expanding satellite coverage for the region and using LiDAR statistics appropriately.
- Work to enable the replication of studies on estimating carbon in Peru; San Martín is a priority region.

2. Implementation of MRV by regions

Considering that the SNIGEI will be created and that there are various initiatives which support the MRV at national level, the MRV has an immediately national focus. However, much of the information

will be generated at regional level, in cooperation with regional governments. This implies a challenge similar to that explained for the reference scenarios (collecting information of different origins, quality, etc.) but it also signifies a new challenge: how to ensure that the MRV generated at national level is adequate for the different regional strategies, since the actions that each region implements for REDD+ will be different from one another and a strategy with unique elements may require its own MRV.

During the implementation of the R-PP, the challenge of the MRV's flexibility should be well analyzed and designed. It is important that regional governments and persons knowledgeable of early experiences interact effectively with MINAM for the design of the MRV. This design must be sufficiently unifying on technical issues (software, mapping, etc.) and flexible on strategic issues (applicable to different pressures on the forest, etc.) in order to use it in the nested approach.

3. Role of indigenous communities and peoples and the private sector

Consistent with the implementation focus of the REDD mechanism that Peru is proposing (“bottom-up”), an active role by communities and the private sector in the MRV will be promoted, and, in those cases in which it can be done, joint activities in the monitoring of forests and carbon reserves will be conducted. It is proposed that parcels be monitored by the communities participating in REDD activities; their field knowledge together with IPCC methodologies will contribute to the design of an effective MRV that maximizes available resources. As mentioned in Component 1b, the participation of communities and civil society is cross-cutting in the R-PP, meaning that there will be active participation in the design, execution and validation of the MRV. The MRV will be coordinated with the SESA system in the R-PP, especially with the SESA's participatory forum in the REDD Roundtable. In the case of native communities, their participation in forest monitoring is essential due to their understanding of the land and traditional knowledge, thus enabling efficient and effective monitoring.

4. Component Activities

The activities proposed in this component are aimed at providing national and subnational institutions with technical and organizational capacities that enable the implementation of the SNIGEI's USCUS component. Besides integrating the information generated at subnational (regional and local) level, it should be provided with the necessary characteristics to monitor, verify and report REDD+ activities.

4.1 Implementation of the SNIGEI and its regulation with regard to the USCUS component

- 4.1.1 Updating of the proposal prepared under the framework of the SCNCC Project, in coordination with the INF.
- 4.1.2 Analysis of the proposal's legal and institutional viability and its sustainability.
- 4.1.3 Implementation of the SNIGEI and its regulation with regard to the USCUS component.

4.2 Proposal for conceptual frameworks and technical procedures to quantify and estimate variations in carbon reserves and in deforestation and forest degradation at national and subnational levels, based on the IPCC's methodological guidelines (GPG 03, AFOLU06) and the UNFCCC's reporting guidelines.

The objective of this activity is to define the conceptual framework and methodologies that make it possible to measure, report and verify the use and change in use of forest lands, drastic changes in forest cover, the opening of roads for forest extraction due to deforestation, degradation or both, as

well as changes in carbon reserves, carbon sinks, and measurements of biodiversity. These conceptual frameworks and methodologies should take into consideration that the system would be based on the integration of satellite imagery information (at national and subnational levels) and information constantly collected in the field by means of point sampling, including information obtained from monitoring at the level of the community, civil society, early initiatives, etc.

- 4.2.1 Review, consolidation and analysis of existing information on forest inventories, carbon reserves, monitoring of deforestation and forest degradation, forest carbon reserves/forests.
- 4.2.2 Workshops with national and international experts. The objective of these workshops will be to evaluate and reach agreement on the necessary conceptual frameworks, information needs, capacity-strengthening needs, and appropriate methods and technologies for quantifying forest carbon contents, and conducting the monitoring, verification and reporting deforestation and forest degradation and of changes in carbon reserves associated with these processes at national and subnational levels.
- 4.2.3 Definition of conceptual frameworks, methods, procedures and information, technology and necessary capacities. Using the results of workshops with national and international experts and experience from work conducted as key inputs, the following will be defined: conceptual frameworks, methods, information, technology, and technical and scientific capacities needed to periodically conduct the monitoring, verification and reporting of changes in forest cover, changes in carbon stocks, carbon sinks, and measurements of biodiversity at different scales (national, regional, early initiatives), using compatible methodologies that allow the integration of these scales.

4.3 Design and implement the technical and scientific strengthening plan to measure, verify and report GHG emissions from the USCUS sector.

Knowledge, capacities, skills and information are currently being shared among the various institutions that comprise the work teams, both on technical issues for the monitoring and forecasting of deforestation and on conceptual aspects associated with REDD and REDD+. On the subject of MRV, mainly technical (methodologies, tools, information management) and practical capacities (participatory monitoring, remote sensing, field verification, etc.) are required. In order to identify precise capacities, a participatory training plan is needed, stemming from an analysis of gaps and target group's expectations. The plan may be implemented under different modalities, such as workshops, courses, exchanges, internships, etc.

- 4.3.1 Evaluate existing capacities in the institutions that comprise the SNIGEI in terms of monitoring, reporting and verifying GHG emissions from the USCUS sector.
- 4.3.2 Design and implement the capacity strengthening plan for the monitoring, reporting and verification of GHG emissions from the USCUS sector.

4.4 Coordinate the National Forest Inventory Project and other national- and subnational-level initiatives that contribute relevant information to the National GHG Inventory, balancing conceptual frameworks and technical procedures in order to conduct the quantification and monitoring of carbon reserves and of deforestation and forest degradation.

- 4.5 Facilitate access to and sharing of necessary information** for the quantification and monitoring of carbon reserves and of deforestation and forest degradation
- 4.5.1 Acquire, process and conduct field verification of satellite images.
 - 4.5.2 Increase the MINAM Geo-server's capacity to meet storage and information-sharing needs
(<http://geoservidor.minam.gob.pe/geoservidor/cooperacion.aspx>).
 - 4.5.3 Consolidate international cooperation agreements that allow the country to access information platforms and experiences, such as consolidating Peru's participation in the Forest Carbon Tracking task of the Group on Earth Observation (GEO-FCT).

