

**Forest Carbon Partnership Facility (FCPF) Readiness Mechanism  
Readiness Preparation Proposal (R-PP) External Review Template**  
interim, September 10, 2009, from Program Document FMT 2009-1, Rev. 3)

**Preliminary Review of DRAFT R-PP: Peru**  
Reviewer: Juergen Blaser, synthesizing 5 anonymous reviews  
Date of review: 4 June 2010

*Objectives of a Readiness Preparation Proposal (condensed directly from Program Document FMT 2009-1, Rev. 3)*

*The purpose of the R-PP is to build and elaborate on the previous Readiness Plan Idea Note (R-PIN) or a country's relevant comparable work, to assist a country in laying out and organizing the steps needed to achieve 'Readiness' to undertake activities to reduce emissions from deforestation and forest degradation (REDD), in the specific country context. The R-PP provides a framework for a country to set a clear roadmap, budget, and schedule to achieve REDD Readiness. The FCPF does not expect that the activities identified in the R-PP and its Terms of Reference (ToR) would actually occur at the R-PP stage, although countries may decide to begin pilot activities for which they have capacity and stakeholder support. Instead, the R-PP consists of a summary of the current policy and governance context, what study and other preparatory activities would occur under each major R-PP component, how they would be undertaken in the R-PP execution phase, and then a ToR or work plan for each component. The activities would generally be performed in the next, R-PP execution phase, not as part of the R-PP formulation process.*

**A Summary of Comments of the Technical Advisory Panel Regarding the DRAFT REDD  
Readiness Preparation Proposal (Draft R-PP) submitted by the Government of Madagascar**

**Reviewer's assessment of how well R-PP meets the standards, and major recommendations:**

Peru, with a forest extent of nearly 69 million ha, has the fourth largest extension of tropical forests in the world, after Brazil, DRC and Indonesia. These forests are some of richest in the world, both in terms of biological diversity and natural resources (timber, water, carbon stocks, minerals, oil and gas). Half of the country is under forest cover of which 70% of it is natural forests. The forest types include arid and semi-arid forests on the coast and semi-humid forests in mountain and inner-mountain valleys cover approximately 12 million hectares. The main forest type in Peru is tropical moist forest entirely located in the Amazon basin covering about 56 million hectares. Peru is regarded as a high forest country with increasing threat of deforestation and considerable rates of forest degradation. The present situation of the forest sector is a direct consequence of inadequate policies and regulations with an extractive - oriented institutional framework. As a result and despite the natural wealth of the country, the revenues from the forest related activities represent only 1% of the NGP and the areas with the largest forest coverage show extreme poverty rates over 50%.

Annual deforestation in Peru averaged an estimated 0.4% in the period 1990–2000 or 269,000 hectares (FAO 2005) and between 2000 and 2005 to 179,000 ha (FAO 2009). Deforestation is caused mainly by the

establishment of new settlements in the Amazon basin, estimated to 81% of total deforestation, timber extraction for domestic use, illicit cultivation of coca, and the expansion of urban centers in the Amazon basin. Carbon emission from deforestation and forest degradation in Peru accounts for more than 70% of total national emissions. A steady high level of deforestation and forest degradation is expected under business as usual (BAU) scenario, as major extractive activities like mining and oil drilling, and road infrastructure are developing in the Amazonian region. In general, deforestation rates at the national level are not homogeneous, due to the differences in geographical, institutional, cultural and social characteristics. Weak public institutions, lack of integrated national planning, scarcity of resources, unreliable data and lack of qualified human resources are also key issues that contribute to the loss of forests and natural ecosystems.

Peru recently made a political commitment in COP-15 for zero deforestation by 2020, which however seems not been backed by a broader political consensus. The country is in a very early stage of preparedness to undertake REDD and to address key direct and underlying drivers of deforestation. While a lot of information and experience is available in the country, in the present R-PP only few of this information has been used.

While a considerable effort has been made to develop a draft R-PP, there are serious gaps in providing the necessary background information, in defining the approaches and in developing appropriate TORs for the development of the REDD+ strategy, reference scenario and MRV. There is no clear strategy presented in the document, information are often repeated and partly misplaced in the document, the analysis is often weak (e.g. on participation, drivers of deforestation and forest degradation, potential of REDD+, in particular enhancement of sinks, in the chapter on reference scenario and MRV). Overall, the text is somehow disorganized.

Some more detailed observation can be summarized as follows:

- The most positive element in the draft R-PP is the effort to base the Readiness planning on existing experiences and programmes and to build on an approach that closely links national and sub national levels. More precise information is needed, however, as well as more clarity about the geographical approach and the distinction between REDD and REDD+ in the different biophysical zones.
- In the TAPs view, the current institutional situation and the proposed arrangements (to reinforce TG REDD, to establish a UCF and to operate a SISNAFOR) are insufficient to develop Readiness. In addition, excepting the MINAM, there is no evidence of real and effective Governmental willingness to assume a REDD program. The R-PP, as submitted, seems to be limited to the new and small MINAM. The CNCC and the TG REDD are merely consultative and their members are not top level government officers. All necessary actions are planned to depend from the MINAM Minister but his influence on other sectors, especially on MINAG and COFOPRI, seems to be very limited.
- There is a **lack** of linkage between the different components in the R-PP are a serious problem of the R-PP; several topics/activities (such as stakeholder analysis, estimation of carbon stocks, distribution mechanisms, description of existing REDD activities etc.) are repeated throughout the document. This could lead to duplication of efforts and inefficient use of available resources (human and financial)
- Capacity building is a transversal theme mentioned in almost every component, however it does

become clear where the gaps are and which specific capacity needs to be built (based on the analysis of existing capacities.)

- The overall objective of the Readiness planning is not clear, though an approach has been chosen to present results, activities and indicators. However, there is a lot of repetition from one section to the other.
- The document has probably been elaborated by different authors with little coordination in between the authors; similar topics are treated with a lot of clarity under one component and in a confused manner in another component. There is a need for an overall revision of the document to ensure coherence.

