

Annual Report on Progress of Implementing Readiness Activities Peru

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1. EXECUTIVE SUMMARY

Peru's progress in the preparation of the National REDD+ Strategy, can be summarized as follows:

37% of the budget was executed from the start of the project (April 2019) to December 31, 2020. During 2020, the execution of the project was affected by the COVID-19 pandemic, so several activities had to be reformulated and/or rescheduled to be executed in 2021, mainly those that included trips to regions of the Peruvian Amazon and contacts with indigenous communities. Consequently, the Bank approved an extension of the project term until February 8, 2022.

Despite the challenges faced by the project, important results have been achieved, including:

Component 1: Organization and Consultation for REDD+

- 13 Workshops ("Dialoguemos") on the Climate Change Law and Regulation, NDC and Safeguards.
- 06 webinars related to REDD+, safeguards and gender.
- Proposal to strengthen the capacities of indigenous leaders in climate change issues, as part of the Stakeholders Engagement Plan; and
- Start of the design and implementation of a citizen attention mechanism for REDD+.

Component 2: Implementation of the REDD+ Strategy

- 2 project profiles for i) strengthening of the aguaje (*Mauritia flexuosa*) value chain and ii) recovery and improvement of forest ecosystem services, through açai (*Euterpe oleracea*) plantations.
- Design of a mechanism for receiving financial resources from results-based payments for REDD+ and design of a benefit sharing mechanism.
- Carbon inventory in prioritized areas that have previously been deforested; and
- Comprehensive evaluation of the design and performance of the National Forest Conservation Program for the Mitigation of Climate Change (PNCBMCC) especially of the conditional cash transfers program implemented in native communities to reduce deforestation in these lands.

Component 3: Consolidation of the Forest Cover Monitoring System

- Improvement of the technological equipment of the Forest Cover Monitoring Module (GEOBOSQUES platform).
- Improvement of equipment and facilities of the field offices of the PNCBMCC.
- Generation of more than 240 early warning reports on deforestation; and
- Annual reports of forest loss for 78'305,540 hectares of Amazon rainforest, including annual reports at the regional level, reports on protected areas for the National Natural Protected Areas Service (SERNANP), and statistical reports for the National Institute of Statistics and Informatics (INEI).

Component 4: Safeguards Information System

- Development of the Strategic Environmental and Social Assessment (SESA) and the Environmental and Social Management Framework (ESMF), tailored to the national context.
- Production of 1000 communication toolboxes to be distributed among key REDD+ stakeholders.

- Edition, design and printing of 4500 copies of the specific regulations of the Framework Law on Climate Change in 3 languages: Ashaninka, Aymara and Quechua.
- Start of the Safeguards Information Module prototype design, which will be part of the National Environmental Information System.

2. DISBURSEMENT SUMMARY

Component	Total Funds per component (US\$)	Allocated Funds (US\$)		Available Funds (US\$)
		Committed	Disbursed	
Component 1: Organization and Consultation for REDD+	880,000	0	173,155	706,845
Component 2: Implementation of the REDD+ Strategy	1,250,000	0	194,503	1,055,497
Component 3: Consolidation of the Forest Cover Monitoring System	1,700,000	0	203,064	1,496,936
Component 4: Safeguards Information System	500,000	0	0	500,000
Component 5: Monitoring, evaluation and audit	170,000	0	0	170,000
Component 6: Administration and coordination	500,000	0	116,590	383,410
Advance of funds			1,462,690	(1,462,690)
TOTAL (US\$)	5,000,000	0	2,150,002	2,849,998

3. PROGRAM SPECIFIC QUESTIONS

I. Describe progress in how the Grant activities are being coordinated with other REDD+ related initiatives, included those funded by others:

The PNCBMCC (executing agency) executes 04 investment projects called “Somos Bosques” aimed at reducing deforestation. These projects are implemented by the Inter-American Development Bank (IDB) and the World Bank (WB) with funds from the Forest Investment Program (FIP) of the Climate Investment Funds (CIF).