Table 4.a. Budget: Component 4.a Emissions and Capture

CATEGORY	PARTIAL TOTAL	SOURCE			BUDGET TIMETABLE				
		FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 4.a Emissions and Capture	1,223,286	133,929	1,047,929	41,429	301,000	788,357	133,929	-	-
Activity 4.a.1 Implementation of the SNIGEI and its regulation with regard to the USCUS component	41,429			41,429		41,429			
Updating of the proposal prepared under the framework of the SCNCC Project in coordination with the National Forest Inventory	17,857			17,857		17,857			
Analysis of the proposal's legal and institutional viability and its sustainability	23,571			23,571		23,571			
Implementation of the SNIGEI and its regulation with regard to the USCUS component									
Activity 4.a.2 Proposal of conceptual frameworks and technical procedures	124,428.57		124,428.57			124,428.57			
Review, consolidation and analysis of existing information on forest inventories, carbon stocks, monitoring of deforestation and forest degradation, forest carbon stocks/ forests	14,143		14,142.86			14,143			
Workshops with national and international experts to evaluate and reach agreement on the necessary conceptual frameworks, information needs, capacity-strengthening needs, and appropriate methods and technologies to quantify forest carbon content and conduct the monitoring, verification and reporting of deforestation and forest degradation and of changes in carbon stocks associated with these processes at national and subnational levels	14,286		14,286			14,286			
Definition of conceptual frameworks, methods, procedures and information, technology and needed capacities	96,000		96,000			96,000			
Activity 4.a.3 Design and implementation of the technical and scientific capacity capacity strengthening plan	185,642.86	133,929	51,714.29			51,714.29	133,928.57		
Evaluation of existing capacities in the institutions that will comprise the SNIGEI for the monitoring, reporting and verification of GHG emissions from the USCUS sector	7,071		7,071			7,071			
Design and implementation of the capacity-strengthening plan for the monitoring, reporting and verification of GHG emissions from the USCUS sector	178,571	133,929	44,643			44,643	133,929		
Activity 4.a.4 Coordination of the National Forest Inventory Project and other initiatives, projects and institutions at national and subnational levels that contribute to the GHG Inventory	11,785.71		11,785.71			11,785.71			
Coordination of the National Forest Inventory Project and other initiatives, projects and institutions at national and subnational levels that contribute to the GHG Inventory	11,786		11,786			11,786			
Activity 4.a.5 Facilitation of access to and sharing of necessary information	860,000		860,000		301,000	559,000			
Acquisition, processing and field verification of satellite images	602,000		602,000		301,000	301,000			
Increase in the capacity of MINAM's Geo-server to meet needs for storing and sharing information	258,000		258,000			258,000			
Consolidation of international cooperation agreements that allow the country to access information platforms and experience, such as consolidating Peru's participation in Forest Carbon Tracking task of the Group on Earth Observation (GEO-FCT)									

Items highlighted in yellow correspond to activities financed by Peruvian Government

4b. Other Impacts and Benefits

Although it will operate independently, the system for monitoring co-benefits and other impacts of the National REDD+ Strategy will be connected to the monitoring of forest carbon by means of the mechanisms defined for the review, endorsement and registration of subnational REDD+ initiatives. However, the national and subnational (regional) levels still need to define the criteria and procedures for the review, endorsement and registration of the various REDD+ initiatives. Likewise, the indicators to be used in conducting the monitoring of the co-benefits and impacts of the REDD+ initiatives have not yet been defined.

As with the reference scenarios and the monitoring of forest carbon, the mechanism to conduct the monitoring of the co-benefits and impacts of REDD+ will be developed gradually. Initially, it is considered worthwhile to use basic, general indicators, which can be made more complex as regional capacities are strengthened due to the implementation of early initiatives and lessons learned from the implementation of the R-PP. Environmental aspects are expected to be monitored. As mentioned in Component 2a, each of the country's regions with forests has unique socioeconomic, biophysical and environmental features that require the definition of indicators which differentiate these unique features by region and at the same time facilitate their integration at national level.

The other impacts and benefits are an important focus for the SESA; therefore, strong coordination between the MRV of these impacts and Component 2d will be created. The indicators of other benefits must be included in the ESMF of the SESA, and their monitoring is an essential part of the SESA's participatory orientation. Since most of the other benefits (biodiversity, water, local income, sources of employment) are of local importance, it is essential that local forest stakeholders be involved in the MRV of these aspects, based on the SESA system.

In accordance with the processes explained in Components 1b and 2d, there will be full transparency from the beginning. In practice, the socialization of the REDD+ process in Peru to date has shown that the outlook of forest dwellers is integrated and therefore the other benefits and impacts are connected to the subject of REDD+ in a cross-cutting manner. In all aspects of the SESA and MRV, the principles and participation mechanisms of Component 1b are applied: socialization and participation in the design, execution and monitoring of each component. The REDD+ Roundtable (and its SESA subgroup) and direct meetings with indigenous groups are the forums for these activities. The intercultural view of forest management per se is a co-benefit of the REDD+ mechanism and may be monitored as such in order to evaluate the relationship with native peoples and local communities.

1. Monitoring of biodiversity and environmental services (other than carbon)

Peru lacks a baseline of information on biodiversity. Likewise, it also lacks baselines on environmental services, carbon or other services. The objectives of the INF (see Component 4) include the generation of validated information on the status of biodiversity and wildlife. During this project, the map of biodiversity indexes, high-value forests for conservation, wildlife, water sources, and areas with tourism and conservation potential will be generated. Once there is a baseline of biodiversity, indicators and procedures will be defined to monitor it.