The fact that Peru has been elected as a pilot country of the Forest Investment Programme under the Climate Investment Funds of the Multilateral Development Bank is not mentioned, though very relevant for the REDD+ strategy development. FIP investment can make a difference in this process by supporting the government's efforts to move to a strategic approach on REDD+ by integrating the role of natural ecosystems into national planning and development strategies, and complementing ongoing private sector initiatives that include exploration of REDD+ investments. These issues need to be specified also in the R-PP document.

The Draft R-PP does yet not provide a sufficiently solid basis for the Peruvian government to move into the direction to implementing readiness activities. The proposal needs to be improved in order to address the real potential of REDD+ in Peru.

### **Major Recommendations:**

Peru submitted a draft R-PP for consideration by the TAP. Thus, the TAP review is not a final assessment, but a stage within the further preparation process of the R-PP in Peru. At this stage, the TAP recommends the R-PP be fundamentally reviewed, as follows:

- Overall revision of document to ensure more coherence and avoid duplication of efforts; take into account the detailed comments and recommendations made under each component. Consider the observations made in the Annex to further develop the components on Reference Scenario and MRV. If necessary, seek the World Bank for an outside consultant to support the revision of the R-PP
- Get inspired by the reading and analysis of existing R-PPs, in particular Costa Rica, Panama and Guyana
- Reflect further on the institutional arrangements and decision making provisions at an adequate level that expresses the extra-sectoral challenges of deforestation and forest degradation and the particular challenges of Peru, comprising different tropical biomes, complex socio-economic and cultural conditions as well as a particular context in sector governance.
- Make clear that the R-PP preparation process is well consulted with a larger group of stakeholders within the governmental institutions and civil society stakeholders and prepare appropriated consultation plans for the R-PP implementation with stakeholders and directly involved parties at all levels, nationally and sub-nationally, as well as locally in forested areas
- Analyze more carefully the evolving forest policy and consider more in detail how the current process of revision of the forest law and environmental service law can influence an evolving RED+ strategy. Take into account lessons learnt from major forest sector initiatives implemented over the past 3 decades (what worked, what did not work and if so, why did it not work from a

REDD perspective)

- REDD+ strategic options: Carefully consider in the REDD+ strategy in the different land tenure categories and the inclusion of the forest depending communities and reflect on how they could be effectively be included in the REDD+ schemes (including both, obligations and incentives)
- Thoroughly assess, in respect to the preparation of the reference scenario, existing capacities/capacity gaps and specify strategies of capacity building, how existing capacities can be strengthened and how the required activities are managed and employed
- Consider, in respect to the elaboration of a monitoring system, an appropriate and effective participation of stakeholders and deforestation and degradation actors from the very beginning.
- Elaborate a detailed roadmap which of the REDD+ relevant parameters the MRV system can account for in the medium term; determine what carbon pools will be accounted for and what appears to be a reasonable period for the implementation; assess the relevance of available technical and methodological options with respect to the national circumstances and take more attention to the connection of its REDD+ strategy with the preservation of its exceptional biodiversity. See also the recommendations made in the Annex.
- Carefully elaborate the budget for each section, considering the amount made at disposal through FCPF and elaborate on the prospects for additional leverage funding.
- Prepare an adequate monitoring plan and describe its main components.

The more detailed assessments and further recommendations on the 6 components of the Draft R-PP of Peru are presented beneath.

## Standards to be Met by R-PP Components

*(from Program Document FMT 2009-1, Rev. 3:)*

### Component 1. Organize and Consult

#### Standard 1a: National Readiness Management Arrangements

The cross-cutting nature of the design and workings of the national readiness management arrangements on REDD, in terms of including relevant stakeholders and key government agencies beyond the forestry department, commitment of other sectors in planning and implementation of REDD readiness;

#### **Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

The Ministry of Environment (MINAM) is the central Government agency in charge of coordinating/handling CO2 issues. Since its establishment in 2008 it has reorganized the previously existing but inoperative *Comision Nacional de Cambio Climatico* (CNCC) chaired by the Minister. One of its seven Technical Groups (TG REDD) is related to REDD+ and in charge of advising the process dealing with its implementation in Peru. CNCC and the TG REDD are today merely consultative bodies. The TG REDD is linked to the *Direccion General de Cambio Climático, Desertificación y Recursos Hídricos* (DGFCCDRH) of the MINAM. The DG of the DGFCCDRH chairs the TG REDD.

In synthesis the R-PP is proposing (i) to reinforce the TG REDD, (ii) to establish a *Unidad de Carbono Forestal* (UCF) that may become a dependency of the Ministry (high level) or of the DGFCCDRH (lower level) and, (iii) to establish a *Sistema Nacional de Monitoreo e Verificación de Carbono Forestal* (SISNACAF).

The Ministry of Agriculture, (MINAG) which traditionally has a productive and an extractive based approach, however, is still the agency responsible for national policies regarding the agrarian sector which includes issues related to forest conservation, forest use and management through its *Dirección General Forestal y de Fauna* (DGFF). The focal point for REDD+, however, is MINAM. The REDD+ Working Group thus is a challenging institutional arrangement where considerable coordination efforts are needed (in particular between MINAM and MINAG) to develop successful REDD+ policies and programs. The articulation of this coordination and the placing of the REDD+ coordination unit at an appropriate political level is key. Considering the complex political environment in Peru, it is easily predictable at this stage that the capacities of MINAM to conduct alone a REDD+ process over a longer period of time will be very limited.

Besides the large portion of the Peruvian forests that depends directly of MINAG, another large portion is indigenous land. Indigenous people depend from the *Instituto Nacional de Desarrollo de los Pueblos Andino Amazonicos y Afroperuanos* (INDEPA) but in practice indigenous land issues were traditionally handled by the MINAG and, since a few years, are administered by the *Organismo de Formalización de la Propiedad Informal* or COFOPRI (now being challenged due to corruption practices). Only protected areas (administered by the *Servicio Nacional de Áreas Naturales Protegidas -SERNANP*) are in charge of the MINAM. Therefore, it is not clear why MINAG and COFOPRI are not more clearly and directly involved and why INDEPA is not even mentioned in the document.