This project coordinates and collaborates with the referred projects through the following intervention strategies: generation of spaces for participation between local and regional actors to enhance governance for forest conservation; promotion of productive initiatives for the development of eco and bio-businesses free from deforestation; and strengthening of forest monitoring to provide quality information to combat deforestation and to improve the response capacity of the authorities.

II. Describe any important changes in the technical design or approach related to the Grant activities:

No significant changes to the technical design have been made.

III. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this Grant

- The design of a financial mechanism for Forests and Climate Change as well as the design of the distribution of benefits of REDD+ results-based payments have both been completed. During 2021 this work will be complemented with a final study on distribution of benefits, which will be validated through a prior consultation process, in accordance with the national legal framework.
- Native communities have increased access to remote sensing information on the deforestation that occurs in their lands. Twelve (12) early-warning monitoring alerts have been generated in 2020, one for each month, helping native communities to identify the reasons that have caused any forest loss that may have occurred. Twelve (12) additional reports have been scheduled for 2021.
- GEOBOSQUES produced three (03) reports in 2020. One of them reported deforestation at the national level and was sent to the Ministry of the Environment (MINAM) to be incorporated into its statistics; another report was specific for the National Service of Natural Areas Protected by the State (SERNANP) for each of its protected areas with primary forests; and the third report was for the National Institute of Statistics and Informatics (INEI) as part of the country's official statistics. Three (3) additional reports have been scheduled for 2021.

IV. Describe progress in addressing social and environmental issues (including safeguards) related to the Grant. Is the SESA conducted in accordance with the Common Approach? Is the ESMF prepared in accordance with the Common Approach?

The Strategic Environmental and Social Assessment (SESA) and the Environmental and Social Management Framework (ESMF) have been updated. A prototype of the safeguard information module has been designed, which is aligned to the National Environmental Information System, managed by the Ministry of the Environment (MINAM).

V. Describe the progress in stakeholder consultation, participation and disclosure related to this grant.

MINAM has established the "Dialoguemos" workshops to effectively engage stakeholders for the implementation of the NDCs. Several of these workshops were aimed at strengthening the capacities of indigenous leaders. Specifically, three (03) indigenous people's platforms (IPP) to face climate change were scheduled to be implemented, one (01) at the national level and two (02) at the regional level. The national platform was developed within the framework of the "Dialoguemos" workshops held between 2019-2020. The development of the two IPP platforms at the regional level has been rescheduled for 2021.

In addition, three (03) supervision reports on the implementation of the Stakeholder Participation and Engagement Plan (SPEP) for strengthening the work of the Indigenous Climate Platform (ICP) and indigenous organizations are planned. Currently two consultants are developing actions related to the implementation of the SPEP and an additional consultant will be hired in 2021 to complete the 3 supervision reports during 2021. Finally, the Pilot Mechanism for Citizen Grievance and Redress Mechanism for REDD+ is in the implementation phase. It is planned to culminate in 2021.

4. LESSONS LEARNED AND RECOMMENDATIONS

- The National Emergency State declared by the government in response to the COVID-19 pandemic forced the project executing unit to adapt to remote working. Due to the lockdown, it was not possible to submit proposals and physical documentation for the procurement processes. In coordination with the Bank, digital procurement guidelines to carry out the contracting processes were established, including guidelines for the selection methods of Public Bidding and Selection based on Consultants' Qualifications. These procurement guidelines have been reported to the Office of Internal Control of the Ministry of the Environment and the Administration Unit of the PNCBMCC. Nearly 60 contracts were signed in 2020 as a result of the application of these guidelines.
- It is necessary to reinforce the knowledge of the project executing unit regarding the IDB standards, both for procurement processes and for the execution of the contracts. Insufficient understanding of these standards has caused unnecessary delays in project execution. Another challenge faced by the project was the late submission of the terms of reference by the different technical areas responsible of specific project activities. Extensive communication and coordination work needs to

be carried out with these areas so that they submit the terms of reference on time. These areas require technical support and permanent advice for the formulation and review of the terms of reference. One key area of support is the preparation of supplier profiles in order to adapt them to what the national market offers to avoid bidding processes that are declared void.