Although the precise benefits and impacts should be defined in a participatory manner with beneficiaries during the implementation of the R-PP, possible indicators of these benefits include (on a preliminary basis):

- Quantity and relative diversity of plant and animal species;
- Existence of uncontrolled hunting;
- Integrity of high-value areas for conservation;
- Value of tourism potential;
- Water regulation and quality;
- Control of erosion and natural disasters.

The monitoring of these indicators is a technical task that will be carried out by institutions specializing in this subject (especially IIAP, but also universities and specialized NGOs).

2. Monitoring of socioeconomic factors

Impacts on socioeconomic factors will be monitored at the three levels of REDD+'s implementation (see Component 2b). At national level, baselines will be established, making use of information from the National Institute of Statistics and Informatics (*Instituto Nacional de Estadística e Informática*, INEI); during the implementation of the National REDD+ Strategy, socioeconomic factors will be monitored. At subregional and local levels, national regulations mandate the use of the National Public Investment System (*Sistema Nacional de Inversión Pública*, SNIP) format to access public funds. This format requires the submission of baselines and the establishment of methodologies to monitor socioeconomic impacts for the allocation of funds. In this regard, the major challenge for the implementation of the National REDD+ Strategy at public level is to balance SNIP requirements with REDD+'s own requirements, and to strengthen the capacities of subnational authorities to access these funds (Component 2b describes activities to strengthen the capacities of regional and local governments to access public funds for conservation, making use of the SNIP format).

In initiatives at subnational (local) level, resulting from the promotion of private investment in forest conservation, as part of the review, endorsement and registration, proponents of REDD+ initiatives will be asked to provide information that allows impacts on socioeconomic factors to be monitored. This information will be recorded in the mechanism used for these purposes.

Possible indicators of these benefits include (on a preliminary basis):

- Jobs created;
- Immigration and emigration;
- Family income;
- Food security for forest dwellers.

The monitoring of these indicators is a technical task that will be carried out by institutions specializing in this subject (especially universities and specialized NGOs).

3. Monitoring of governance and institutional capacity factors

As mentioned in Components 2a and 2c, Peru is undergoing a process of decentralization, whereby natural resource management responsibilities are being transferred to regional authorities. The implementation focus of the National REDD+ Strategy that Peru is proposing is in line with this process. Thus, during the Readiness phase, the capacities of regional authorities will be strengthened. At first, the number of regions with forests that complete this process will be used as an indicator for the monitoring of governance factors and improvement of institutional capacity. During the Readiness phase, the indicators to be used once responsibilities are transferred to the regions will be defined.

Possible indicators of these benefits include (on a preliminary basis):

- Greater institutional capacity (more and better-educated personnel);
- Fewer indications of corruption; increased transparency in general;
- Transparency in state functions and roles (more means of communication and dissemination of information);
- Better image of the functionality of forest-related state organizations.
- Inclusion of aspects of the holistic-indigenous view in forest governance.

The monitoring of these indicators, insofar as they related to REDD+, will be conducted at decentralized level, with the Regional REDD+ Roundtables. However, since these benefits are broader than those strictly related to REDD+, there are other institutions that contribute knowledge on indicators (NGOs dealing with environmental rights, universities, international organizations). The OCBR will compile and systemize this information and make it available to interested stakeholders.

4. Component activities

- 4.1 Establish baselines for the monitoring of co-benefits and other impacts of the REDD+.
- 4.2 Integrate indicators that are to be proposed or are currently in use (INF, SNIP, etc.) and are applicable to the monitoring of co-benefits and other impacts of the REDD+ in the mechanism used for the review, endorsement and registration of REDD+ initiatives.
- 4.3 Propose procedures for subnational initiatives (local and regional) to report co-benefits and other impacts.

Table 4-b Budget - Component 4.b Other Impacts and Benefits

RUBRO	SOURCE			BUDGET TIMETABLE				
	FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 4.b Other Impacts and Benefits	70,714.29	0.00	0.00	0.00	70,714.29	0.00	0.00	0.00
Activity 4.b.1 Establishment of baselines for the monitoring of REDD+'s co-benefits and other impacts	23,571.43	-	-	-	23,571.43	-	-	-
Establishment of baselines for the monitoring of REDD+'s co-benefits and other impacts	23,571				23,571			
Activity 4.b.2 Integration of indicators that are about to be proposed or are currently used and are applicable to the monitoring of REDD+ co-benefits and other impacts in the mechanism to be used to review, endorse and register REDD+ initiatives	23,571.43	-	-	-	23,571.43	-	-	-
Integration of indicators that are about to be proposed or are currently used (INF, SNIP, tc.) and are applicable to the monitoring of REDD+ co-benefits and other impacts in the mechanism to be used to review, endorse and register REDD+ initiatives	23,571				23,571			
Activity 4.b.3 Proposal of procedures for subnational (local and regional) initiatives to report co-benefits and other impacts	23,571.43	-	-	-	23,571.43	-	-	-
Proposal of procedures for subnational (local and regional) initiatives to report co-benefits and other impacts	23,571				23,571			