The Peruvian Climate Strategy stresses the critical need to mainstream forest and biodiversity conservation into national development policies. It is important thus to establish a cross ministerial arrangement with enough convening power within the Peruvian government where Environment, Planning, Finance, Agriculture, Energy and Mining are jointly planning and executing the Forest and Climate Change Strategy. The role of private sector and NGO's are also strategically important in this process and a good involvement of these stakeholders needs to be realized at the level of institutional arrangements for the REDD+ strategy.

Some detailed observation include:

- It is proposed that the SISCANAF will operate in a decentralized way. However, the Ministry of the Environment lacks "regional nodes" for the time being. As such how can SISCANAF work in articulation with the regional governments? Which role could the MINAG's decentralized offices play?
- Participation is recognized in the proposal, but it is not clear how such participation will be incentivized and secured (*participación de representantes de comunidades indígenas y de los diferentes sectores - MEF, MINAG, MEM - en el GT REDD*).
- There is a need to further clarify the functioning of GT REDD and the UCF. The tasks of the UCF and GT-REDD are quite detailed, however there is no information in regard to their composition and interrelations
- How to articulate the different institutions from the Academia (when stating "strengthening scientific capacity" in all the different components)?
- There is mention about the importance of institutional arrangements for a successful implementation of the R-PP. However, there is a need to specify them and to propose clear objectives and responsibilities. It would be important to develop an organizational chart in this regard and indicate the functions of each body involved

- Despite its apparent weaknesses, the role of the MINAM as national focus for REDD and Readiness is unquestionable. However, it may not assume alone this task, especially because a large part of the required actions correspond to MINAG and to other sectors. Therefore, the R-PP implementation would be improved if the role of the MINAG (natural forest management, reforestation and afforestation), of the SERNANP (protected areas, including those related to indigenous people), of INDEPA (indigenous people) and of COFOPRI (land tenure regularization, including indigenous people) would be further clarified in their role and collaboration with MINAM.

**Recommendations:**

- Provide a clear explanation of the current situation of the institutional arrangements and, differentiate it from the expected situation during or after Readiness.
- Clarify the institutional arrangements overall; include the responsibilities of each committee, and their respective hierarchical linkages to understand better how the whole REDD structure will work.
- Clarify better the different roles and responsibilities, including interactions and collaboration, between the Grupo Técnico REDD (government-led) and the Grupo REDD Perú (NGO-led, but with participation of government agencies, and apparently resourced with significant funds from the NGOs and the Gordon and Betty Moore Foundation). This combination of CSO-led and government-led processes might produce good innovation as readiness plans are concerned.
- Clearer define the role of the MINAG (natural forest management, reforestation and afforestation), of the SERNANP (protected areas, including those related to indigenous people), INDEPA (indigenous people) and the COFOPRI (land tenure regularization, including indigenous people) in the Readiness arrangements coordinated by MINAM. Reflect on a joint REDD task force of these few absolutely key for an effective introduction of a REDD+ strategy.
- Clarify how the SISCANAF will operate in a decentralized way.
- Reflect on the inclusion of the linkages with higher level of administration, including the *Consejo de Ministros*, the President, in order to clarify that the system has the political and the formal ways to integrate REDD in the development plans when needed.
- Consider providing the CNCC a higher governmental status, making it a truly inter-sectorial coordinative and deliberative body, instead of its current mostly informative and consultative role.
- Also explain the mechanics and nature of current and proposed relationship between the central government (MINAM and SERNANP, MINAG and DGFF, COFOPRI) with the 24 regional governments as related to environment, forestry and REDD+.

→ *The standards have not been met.*

**Standard 1b: Stakeholder Consultation and Participation**

Ownership, transparency, and dissemination of the R-PP by the government and relevant stakeholders: Inclusiveness of

effective and informed consultation and participation by relevant stakeholders, assessed in the following ways:

- i. the consultation and participation process for R-PP development thus far<sup>3</sup>, the extent of ownership within government and REDD coordinating body, as well as in the broader national stakeholder community; and

the Consultation and Participation Plan included in the R-PP (which looks forward in time); and the inclusion of elements in the R-PP that adequately document the expressed concerns and recommendations of relevant stakeholders and propose a process for their consideration, and/or expressions of their support for the R-PP.

**Reviewer’s assessment of how well R-PP meets this standard, and recommendations:**

Peru proposes to develop a strategy to inform and consult all relevant actors of REDD. To do so, the need to develop information and knowledge is recognized. Peru counts with a strategy of participation and consultation for REDD+ that needs to be implemented at the national, regional and local levels. The Draft R-PP further mentions the work of the 4 round table of the GNCDPA.

It is quite evident that until now only limited consultation has been carried out in Peru regarding REDD/REDD+. Most actions proposed on consultation and mentioned in the R-PP are ambitious and not well organized propositions to be developed with the Readiness mechanism.

The Draft R-PP does not present any documents to account for any specific consultation in relation to the Readiness development undertaken so far or being planned.

Hence, the plans to move forward with structured consultations and with the strengthening of the institutional arrangements are good steps in the right direction, but it remains unclear so far how they will be conducted. The R-PP further mentions that it will consult at three different levels, national, regional and local, but in reality, it does not provide any information on how these consultations are structured and implemented.

A new version of the R-PP should contain a clear consultation strategy. E.g. in the current draft, there is no selection of priority regions to work, such as the five Amazon regions (Loreto, Madre de Dios, San Martín, Amazonas and Ucayali), nor any suggested priority about groups to be attained in each Region (i.e. staff of the forest and environment related regional agencies, farmers and indigenous leadership, local NGOs, etc.) nor about tactical alliances with NGOs to amplify consultation, participation and training.

The consultation process for the REDD Strategy development needs to be set up to be a continuous process and create means and forms for permanent both way communication with relevant stakeholders including those that directly represent local and indigenous communities in the Amazon.

In the “Participatory Plan” for REDD+ there is an emphasis on internet technologies. Nevertheless, the majority of indigenous population does not have access to this communication means. There is a need to identify and support the channeling of information. A realistic sense on this issue needs to be taken.