Component 5: Schedule and Budget

CATEGORY	PARTIAL TOTAL	SOURCE			BUDGET TIMETABLE				
		FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 1 ORGANIZE AND CONSULT		2,399,343	514,943	2,532,464	128,000	1,616,743	1,580,100	1,441,050	680,857
COMPONENT 1.a. Arrangements for management of national Readiness	2,930,407	296,714	514,943	2,118,750	-	1,054,186	832,471	543,750	500,000
Activity 1.a.1 Design and implementation of Forests and REDD Coordination Agency (OCBR)	2,661,979	28,286	514,943	2,118,750	-	785,757	832,471	543,750	500,000
Activity 1.a.2 Strengthening of current GTREDD and promotion of effective participation of key institutions and stakeholders at national and regional levels	149,214	149,214	-	-	-	149,214	-	-	-
Activity 1.a.3 Strengthening of Regional REDD Roundtables and of capacities for REDD+	119,214.29	119,214.29	-	-	-	119,214.29	-	-	-
COMPONENT 1.b. Stakeholder consultation and participation	2,516,343	2,102,629	-	413,714	128,000	562,557	747,629	897,300	180,857
Activity 1.b.1 Gathering of relevant information for the design of the information, consultation and participation plans (Phase I – Gathering of information)	253,500	253,500	-	-	-	253,500	-	-	-
Activity 1.b.2 Design of information, training, participation and consultation plans (Phase II – Planning)	371,000	371,000	-	-	-	106,143	96,714	96,714	71,429
Activity 1.b.3 Execution of information, participation and consultation processes (Phase III – Execution)	330,914	202,914	-	128,000	128,000	202,914	-	-	-
Execution of training and participation processes (Phase III – Execution)	650,914	650,914	-	-	-	-	650,914	-	-
Execution of consultation process (Phase III – Execution)	850,586	564,871	-	285,714	-	-	-	800,586	50,000
Evaluation (Phase IV)	9,429	9,429	-	-	-	-	-	-	9,429
Feedback (Phase V)	50,000	50,000	-	-	-	-	-	-	50,000
COMPONENT 2 PREPARE THE REDD STRATEGY		630,000.00	103,285.71	1,793,428.57	-	1,334,428.57	788,857.14	403,428.57	-
COMPONENT 2.a. Evaluation of land use, forest policy and governance	241,428.57	138,142.86	103,285.71	-	-	241,428.57	-	-	-
Activity 2.a.1 Analysis of land use	99,000.00	70,714.29	28,285.71	-	-	99,000.00	-	-	-
Activity 2.a.2 Identification of direct and indirect causes of deforestation and forest degradation	100,000.00	25,000.00	75,000.00	-	-	100,000.00	-	-	-
Activity 2.a.3 Analysis of prior experiences for conserving forests and reducing deforestation and forest degradation	42,429	42,429	-	-	-	42,429	-	-	-

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CATEGORY	PARTIAL TOTAL	SOURCE			BUDGET TIMETABLE				
		FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 2.b REDD Strategy Options	825,285.71	125,000.00	-	700,285.71	-	485,857.14	339,428.57	-	-
Activity 2.b.1 Improvement of linkage and coordination with regard to land uses among State institutions, regional governments, NGOs, the private sector and local and indigenous communities	-	-	-	-	-	-	-	-	-
Activity 2.b.2 Analysis of the impact and potential convergence of the various actions under way that have an effect on the reduction of deforestation and forest degradation for purposes of designing the REDD+ Strategy	47,143	47,143	-	-	-	47,143	-	-	-
Activity 2.b.3 Design of National REDD+ Strategy as part of the National Forest Conservation Program for Mitigation of Climate Change	77,857	77,857	-	-	-	77,857	-	-	-
Activity 2.b.4 Promotion of public and private investment in REDD+ in priority areas	700,285.71	-	-	700,285.71	-	360,857	339,429	-	-
COMPONENT 2.c REDD+ Implementation Framework	1,335,928.57	242,786	-	1,093,143	-	527,000	405,500	403,429	-
Activity 2.c.1 Continuation of the process for the formulation and approval of the National Forest Policy and the new Forestry and Wildlife Law (process under way) and coordination with the Regional REDD+ Strategy	-	-	-	-	-	-	-	-	-
Activity 2.c.2 Continuation of the process for the formulation and approval of the Environmental Services Compensation Law and coordination with Regional REDD+ Strategy	-	-	-	-	-	-	-	-	-
Activity 2.c.3 Formation of REDD+ Roundtables	257,143	85,714	-	171,429	-	85,714	85,714	85,714	-
Activity 2.c.4 Generation of legal security for investments in REDD+	117,857	117,857	-	-	-	117,857	-	-	-
Activity 2.c.5 Implementation in Peru of a system to register initiatives endorsed by the Peruvian Government	921,714	-	-	921,714	-	323,429	280,571	317,714	-
Activity 2.c.6 Proposal and validation of fair, just mechanisms for cost distribution and REDD+	39,214.29	39,214.29	-	-	-	-	39,214.29	-	-
COMPONENT 2.d Social and Environmental Impacts	124,071.43	124,071.43	-	-	-	80,142.86	43,928.57	-	-
Activity 2.d.1 Dissemination of terms of reference for the preparation of the SESA in order to receive feedback from general stakeholders	5,357.14	5,357.14	-	-	-	5,357.14	-	-	-
Activity 2.d.2 Conduction of studies to establish the environmental and social baseline with special emphasis on priority areas for the implementation of REDD+ activities	53,571.43	53,571.43	-	-	-	53,571.43	-	-	-

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	TOTAL TOTAL	SOURCE			BUDGET TIMETABLE				
		FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
Activity 2.d.3 Conduction of an initial diagnostic to identify environmental and social considerations, with special emphasis on priority areas for the implementation of REDD+ activities and the establishment of the ESMF	32,142.85	32,142.86	-	-	-	-	32,142.86	-	-
Activity 2.d.4 Conduction of transparent consultations on environmental and social issues relevant to REDD+* activities									
Activity 2.d.5 Design of the National REDD+ Environ. & Social Monitoring Plan (ESFM)	4,714.29	4,714.29	-	-	-	-	4,714.29	-	-
Activity 2.d.6 Preparation of the SESA	28,285.71	28,285.71	-	-	-	21,214.29	7,071.43	-	-
COMPONENT 3 DEVELOP A REFERENCE SCENARIO		15,535.71	262,321.43	2,233,928.57	0.00	584,642.86	1,245,892.86	556,250.00	125,000.00
COMPONENT 3.a Development of a reference scenario	2,511,785.71	15,535.71	262,321.43	2,233,928.57	0.00	584,642.86	1,245,892.86	556,250.00	125,000.00
Activity 3.a.1 At national level, proposal, consultation and adaptation of conceptual and methodological frameworks for the preparation, review, approval and registration of reference scenarios	59,642.85	15,535.71	44,107.14	-	-	59,642.86	-	-	-
Activity 3.a.2 Strengthening of regional capacities for the establishment of reference scenarios (current and projected) stemming from deforestation and forest degradation	221,428.57	-	87,500.00	133,928.57	-	87,500.00	133,928.57	-	-
Activity 3.a.3 Establishment of reference scenarios (current and projected) on deforestation and forest degradation based on historical trends and forecasting models that consider socioeconomic aspects and other national circumstances	2,230,714.29	-	130,714.29	2,100,000.00	-	437,500.00	1,111,964.29	556,250.00	125,000.00
Activity 3.a.4 Facilitation of access to and sharing of necessary information by all interested stakeholders for the preparation of reference scenarios									
COMPONENT 4 DESIGN A MONITORING SYSTEM		204,643	1,047,929	41,429	301,000	859,071	133,929	-	-
COMPONENT 4.a Emissions and capture	1,223,285	133,929	1,047,929	41,429	301,000	788,357	133,929	-	-
Activity 4.a.1 Implementation of the SNIGEI and its regulation with regard to the USCUS component	41,429	-	-	41,429	-	41,429	-	-	-
Activity 4.a.2 Proposal of conceptual frameworks and technical procedures	124,428.57	-	124,428.57	-	-	124,428.57	-	-	-
Activity 4.a.3 Design and implementation of the technical and scientific capacity strengthening plan	185,642.86	133,929	51,714.29	-	-	51,714.29	133,928.57	-	-
Activity 4.a.4 Coordination of the National Forest Inventory Project and other initiatives, projects and institutions at national and subnational levels that contribute to the GHG inventory	11,785.71	-	11,785.71	-	-	11,785.71	-	-	-
Activity 4.a.5 Facilitation of access to and sharing of necessary information	860,000	-	860,000	-	301,000	559,000	-	-	-

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CATEGORY	PARTIAL TOTAL	SOURCE			BUDGET TIMETABLE				
		FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 4.b Other Impacts and Benefits	70,714.29	70,714.29	-	-	-	70,714.29	-	-	-
Activity 4.b.1 Establishment of baselines for the monitoring or co-benefits and other impacts of REDD+	23,571.43	23,571.43				23,571.43			
Activity 4.b.2 Integration of indicators that are about to be proposed or are currently in use and are applicable to the monitoring of co-benefits and other impacts of REDD+ in the mechanism to be used to review, endorse and register REDD+ initiatives	23,571.43	23,571.43				23,571.43			
Activity 4.b.3 Proposal of procedures for subnational (local and regional) initiatives to report co-benefits and other impacts	23,571.43	23,571.43				23,571.43			
COMPONENT 6.a Design a Framework for the Monitoring and Evaluation Program	116,285.71	116,285.71	0.00	0.00	14,685.71	14,685.71	43,257.14	14,685.71	28,971.43
Activity 6.a.1 Preparation of indicators	23,571	23,571			4,714	4,714	4,714	4,714	4,714
Activity 6.a.2 Progress reports	42,857	42,857			8,571	8,571	8,571	8,571	8,571
Activity 6.a.3 Mid-term project assessments	28,571	28,571					28,571		
Activity 6.a.4 Final project assessment	14,286	14,286							14,286
Activity 6.a.5 Audit	7,000	7,000			1,400	1,400	1,400	1,400	1,400
TOTAL	11,895,535	3,365,807	1,928,479	6,601,250	443,686	4,409,571	3,792,036	2,415,411	834,829

* This activity is conducted under the framework of Component 1.b

Component 6: Design a Program Monitoring and Evaluation Framework

The purpose of this component is to ensure the transparent, efficient management of resources, monitor progress, and identify and propose measures to decrease the possibilities of poor performance of the program, to the extent that these may appear. The framework of the Monitoring and Evaluation Program aids in monitoring progress with regard to each component's Terms of Reference (TORs), such as the timetable of activities, the results achieved, and the final result, using simple indicators. It also helps provide feedback to the government and other stakeholders about progress toward preparing the REDD.

1. Monitoring and evaluation plan

The program's progress as well as its impact are monitored. The detailed monitoring and evaluation plan will be prepared during the first two months of implementation, as part of the Operating Plan of the UGP (later OCBR). The plan consists of a detailed timetable, activities under each component, and expected products and results. Quantifiable progress indicators will be prepared in accordance with the Operating Plan, and quantifiable impact indicators will be designed in coordination with the principal R-PP collaborators (Management Committee institutions) and GTREDD. For each indicator, milestones will be proposed according to the R-PP's operational timetable. Reporting on indicators is the responsibility of the UGP/OCBR and will be overseen by the Management Committee. Inside the country, the National Climate Change Commission (*Comisión Nacional de Cambio Climático*, CNCC) and GTREDD will be responsible for evaluating the progress achieved and presenting options to the Management Committee. In addition to technical meetings, the OCBR will request meetings every six months with the GTREDD for the specific purpose of discussing progress with regard to the Readiness phase. Through the GTREDD, stakeholders will be informed about REDD+'s progress in the country. External reviews and audits will be conducted at mid-term and at the end of the project.

2. Progress reports

As mentioned in Component 1a, progress with regard to REDD+ will be reported by the Forest and REDD Coordination Agency (OCBR). OCBR will be in charge of coordinating the various institutions on the preparation of information needed to prepare the progress reports. To monitor REDD+'s evolution within the country, it is proposed that there be two levels of progress reports: one that is prepared every three months and allows information to be gathered from the three levels of REDD's implementation in Peru; and another that is prepared annually and contains not only a compilation of the information generated but also a detailed analysis, in qualitative and quantitative terms, of the progress achieved. Financial reports will be prepared by the administrative unit, in accordance with the requirements and procedures of donor institutions.

3. Mid-term project assessments

One year after the start of the R-PP's implementation, a World Bank supervision team, accompanied by a team of auditors or external reviewers and interested key stakeholders, will conduct an assessment of progress in execution. The review will focus on: 1) progress in the achievement of results, products and deliverables of the R-PP's different components; 2) improvements in institutional arrangements for Readiness management in the country; 3) involvement and strengthening of stakeholder capacities in REDD+; and 4) progress in the preparation of the National REDD+ Strategy. Based on the results of the external audit, the OCBR will propose a work plan for project completion

that makes it possible to enhance the strength identified to date as well as to collect the identified observations and limitations.