Finally, the present draft R-PP is not mentioning any specific organization of the Peruvian civil

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<sup>3</sup> Did the R-PP development, in particular the development of the ToR for the strategic environmental and social assessment and the Consultation and Participation Plan, include civil society, including forest dwellers and Indigenous Peoples representation? In this context the representative(s) will be determined in one of the following ways: (i) self -determined representative(s) meeting the following requirements: (a) selected through a participatory, consultative process; (b) having national coverage or networks; (c) previous experience working with the Government and UN system; (d) demonstrated experience serving as a representative, receiving input from, consulting with, and providing feedback to, a wide scope of civil society including Indigenous Peoples organizations; or (ii) Individual(s) recognized as legitimate representative(s) of a national network of civil society and/or Indigenous Peoples organizations (e.g., the GEF Small Grants National Steering Committee or National Forest Program Steering Committee).

society in the CNPP and in the GT REDD. There are e.g. several well recognized national organization grouping indigenous people (AIDSESEP, CONAP), nongovernmental organizations (some very well known networks) and professional bodies (lawyers, engineers or biologist). Additionally, several Peruvian NGOs are important enough with regard to REDD as to be specifically mentioned, such as SPDA, IBC and ProNaturaleza.

### Recommendations:

- Develop a proper consultation planning, reorganize the proposed activities to first inform and create knowledge and capacities and then consult on the steps needed to introduce REDD+ readiness in the country.
- Explain how and through which organizational structures the consultation and communication process will work with relevant private sectors, for example, indigenous sector and peasant communities, agriculture sector, forest sector among others.
- Clarify how and when the indigenous sector, *comunidades campesinas* will participate in the process, how these groups are organized and how their involvement will be considered in the readiness process at national, regional, and local level.
- Reflect on conflict resolution arrangements when designing the consultation structure.
- Demonstrate how local and native communities are included in the design of the MRV system and its implementation (link to component 4 in this regard).

→ *The standards have not been met.*

### Component 2. Prepare the REDD Strategy

**Standard 2.a: Assessment of Land Use, Forest Policy, and Governance:** A completed assessment is presented that identifies major land use trends, direct and indirect deforestation and degradation drivers in the most relevant sectors in the context of REDD, and major land tenure and natural resource rights and relevant governance issues. It documents past successes and failures in implementing policies or measures for addressing drivers of deforestation and forest degradation, and identifies significant gaps, challenges, and opportunities to address REDD. The assessment sets the stage for development of the country's REDD strategy to directly address key land use change drivers.

### Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The R-PP identifies different general causes of deforestation, refers to laws in the 1940's-70's, road building, demography and poverty. It mentions the results done by a local NGO on the causes of deforestation. The R-PP further mentions problems with property rights issues and governance. It mentions that, with the help of JICA, the government is working at estimating deforestation per region but does not provide information on any government initiatives that might have helped to reduce deforestation.

The data submitted in this section are not updated and remain incomplete. The analysis on current deforestation and forest degradation can be improved when using the full extent of knowledge and expertise available in Peru. Sources not included in the current Draft R-PP estimate the current accumulated deforestation in Peru to at least 10 million hectares (considerable higher than indicated in the Draft R-PP) and most of the forests what remain in accessible areas are highly



degraded by logging, hunting, fishing, mining, urban residues and agrochemicals. A large portion of the forest accounted as not deforested are, indeed secondary growth forests.

An important issue that relates to the development of a REDD+ strategy is the fact that Peru does not have a comprehensive national land use planning in place.. Public works and exploitation of natural resources are being proposed or carried out in the Amazon region without any long term planning nor consultation or social participation. Investment are proposed by each public sector or region and decided by the *Ministerio de Economía y Finanzas* (MEF) solely on the basis of economic considerations. The *Centro Nacional de Planeamiento Estratégico* (CEPLAN) is new, small and almost not operational. Recently, CEPLAN is announcing the preparation of a National Plan and also of a National Plan for the Amazon Development. references to REDD+. The R-PP should thus explore such opportunities and consider how these planning can be matched with a REDD+ strategy.

Currently, the Peruvian forestry legislation is under review and a draft *Ley Forestal y de Fauna Silvestre* is circulating for discussion. The project does not intent to transferring natural forest administration completely to the MINAM, (which could be desirable under a REDD+ strategy), but is keeping the major parts in the MINAG. Historically, MINAG has always given priority to agriculture over forests and has always kept forest administration minimal. The draft Forestry Law provides an opportunity to introduce REDD+ elements and strategies, however, the current draft R-PP does not refer to such opportunity. Anyhow the ongoing law review introduces opportunities as well as uncertainties in the readiness process.

As already underlined under Component 1a, the CNCC and the TG REDD, as proposed coordination bodies, are merely consultative and their members have practically no authority to engage their sectors in a broader REDD+ strategy (i.e. MINAM or COFOPRI). If the decisions concerning REDD+ are taken by MINAM alone, these will not necessarily be enforced by MINAG or other bodies/sectors operating in forests. Therefore, the preparation of a REDD strategy has to rely on clearer institutional arrangements. It also has to rely on sufficient analytical work on the drivers of deforestation and degradation and the inclusion of the REDD+ approach into the relevant legislative frameworks (in particular the evolving forest law).

The draft R-PP has a strong emphasis on Amazon forests ("*región de la selva*"). It is commendable to be more specific on the other important forest ecosystems such as dry forest and mountain forest (*bosques secos, bosques andinos*). There is an informative table which summarizes the analysis of drivers of deforestation:

- It includes a complete analysis of the drivers of deforestation only for the Amazonian region and within the area of the National Forests Conservation Programme.
- Although main causes of deforestation are mentioned, it does not include a differentiation of drivers according to the regions or to the different land uses. It recognizes that this information is needed.
- It includes an analysis of the drivers of deforestation along the inter-oceanic highway; and recognizes that roads are one of the main threats for the forest stand.

However the accompanying text is very generic. While it might be correct to highlight that the pace of road, energy and mining development in the Peruvian Amazon offers significant challenges for the country's forest assets, in the subsequent versions of the R-PP it would be useful to delve more into which components of, for example, road development, REDD+ interventions could be brought to bear. The discussion on forest governance is generic and inconclusive. The text should be more in line with what is mentioned in the tables presented in this component, e.g.