4. Final Project Assessment

Three months prior to project completion, a final assessment will be made of the progress reached during the R-PP's implementation. The principal objectives of this assessment will be to: 1) measure the level of achievement of the objectives proposed in the R-PP; 2) evaluate the relevance and use of the R-PP's results in preparing the National REDD+ Strategy; and 3) evaluate progress in integrating REDD+ with the low-carbon development strategy.

5. Preliminary indicators

Table 6-1 presents a list of preliminary progress and impact indicators, as the basis for the evaluation and monitoring plan. These indicators are generic, with no characteristics of quantity, seasonality and means of verification. The characteristics will be prepared in a participatory manner during the first phase of the R-PP's implementation.

Table 6-1. Preliminary indicators of the monitoring and evaluation plan

R-PP Components	Progress Indicators	Impact Indicators
Component 1a		
Design and implement the Forests and REDD+ Coordination Agency (OCBR)	<ul style="list-style-type: none"> OCBR legally established and staffed Counterparts in other ministries established Management Committee appointed Operating plan prepared 	<ul style="list-style-type: none"> OCBR functioning efficiently according to operating plan approved by GTREDD and Management Committee
Strengthen the current GTREDD and promote the effective participation of key institutions and stakeholders at national and regional levels	<ul style="list-style-type: none"> Database of information relevant to REDD+ Mapping of stakeholders in REDD+ Participation of new stakeholders in GTREDD 	<ul style="list-style-type: none"> GTREDD, with the balanced representation of different sectors, functions effectively as an entity providing technical and strategic guidance to OCBR
Strengthen the existing Regional REDD Roundtables and Indigenous REDD Roundtable and the generation of their participants' capacities for REDD+	<ul style="list-style-type: none"> Regular communications and training meetings for National REDD+ Roundtable and Indigenous REDD Roundtable and for Regional REDD Roundtables and Indigenous REDD Roundtables Ongoing participation of representatives of different civil society stakeholders Linkage of REDD+ Roundtable and Indigenous REDD Roundtable with GTREDD 	<ul style="list-style-type: none"> National REDD+ Roundtable and Indigenous REDD Roundtable function as a dialogue and analysis group for the National REDD+ Strategy National REDD+ Roundtable implements SESA Regional REDD Roundtables and Indigenous REDD Roundtable function as advisory agencies to regional governments
Component 1b		
Compilation of relevant information for the design of the information, participation and consultation plans	<ul style="list-style-type: none"> Map of stakeholders for information and participation process Dissemination materials 	<ul style="list-style-type: none"> Different groups of key stakeholders for National REDD Strategy have been provided with adequate, available

	<ul style="list-style-type: none"> prepared Information workshops conducted 	information to establish an information, participation and consultation plan
Design of information, training, participation and consultation plans (Phase II – Planning)	<ul style="list-style-type: none"> Proposal for information, training, participation and consultation plan prepared in a participatory manner with REDD Roundtable, Indigenous REDD Roundtable and indigenous organizations 	<ul style="list-style-type: none"> Information, training, participation and consultation plan approved by GTREDD and OCBR Management Committee
Execution of information, participation and consultation processes (Phase III – execution)	<ul style="list-style-type: none"> Information workshops on basic aspects of climate change and REDD+ Training workshops differentiating types of target populations Participation of different groups of stakeholders Process of consultation with indigenous peoples Evaluation of process prepared by REDD+ Group 	<ul style="list-style-type: none"> The different groups of key stakeholders for the implementation of the National REDD+ Strategy in Peru have been informed and participate in all steps of the strategy (development, implementation, evaluation) Indigenous organizations have been consulted in accordance with ILO Convention 169 and the Prior Consultation Law in Peru
Component 2a		
Updated diagnostic of land tenure and current land use	<ul style="list-style-type: none"> Document on diagnostic of current land use 	<ul style="list-style-type: none"> There is information on current land use that provides sufficient basic information to define the component's activities
Analysis of problems of, and beginning of solutions to, land overlapping, land-tenure conflicts	<ul style="list-style-type: none"> Diagnostic of land tenure and ownership, title clearing, governance and intervention in lands traditionally occupied by indigenous peoples Specific program to identify and categorize lands prepared Proposals for title clearing and georeferencing, and start-up of implementation Document analyzing feasibility of putting a single cadastre system into practice 	<ul style="list-style-type: none"> Principal conflicts about land overlapping and land tenure in areas highly likely to implement REDD+ activities have been identified and measures are under way to overcome them
Identify direct and indirect causes of deforestation and forest degradation	<ul style="list-style-type: none"> Document analyzing direct and indirect causes of deforestation, specified by regions 	<ul style="list-style-type: none"> Regional governments have an updated, mutually agreed identification of the causes of deforestation, based on which they can develop National REDD+ Strategy intervention options
Analysis of prior experiences for forest conservation and reduction of deforestation and forest degradation	<ul style="list-style-type: none"> Documentation (summary, traditional and academic knowledge, best practices, lessons learned) of prior 	<ul style="list-style-type: none"> National REDD+ Strategy intervention options are based on the list of positive experiences and lessons

	experiences for forest conservation and reduction of deforestation and forest degradation	learned, translated into [WORDS MISSING]
Component 2b		
Improve linkage and coordination with regard to land uses among State institutions, regional governments, NGOs, the private sector and local and indigenous communities	<ul style="list-style-type: none"> • ZEE and POT in some priority zones for REDD+ prepared 	<ul style="list-style-type: none"> • ZEE and POT in key regions include REDD+ options • A single national cadastre exists
Analysis of the impact and potential convergence of the various ongoing efforts that affect the reduction of deforestation and forest degradation, for purposes of designing the National REDD+ Strategy.	<ul style="list-style-type: none"> • Document evaluating impact and proposing measures of convergence to link relevant projects and interventions with Readiness objectives, especially the interventions of the PNCBMCC and proposed regulatory changes 	<ul style="list-style-type: none"> • Intervention projects and programs are coordinated around the REDD+ Strategy, in terms of forms of operation, areas of intervention and monitoring
Design the National REDD+ Strategy as part of the National Forest Conservation Program for the Mitigation of Climate Change	<ul style="list-style-type: none"> • Strategy document with actions, priority areas, tools, coordination • Mechanisms for coordination and linkage with PNCBMCC 	<ul style="list-style-type: none"> • National REDD+ Strategy approved by OCBR Management Committee, PCM, GTREDD, REDD Roundtable and Indigenous REDD Roundtable
Promote public and private investment in REDD+ in prioritized areas	<ul style="list-style-type: none"> • Detailed design of financing mechanism • Workshops for public institutions to formulate REDD projects 	<ul style="list-style-type: none"> • Fund for acting financing • Availability of funds for projects in REDD+ implementation phase
Component 2c		
Continue the process for the formulation and approval of the National Forestry Policy and the new Forestry and Wildlife Law (under way) and coordinate with the Regional REDD+ Strategy	<ul style="list-style-type: none"> • REDD Roundtable, Indigenous REDD Roundtable and OCBR have provided guidance for a process to formulate a new Forestry Law that would incorporate REDD+ 	<ul style="list-style-type: none"> • National Forestry Law approved by the Council of the Republic
Continue the process for the formulation and approval of the Compensation for Environmental Services Law (currently with the Congress of the Republic) and coordinate with Regional REDD+ Strategy	<ul style="list-style-type: none"> • REDD+ Roundtable, Indigenous REDD Roundtable and OCBR have provided guidance for a process to formulate an Environmental Services Law that would incorporate REDD+ 	<ul style="list-style-type: none"> • Environmental Services Law approved by the Council of the Republic
Formation of REDD+ Roundtables and Indigenous REDD Roundtables at regional level to facilitate the mobilization of resources in order to accelerate the process of strengthening capacities, thus permitting the transfer of duties and responsibilities for natural resources management to regional governments so that they can successfully assume the challenges stemming from the initiative	<ul style="list-style-type: none"> • Regional-level meeting of REDD Roundtables and Indigenous REDD Roundtable • New REDD Roundtables designed 	<ul style="list-style-type: none"> • In various regions (number to be determined), REDD Roundtables have formal agreements with regional governments for the preparation of ERCC and REDD+

Generate legal security for investments in REDD+	<ul style="list-style-type: none"> • Procedures to review, endorse and register REDD projects • List of national-level barriers that assure access of REDD+ initiatives to carbon market incentives or international resources for REDD+ 	<ul style="list-style-type: none"> ▪ Streamlined, transparent, fair and effective procedures for its purposes
Implement in Peru a system to register the initiatives endorsed by the Peruvian Government, making it possible to separately record the emission reductions achieved at subregional, regional and national levels	<ul style="list-style-type: none"> • Registration system designed • Investment in materials and equipment to make registration operational 	<ul style="list-style-type: none"> • Registration system functioning • Adequate institutionality for the registry to carry out proposed functions
Propose and validate fair, just mechanisms for the distribution of costs and benefits associated with REDD+. This activity will be carried out with the collaboration of early initiatives	<ul style="list-style-type: none"> • Proposal for fair cost and benefit distribution mechanisms 	<ul style="list-style-type: none"> • National REDD+ Roundtable and National Indigenous REDD Roundtable approve proposal for mechanisms to fairly distribute costs and benefits for National REDD+ Strategy
Component 2d		
Dissemination of terms of reference for the preparation of the SESA in order to receive feedback from stakeholders in general, including the selection of safeguards	<ul style="list-style-type: none"> • Terms of reference prepared and disseminated 	<ul style="list-style-type: none"> • Comments received on terms of reference incorporated in SESA proposal
Conduct an initial diagnostic to identify environmental and social considerations (the environmental and social baseline), with special emphasis on priority areas for the implementation of REDD+ activities for the establishment of the ESMF	<ul style="list-style-type: none"> • List with environmental and social considerations 	<ul style="list-style-type: none"> • Environmental and social considerations defined by broad representation of civil society, included in SESA
Conduct transparent consultations on environmental and social issues relevant to REDD+ activities, involving the participation of key stakeholders and interest groups identified to ensure the participatory formulation and adoption of strategies	<ul style="list-style-type: none"> • Consultations conducted 	<ul style="list-style-type: none"> • Strategies to mitigate possible environmental and social impacts relevant to REDD+ activities, accepted by REDD+ Roundtables and indigenous organizations
Participatory design of the REDD+ National Social and Environmental Monitoring Framework (ESFM), including an environmental management framework, a resettlement policy framework, a procedural framework, and an indigenous peoples planning framework	<ul style="list-style-type: none"> • Document on framework of REDD+ National Social and Environmental Monitoring (ESFM) 	<ul style="list-style-type: none"> • ESFM approved by REDD Roundtable, Indigenous REDD Roundtable, GTREDD and OCBR Management Committee
Preparation of the SESA	<ul style="list-style-type: none"> • Plan for the SESA 	<ul style="list-style-type: none"> • SESA operating with the broad and active participation of different groups and sectors related to REDD+ activities
Component 3		