- Include aspects of governance and policies in the analysis of drivers of deforestation

- Include mining and timber harvesting in land use
- Clarify also more in detail the situation on land tenure and land rights in the various forest ecosystems on relevance for REDD+

**Recommendations:**

- Using to the full extent the knowledge and expertise available in the country; deepen the analysis on deforestation and degradation drivers and trends.
- Since a major actor in deforestation is the agriculture sector, it is also important to understand its organizational structure and how it will be involved in the process. (National, regional and local level).
- Reflect on the issue of illegal logging in the Amazon region, as in the past it was considered as a main driver of forest degradation. Also reflect on the issue of illegal crops as deforestation/degradation driver.
- There is a need to document what has been learnt from past lessons when implementing policies and measures for addressing D&D in different land use types (concessions, natural protected areas, native communities...)
- Take into account that not only Amazonian forests may be important and relevant for REDD+. Do not generalize on the direct drivers of D&D as development varies across regions and major ecosystems within the country.
- Revise and deepen chapters on land use and on tenancy.

➔ *The standards have not yet been met.*

**Standard 2.b: REDD strategy Options:** Alignment of the proposed REDD strategy with the identified drivers of deforestation and forest degradation, and with existing national and sectoral strategies: the R-PP includes a summary of the emerging REDD strategy to the extent known presently, and of proposed analytic work (and, optionally, ToR) for assessment of the various REDD strategy options. This summary states:

- i. how the country proposes to address deforestation and degradation drivers in the design of its REDD strategy;
- ii. early estimates of cost and benefits of the emerging REDD strategy, including benefits in terms of rural livelihoods, biodiversity conservation and other developmental benefits;
- iii. socioeconomic, political and institutional feasibility of the emerging REDD strategy;
- iv. major potential synergies or inconsistencies of country sector strategies in the forest, agriculture, transport, or other sectors with the envisioned REDD strategy; and
- v. risk of domestic leakage of greenhouse benefits. The assessments included in the R-PP eventually should result in an elaboration of a fuller, more complete and adequately vetted REDD strategy over time.

**Reviewer’s assessment of how well R-PP meets this standard, and recommendations:**

The R-PP indicate that REDD has created great expectations in the country with 19 proposal of REDD projects. As a consequence, Peru adopted a bottom up REDD vision and is interested in early actions, as well as sub-national and national activities. The document further recognizes the fundamentally different nature of forests that are State properties and of those that are private properties.

Some key elements of the development of the REDD strategy are missing. The summary only

mentions items I to III (IV and V are nonexistent), and even then does not highlight early ideas/available information/estimations on the respective subjects. A key element that is missing is the link between the different scales. E.g. it will be essential to ensure that a single methodology to measure C stocks will be used in all the different projects. A registry will have to be developed to ensure that the government knows what is happening in the country in terms of REDD, etc.

Overall, the R-PP proposes good ideas but lacks on precision. It does not provide information on cost-benefit analysis, nor an analysis of existing legislation or regulations. It does not address leakage although it proposes to work at the sub-national level.

Another important question is how sub-national (early actions and regional scale) and national levels can be integrated? The nested approach seems to be appropriate for Peru, but there is a feeling of uncertainty on how the sub-national activities could feed the national scale.

Furthermore, it is not clear in which component the whole topic of equitable distribution of costs and benefits is to be treated. There is a mention as well in 2b as 2c. In this respect, the follow issues have to be clarified:

- It is not of much use to estimate opportunity costs of a specific alternative productive activity at sub national or national level. The emphasis should be at local level
- Identify which costs and benefits should be estimated at national and sub national level.
- Are benefits equal to incentives?
- The need for establishing mechanisms for benefit distribution is mentioned; nevertheless, it needs to be stated in which stage of the readiness process they will be defined.

The Draft R-PP should be more precise on the strategic approach in the REDD+ strategy development and make clear if it is intended to work up-front with all forests or if it is intended to only work with a part of them and gradually incorporate more forests taking advantage of gained experiences (in a latter stage). If the idea is to work with only a portion of the forest estate (as it seems to be described on page 54), it is necessary to make a clearer decision on the criteria for selecting them (e.g. forest type, forest classification (e.g. the protected area network), ownership situation, administrative boundaries).

Another large patch of forest conditions to test REDD+ are those depending from the DGFF of the MINAG. Most of them are under forest management concessions by private enterprises (10% of the Amazon region but this percent can be expanded up to 31% of the Amazon region). The DGFF also controls several other kinds of concessions (reforestation, conservation, ecotourism, etc.) that may offer interesting opportunities to test REDD+. Additionally, the DGFF is in charge of reforestation, afforestation and restoration of degraded ecosystems. In spite of its current weakness the FONDEBOSQUE provides an interesting financial instrument for the management of REDD+ resources. Such opportunities could be further explored in the R-PP.

Finally, indigenous lands that are not in protected areas (*comunidades indígenas* and *reservas territoriales*) occupy some 18% of the Amazon but could be soon significantly expanded. To work on REDD+ in these areas will be challenging, but also need to be explored. The work with indigenous land must probably be developed on a case by case basis or, using their cover organizations, such as AIDSESEP and CONAP. The *Instituto del Bien Común* (IBC), an ONG working with indigenous land recognition, may be another option.

#### **Recommendations:**

- Incorporate the wider concept of REDD+ (as proposed in the earlier chapters) in the REDD-strategy
- Be clearer on the approach chosen and carefully develop on the missing element in roman I and V of the assessment criteria.
- Make the approach clearer on where and who a REDD+ Strategy will be implemented and give a clearer idea on the time frame if a stepwise approach is chosen.
- Develop on the main barriers of a REDD+ strategy and an initial approach to overcome them, as well on how displacement of emissions will be considered at project level, regional and national level, and on what are the implications for the nested approach
- Reflect on how the current process of developing the *Ley de Servicios Ambientales* and *Ley Forestal y de Fauna* are relevant for Readiness and the development of the REDD+ strategy. Reflect if during the R-PP implementation, efforts can be made to introduce REDD+ elements in the current national planning and law formulation process.