At national level, review, propose, consult and adapt conceptual and methodological frameworks for the preparation, review, approval and registration of reference scenarios	<ul style="list-style-type: none"> • Reference scenarios proposed in different regions • Conceptual frameworks established 	<ul style="list-style-type: none"> • Standardized Methodological Framework accepted by regional governments and GTREDD
Strengthen regional-level capacities for the establishment of reference scenarios (current and planned) stemming from deforestation and forest degradation	<ul style="list-style-type: none"> • Technical groups established • Capacity strengthening plan implemented 	<ul style="list-style-type: none"> • Regional governments have the capacities (human, financial, technical and material) to prepare reference scenarios
Establishment of reference scenarios (current and planned) on deforestation and forest degradation, based on historical trends and forecast models that consider socioeconomic aspects and other national circumstances	<ul style="list-style-type: none"> • Reference scenarios prepared and validated in different regions • Participation of civil society and native communities in preparation of scenarios 	<ul style="list-style-type: none"> • Reference scenarios developed at regional level adequately integrated in a national reference scenario
Facilitate access to and sharing of information needed to prepare reference scenarios for interested stakeholders (see Component 4a)	<ul style="list-style-type: none"> • Activities to disseminate reference scenarios 	<ul style="list-style-type: none"> • Reference scenarios validated by civil society and native communities in preparation of scenarios
Component 4a		
Implementation of SNIGEI and its regulation with regard to USCUS component	<ul style="list-style-type: none"> • SNIGEI designed 	<ul style="list-style-type: none"> • Regulation for SNIGEI with regard to USCUS component accepted by GTREDD and OCBR Management Committee
Propose and estimate variations in carbon reserves and in deforestation and forest degradation at national and subnational levels, based on IPCC methodological guidelines (GPG 03, AFOLU06) and UNFCCC reporting guidelines	<ul style="list-style-type: none"> • Proposals for conceptual frameworks and technical procedures to conduct the quantification • Workshops with national and international experts • Validation in REDD Roundtable 	<ul style="list-style-type: none"> • Conceptual frameworks, methods, procedures and information, technology and necessary capacities defined and accepted by GTREDD and OCBR Management Committee
Design and implement the plan to strengthen technical and scientific capacities for measuring, verifying and reporting GHG emissions from the USCUS sector	<ul style="list-style-type: none"> • Plan for strengthening of technical and scientific capacities 	<ul style="list-style-type: none"> • Different groups participating with MRV (national and regional governments, NGOs, civil society groups, indigenous organizations) have technical and scientific capacities
Link the National Forest Inventory Project and other national and subnational initiatives that contribute relevant information for the National GHG Inventory, making conceptual frameworks and technical procedures compatible in order to conduct the quantification and monitoring of carbon reserves and of deforestation and forest degradation.	<ul style="list-style-type: none"> • Proposal to link INF with MRV 	<ul style="list-style-type: none"> • INF and MRV operationally linked
Facilitate access to and sharing of information needed to quantify and monitor carbon stocks and deforestation and forest degradation	<ul style="list-style-type: none"> • MRV methodology designed and disseminated 	<ul style="list-style-type: none"> • MRV functioning to monitor National REDD+ Strategy • MRV linked to SESA

Component 4b		
Establish baselines to monitor co-benefits and other impacts of REDD+	<ul style="list-style-type: none"> Baseline document to monitor co-benefits and other impacts of REDD+ prepared under the scope of REDD+ Roundtables and in consultation with local and indigenous communities 	<ul style="list-style-type: none"> Baseline accepted by REDD+ Roundtable, Indigenous REDD Roundtable and GTREDD
Integrate [WORDS MISSING] that are applicable to the monitoring of co-benefits and other impacts of REDD+ in the mechanism to be used for reviewing, endorsing and registering REDD+ initiatives	<ul style="list-style-type: none"> Proposal for indicators that are about to be proposed or are currently in use (INF, SNIP, etc.) 	<ul style="list-style-type: none"> Indicators incorporated in SESA
Propose procedures so that subnational (local and regional) initiatives can report co-benefits and other impacts	<ul style="list-style-type: none"> Procedural plan to report on co-benefits of subnational (local and regional) initiatives 	<ul style="list-style-type: none"> Associated with SESA, and with the participation of civil society and local and indigenous communities; identified co-benefits are monitored
Component 6		
Prepare the Monitoring and Evaluation Plan and define indicators, milestones and means of verification	<ul style="list-style-type: none"> Monitoring and Evaluation Plan in accordance with OCBR Operating Plan 	<ul style="list-style-type: none"> Monitoring and Evaluation Plan approved by GTREDD and OCBR Management Committee
Reporting	<ul style="list-style-type: none"> Progress reports 	<ul style="list-style-type: none"> Donors, government sectors and civil society understand the progress of the R-PP project
Mid-term external assessment	<ul style="list-style-type: none"> Assessment Report 	<ul style="list-style-type: none"> Positive assessment
Final external assessment	<ul style="list-style-type: none"> Assessment Report 	<ul style="list-style-type: none"> Positive assessment
Audit	<ul style="list-style-type: none"> Audit Report 	<ul style="list-style-type: none"> Positive assessment

6. Component Activities

- 6.1 Preparation of Monitoring and Evaluation Plan, and definition of indicators, milestones and means of verification;
- 6.2 Reporting;
- 6.3 Mid-term external assessment;
- 6.4 Final external assessment;
- 6.5 Audit.

Table 6. Budget Component 6: Design a Framework for the Monitoring and Evaluation Program

CATEGORY	PARTIAL TOTAL	SOURCE			BUDGET TIMETABLE				
		FCPC	MOORE	Pledge KFW	2010	2011	2012	2013	2014
COMPONENT 6.a Design a Framework for the Monitoring and Evaluation Program	116,285.71	116,285.71	0.00	0.00	14,685.71	14,685.71	43,257.14	14,685.71	28,971.43
Activity 6.a.1 Preparation of indicators	23,571	23,571			4,714	4,714	4,714	4,714	4,714
Activity 6.a.2 Progress reports	42,857	42,857			8,571	8,571	8,571	8,571	8,571
Activity 6.a.3 Mid-term project assessments	28,571	28,571					28,571		
Activity 6.a.4 Final project assessment	14,286	14,286							14,286
Activity 6.a.5 Audit	7,000.00	7,000			1,400	1,400	1,400	1,400	1,400

ANNEXES

For ANNEXES, please refer to Spanish version of the R-PP available on the FCPF website. They are not translated into English.