→ *The standards have not been met.*

**Standard 2.c: REDD implementation framework:** Describes activities (and optionally provides ToR in an annex) to further elaborate institutional arrangements and issues relevant to REDD in the country setting that identifies key issues, explores potential arrangements to address them, and offers a work plan that seems likely to allow their full evaluation and adequate incorporation into the eventual Readiness Package.

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

This section is articulated around expected results. The most interesting one is the mention of an institutional framework to avoid double accounting of emissions avoided. There is no mention of the institutions that will be responsible for implementations.

A positive aspect is that that the most important elements, such as cost/benefit mechanisms and Payment for Environmental Service schemes have been identified in the Draft R-PP.

The R-PP should make a better link to relevant articles of the several laws and regulations that will be part of the legal framework for REDD. Many of them already exist (*Código de Medio Ambiente, Ley de Comunidades Indígenas, Ley de Desarrollo de la Amazonia, Ley de Áreas Naturales Protegidas por el Estado, Ley de Promoción de Inversiones en la Amazonia, Ley de Promoción de la Inversión Privada en Reforestación y Agroforestería, Ley de Descentralización, etc.*) and, as mentioned before, some others are being reviewed (*Ley Forestal y de Fauna*) or being elaborated (*Ley de Servicios Ambientales*).

There is no national development planning framework in place, but several ongoing initiatives could inform the REDD implementation framework, such as the initiative of CEPLAN (already mentioned before) and economic-ecological zoning being developed for the Amazon by the *Instituto de Invesigación de la Amazonia Peruana* (IIAP). These initiatives could inform the selection of priority areas for REDD+ that are outside protected areas, indigenous land or managed forests. They could help to identify land under pressure by cattle ranchers or agriculture or lands that are prone to restoration or reforestation.

In conclusion, this component in the Draft R-PP does not offer sufficient details to allow the reviewer to assess whether it meets the required standards. While it is not expected that Peru has

REDD implementation arrangements and issues fully understood at this time, it is important to indicate the process to reach decision on the implementation framework of the REDD strategy.

**Recommendations:**

- Develop further on the proposed scale of REDD+ Implementation (national x sub-national x hybrid implementation)
- Clarify issues relating to carbon ownership (take the advice of the FCPF unit in this regard)
- Make the TOR of benefit sharing mechanisms for potential REDD revenues clearer.

→ *The standards have not been met.*

**Standard 2.d: Assessment of social and environmental impacts:** The proposal includes a program of work for due diligence for strategic environmental and social impact assessment in compliance with the Bank's safeguard policies, including methods to evaluate how to address those impacts via studies, consultations, and specific mitigation measures aimed at preventing or minimizing adverse effects.

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

Peru proposes to develop a social and environmental monitoring system in the context of REDD, to establish a capacity building plan for both civil servants and local populations as well as to study the areas of interest for REDD to study its impact.

While some elements are not clearly developed (e.g. on legal framework, role of decentralization), this component is better detailed than the previous ones in this section. What is important is to clarify which safeguard policies from the WB will apply in the case of Peru. It is also important to identify how the actual legislation fulfills or can be complementary to the WB safeguards policies. The list of expected results is able to expose the logic behind the proposed analyses and provides a better nexus with the higher level objectives, as stated.

The budget is realistic, although the activities still suffer from the necessary lack of detail. What is needed to include are specific mitigation measures aimed at preventing or minimizing adverse effects.

**Recommendations:**

- Integrate monitoring of social and environmental aspects into the Monitoring System
- Include specific mitigation measures

→ *The standards have been partially met.*

**Component 3. Develop a Reference Scenario**

**Standard 3 Reference scenario:** Present work plan for how the reference scenario for deforestation, and for forest degradation (if desired), will be developed, including early ideas on feasibility of which methods to use (e.g., scenario of forest cover change and emissions based on historical trends in emissions and/or based on projections into the future of historical trend data), major data requirements and capacity needs, and linkages to the monitoring

system design.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

### Reviewer's assessment of how well R-PP meets this standard, and recommendations:

What is required under this component is to develop a reference scenario that forecasts emissions and removals of CO<sub>2</sub> into the future in the absence of REDD+ incentives as planned in the REDD+ strategy. This involves two sub-goals:

- Quantification of *historic* emissions/removals from deforestation, degradation, and enhancement of C stocks (DDE) for selected period (e.g. 2000 to 2009) at a national scale using the IPCC framework; and
- Development of *future trajectories* of emissions/removals over different time periods and under different economic and development scenarios.

Peru plans to develop reference scenarios at both the national and the regional level based on historical trends and national circumstances.

Like the preceding sections, this component remains at a very generic level and does only insufficiently address the objectives as outlined above. The R-PP touches on the key themes (capacity development, historic deforestation, modeled scenarios, etc). However, these need to be further specified. It would be interesting to understand how the reference scenarios will be developed and applied at the various spatial scales. Throughout the current Draft R-PP, Peru appears to be advocating for a 3-tiered approach to REDD interventions: national, subnational and project-based (early action, or "iniciativas tempranas", see paragraph beneath). However, the draft TOR in the Reference scenario does not address this question explicitly.

The terms of reference are based on 8 different activities that are interesting, especially point 8 that aims at making all information available to the society. However, the entire section lacks relevant information. Furthermore, none of the activities proposed in the ToR are sufficiently detailed to understand if it will be useful. For example point 2, workshop, could be very interesting as an input but no mention is made on how the information will in fact be used.

It is of interest that Peru proposes to develop deforestation scenario at both the national and the regional level, but further information on how these two scales will be articulated is needed.

Some regions (e.g. Madre de Dios, San Martin) are moving ahead with REDD+ activities faster than others. They are developing coordinated methodologies for e.g. establishing a reference scenario. In order to move on, these initiatives need to know how they will be integrated in an overall REDD+ strategy in the country and what methods will be used for the reference scenario (e.g. methodologies development) will be taken into consideration by the Ministry. I.e. how will early actions (that are currently occurring) be articulated so that a single methodology could be proposed? These questions need to be tackled with priority.

Some observations in detail on the TOR include:

- The deforestation analysis seems to be restricted to Amazonian development policies - what about other regions with potential for REDD+?
- Deforestation modeling should not only include socio-economical aspects, but also development policies (and trends) at a local, regional and national level.

- A multi-sectoral approach (energy, infrastructure, production) needs to be applied when analyzing the existing information. This needs to be in line with the section “drivers of deforestation and degradation”.
- There is an apparent lack of capacities to develop methodologies and implementation of reference scenario and in the potential and application of MRV. This need to be further tackled in the revision of the R-PP.

The bottom line figures for the budget appear to be in the ball park. Examining the budget in this and other sections, an interesting element can be revealed. A US-based private foundation (Gordon and Betty Moore Foundation) is responsible for 34% of the readiness overall budget. The foundation has more flexible funding rules than FCPF, UNREDD or bilateral donors, and this may bring some degree of innovation to this particular country pilot. This aspect could be a subject of closer monitoring during the implementation of the R-PP for possible lessons learned.

▪

#### **Recommendations:**

- Carefully take into considerations the observations made above and the recommendations made in the Annex of the present TAP review that outlines an approach on how to address the main elements for the development of a reference scenario.

→ *The standards have not been met.*

#### **Component 4. Design a Monitoring System**

**Standard 4: Design a monitoring system:** The R-PP provides a proposal for the initial design of an integrated monitoring system of measurement, reporting and verification of changes in deforestation and/or forest degradation. The system design should include early ideas on including capability (either within an integrated system, or in coordinated activities) to monitor other benefits and impacts, for example rural livelihoods, conservation of biodiversity, key governance factors directly pertinent to REDD implementation in the country, and to assess the impacts of the REDD strategy in the forest sector.

The R-PP should describe major data requirements, capacity requirements, how transparency of the monitoring system and data will be addressed, early ideas on which methods to use, and how the system would engage participatory approaches to monitoring by forest-dependent indigenous peoples and other forest dwellers. It should also address independent monitoring and review, involving civil society and other stakeholders, and how findings would be fed back to improve REDD implementation. The proposal should present early ideas on how the system could evolve into a mature REDD monitoring system with this full set of capabilities.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

#### **Reviewer’s assessment of how well R-Plan meets this standard, and recommendations:**

This component should deal with the development of a monitoring, reporting and verification system that allows for transparent accounting of emissions and removals of CO<sub>2</sub> through time that can be compared against the projected reference scenario. What is needed is to show how the country develops a monitoring system that allows for transparent monitoring of other social and environmental impacts (SESA). There is a close linkage between the REDD+ strategy and the monitoring components. It is therefore needed to describe how monitoring will relate to REDD+ strategies. In the current Draft R-PP this important link has not been sufficiently made.

Peru plans to create an “entity”, the SISNACAF that will be responsible for the monitoring



system with the task to permanently monitor forest cover loss. The need for capacity building at the technical and scientific level and to share information with private and public entities is emphasized. This activity is considered important by the TAP.

There are also many interesting suggestions made, such as the need for zoning and rationalization of land use, the recognition that local communities could participate in data collection or the idea of creating a Research center to provide scientific capabilities. However, both background information on available data and details on how the proposed activities will be implemented, is missing in the Draft R-PP.

The concept of monitoring carbon stocks and deforestation is clear, and the inclusion of biodiversity is also recognized. The proponents might want to reflect on how they would monitor socio-economic issues, livelihood and governance issues in respect to a REDD+ implementation.

#### **Recommendations:**

- Link the REDD+ strategy proposed to the MRV system
- Carefully take into considerations the observations made in the Annex of the present TAP review that outlines an approach on how to address the main elements for the development of a MRV system for REDD+
- Clarify how other benefits and impacts, for example rural livelihoods, key governance factors directly pertinent to REDD implementation will be monitored
- Present early ideas on which methods to use to ensure transparency, and how the system would engage participatory approaches to monitoring by forest-dependent indigenous peoples and other forest dwellers.

→ *The standards have not been met.*

#### **Component 5. Schedule and Budget**

**Standard 5: Completeness of information and resource requirement.** The R-PP proposes a full suite of activities to achieve REDD readiness, and identifies capacity building and financial resources needed to accomplish these activities. A budget and schedule for funding and technical support requested from the FCPF, as well as from other international sources (e.g., UN-REDD or bilateral assistance) are summarized by year and by potential donor. The information presented reflects the priorities in the R-PP, and is sufficient to meet the costs associated with REDD readiness activities identified in the R-PP, or gaps in funding are clearly noted.

#### **Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

The R-PP proposes a full suite of activities to achieve REDD readiness, and identifies capacity building and financial resources needed to accomplish these activities. A budget and schedule for funding and technical support requested from the FCPF, as well as from other international sources (e.g., UN-REDD or bilateral assistance) are summarized by year and by potential donor, but not to great detail.

The workplan could have a finer distinction between activities, at a lower level, including a clear time schedule and specification on the question of responsibilities for each sub-activity and particular activity.



The budget under the different components is generally not detailed enough and does not permit an informed assessment (too high? To low?).

**Recommendations:**

- Revise the timeline of activities (at a lower level as now presented) considering the overall ambitious goals to be met in a relative short time frame.
- Make a clearer sequencing of activities
- Make the delivery date of activities clearer and give an indication how long a main activity should last and give an idea on who is responsible for a specific (sub) activity.

→ **The standard has not been fully met.**

**Component 6. Design a Program Monitoring and Evaluation Framework**

**Standard 6:** Adequately describes the indicators that will be used to monitor program performance of the Readiness process and R-PP activities, and to identify in a timely manner any shortfalls in performance timing or quality. The R-PP demonstrates that the framework will assist in transparent management of financial and other resources, to meet the activity schedule.

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

Needs to be developed, cannot be assessed for the time being.

**Recommendations:**

- Standard not met, fully develop component 6.

## ANNEX TO THE TAP REVIEW OF THE DRAFT R-PP of PERU - IDEAS FOR DRAFT R-PP PERU FOR COMPONENT 3 AND 4

### DRAFT OUTLINE OF COMPONENT 3, REFERENCE SCENARIO

#### Goal of Component 3

- Develop reference scenario that forecasts emissions and removals of CO<sub>2</sub> into the future in the absence of REDD+ incentives. Involves two sub-goals:
  - Quantification of *historic* emissions/removals from deforestation, degradation, and enhancement of C stocks (DDE) for selected period (e.g. 2000 to 2009) at a national scale using the IPCC framework; and
  - Development of *future trajectories* of emissions/removals over different time periods and under different economic and development scenarios.

#### Background Information

- Recent rates of deforestation, degradation, forestation: emphasize importance of REDD+ including enhancement of carbon stocks and sustainable forest management
- History of National Communications re: LULUCF?
- Drivers of land use change (forest loss, forest deration): conversion to agriculture and pasture, illegal logging for timber and for fuelwood(?) production
- Forest Definition for Peru: propose available options available,
- Framework for Developing Reference Scenario: IPCC

#### Description of Activities to Accomplish Goal

**Activity 1. Enhance capacity, staffing and technological capabilities within relevant groups; define roles and responsibilities**

##### In a table Format

- Determine hierarchical management structure for developing the reference emission level-who are key players
  - National Level
  - Meso-level
  - Local level (communities)
- Identify additional staffing needs and develop coordination among groups
  - What new positions need to be established for the national REDD+ program related to developing the REL?
  - Determine how various groups will collaborate/coordinate to share data and information
- Identify technological needs
  - Imagery acquisition:
  - Improved internet connections (high speed, fiber optic)
  - Desktop computer + peripherals for each staff member
  - External data storage on dedicated server
  - GIS software (GIS, ERDAS, IDRISI, ENVI)
  - Data management software
  - Updated field inventory equipment (handheld GPS devices, distance measuring equipment, laser range finders, clinometers, dbh tapes, etc.)

- Identify training needs
  - Remote Sensing/GIS:
  - Carbon stock measurement: Training on use and maintenance of field equipment + plot measurement
  - Training on use of IPCC methodologies for calculating emissions/removals
  - Training of staff on monitoring other co-benefits e.g. biodiversity

**Activity 2. Define reference time period and finalize forest definition.**

**Activity 3. Quantify activity data**

*Step 3a. Create benchmark land cover map and perform change detection for historical reference period*

- Identify standards for developing a national basemap
  - Map Projection
  - Map Scale
  - Datum
  - Metadata standards
  - Data Management System for compiling national databases
- Identify whether existing data products are available/appropriate for use in developing historical reference scenario
- Acquire imagery for reference time period and classify each map into forest/non-forest according to forest definition

*Step 3-3b. Classification quality control*

*Step 3c. Accuracy assessment*

*Step 3d. Mosaic and stratification of classification products*

- Develop products:
- On recent year map, stratify existing forest areas based on spectral characteristics of lands that were deforested and forested over the reference time period to inform carbon stock field sampling

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**Activity 4. Develop emission and removal factors for REDD+-related activities**

*Step 4a. Identify key carbon pools to include in the historic estimate*

- Identify key carbon pools to include in historic estimate of emissions/removals
  - Aboveground biomass
  - Belowground biomass (estimate based on IPCC equation)
  - Soils where relevant
  - Dead wood where relevant
  - Litter → exclude, likely not significant

*Step 4b. Develop protocols for carbon stock change data collection including accuracy/precision targets and QA/QC protocols.*

*Step 4c: Inventory all existing historical data (carbon stocks, forest inventory data etc.) and evaluate against accuracy and precision targets.*

- Identify whether existing inventory data are available/appropriate for use in developing historical reference scenario – if so, compile into central database
- If existing data not appropriate, collect new data:

*Step 4d. Link field and remote sensing data*

*Step 4e. Carbon stock measurement*

**Activity 5. Combine activity data with emission factors to develop total historical emissions.** This step will result in estimates of the annual historical emissions and removals

**Activity 6. Develop future trajectory under different economic and development scenarios.**

Subject REL to internal and external verification

## **DRAFT OUTLINE OF COMPONENT 4 (MONITORING, REPORTING, VERIFICATION)**

### **4A EMISSIONS AND REMOVALS**

#### **Goal of Component 4**

- Develop a monitoring, reporting and verification system that allows for transparent accounting of emissions and removals of CO<sub>2</sub> through time that can be compared against the projected reference scenario
- Develop a monitoring system that allows for transparent monitoring of other social and environmental impacts (SESA)
- 

#### **Linkages between REDD+ strategies and monitoring components**

Describe how Monitoring will relate to REDD+ strategies – could do a table of activities will implement under REDD+ and show what tools etc will be used to monitor – briefly

#### **Activities to Accomplish Goal**

**Activity 4-1. Define roles and responsibilities of various institutions in designing and implementing the MRV system and develop a system for collaboration.**

**Activity 4-2. Enhance capacity and training for various stakeholders involved in monitoring.**

**Activity 4-3. Design and implement MRV plan for monitoring activity data.**

*Step 4-3a. Determine scale at which activity data can be monitored using remote sensing imagery.*

*Step 4-3b. Decide on wall-to-wall vs. sampling approach to remote-sensing based area change based on cost-benefit analysis.*

*Step 4-3d. Develop QA/QC procedures for monitoring activity data, test draft MRV plan at demonstration sites and revise MRV plan as necessary.*

**Activity 4-4. Design and implement MRV plan for monitoring carbon stock changes.**

*Step 4-4a. Stratification of land area to be monitored.*

*Step 4-4b. Develop draft field sampling design, collect preliminary field measurements, finalize sampling plan and incorporate into draft MRV Implementation Plan.*

*Step 4-4c. Evaluate options and partnerships for using very high resolution remote sensing methods for C stock change assessment.*

*Step 4-4d. Test draft MRV Implementation plan at demonstration sites and revise MRV plan as necessary.*

*Step 4-4e. Compile databases of emission/removal factors*

**Activity 4-5. Report national estimate of GHG emissions during monitoring period and subject this estimate to international verification.**

In this activity, the outcome of the monitoring system will be synthesized and compared against the reference scenario to provide timely reporting of emissions/removals for REDD+ activities. The MRV implementation plan will be developed to allow for complete transparency so as to be open for verification and peer review.

### **4B OTHER BENEFITS AND IMPACTS**

Other Environmental Benefit

Socio-Economic Benefits