

OFFICE MEMORANDUM

DATE: August 6, 1998

TO: See Distribution Below

FROM:  Lars Vidaeus, GEF Executive Coordinator

EXTENSION: 34188

SUBJECT: **Peru: PDF Block A Request for GEF Medium Size Project
Biodiversity Conservation through Sustainable Land Management in the Nanay
River Basin**

Please find attached a PDF Block A Request for Peru: Biodiversity Conservation through Sustainable Land Management in the Nanay River Basin. We would appreciate your comments by August 13, 1998. Thank you.

Distribution:

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GEF MEDIUM-SIZED PROJECT

Block A PDF

PART I - ELIGIBILITY	
1. Project name: Biodiversity Conservation through Sustainable Land Management in the Nanay River Basin (Peruvian Amazon)	2. Proposed GEF Implementing Agency: The World Bank
3. Country or countries in which the project is being implemented: Perú	4. Country eligibility: Perú ratified the CBD on June 7, 1993
5. GEF focal area(s): Biodiversity	6. Operational program/Short-term measure: OP 2 (Coastal, Marine, and Freshwater Ecosystems), and 3 (Forest Ecosystems)
<p>7. Project linkage to national priorities, action plans, and programs:</p> <p>Conservation of biological diversity is mandated by the political constitution of Peru (art. 68) and is considered a national priority in various legal instruments, including the Environmental Code, the Law on Conservation and Sustainable Use of Biological Diversity, and the Forestry and Wildlife Law now in effect. Peru is a signatory of the Convention on Biological Diversity. Specifically, the newly enacted Law on Conservation and Sustainable use of Biological Diversity (law 26839 of 1997) establishes, among other things, (art. 5) pursuant to art. 68 of the political Constitution of Peru, that the state promotes:</p> <ul style="list-style-type: none"> A) Giving priority to actions to conserve ecosystems, species and genes. B) The adoption of an integrated approach to land and water management, utilizing the hydrographic basin as the unit for environmental management and planning. C) Conservation of ecosystems as well as arable lands, promoting the appropriate use of techniques of sustainable management. D) Prevention of pollution and degradation of land and aquatic ecosystems, through conservation and management practices. E) Rehabilitation and restoration of degraded ecosystems. F) Adoption of clean technologies making it possible to improve the productivity of ecosystems, as well the integrated management of natural resources. G) Incorporation of ecological criteria to conserve biological diversity in environmental and land management processes. <p>☞ (art. 13) the state promotes the establishment and implementation of mechanisms to preserve biological diversity in situ, such as the declaration of protected natural areas and the regulated management of other natural ecosystems, in order to ensure conservation of ecosystems, species and genes in their original setting and to promote their sustainable use.</p> <p>☞ (art. 23) recognition is given to the importance and value of the knowledge, innovations and practices of rural and indigenous communities for the conservation and sustainable use of biological diversity. Also recognized is the need to protect this knowledge and to establish mechanisms to promote its utilization with the informed consent of said communities, guaranteeing just and equitable distribution of the benefits derived from its utilization.</p>	

☞ (art. 26) declared to be a priority and of national interest is scientific research on: A) knowledge of the species of flora, fauna, microorganisms and ecosystems obtained by carrying out inventories, biological studies and environmental monitoring. B) management and conservation of forest ecosystems and species of economic, scientific, social or cultural significance (...) C) conservation and sustainable management of ecosystems, especially forests, fragile lands, arid lands, semi-arid lands and wetlands. D) restoration of degraded areas. E) development of appropriate technology and the complementary use of traditional technologies along with modern technologies.

☞ the environmental code (decree-law 613) establishes the following with respect to environmental planning (art 4.): The purpose of environmental planning is to create the conditions for re-establishment and maintenance of the balance between environmental conservation and [the use of] natural resources for national development so as to achieve a quality of life compatible with human dignity.

☞ (art. 5): environmental planning consists of the management of land, human settlements and resources so as to allow for appropriate use of the environment in order to promote sustained economic development.

The proposed project directly and explicitly supports these national priorities.

8. GEF national operational focal point and date of country endorsement:
Mr. Paul Remy, Executive Secretary, CONAM, on March 23, 1998

9. Project rationale and objectives:

The central goal of the project is to promote conservation and sustainable use of biodiversity in the Nanay river basin by establishing a model for sustainable resource management within an ecosystem perspective.

In recent decades, the Peruvian Amazon has been suffering from unprecedented pressure from a growing human population. In particular, forests located close to large cities and the Andean foothills are being destroyed at an accelerated rate, imperiling ecological balance and conservation of biological diversity. The consequences of deforestation in many hydrographic basins are extremely serious: degradation of soils, erosion, rivers overflowing their courses, landslides, scarcity of water during dry seasons, destruction of unique ecosystems with the resulting extinction of species, squandering of enormous natural resources, etc.

This process could be controlled with the application of modern land use planning techniques and participatory decision-making. The Nanay river basin is suffering great pressure drawing on natural resources both due to migratory farming and selective extraction. However, with respect to biological diversity, this area has special characteristics: the Nanay river basin is strategically located in one of the most biodiverse regions of the planet, the northern Peruvian Amazon.

Although scientific studies here are scarce and very specific, it is known that the region between the Napo and Tigre rivers (which is bisected by the Nanay) shows various world records in terms of biodiversity per area: world record for species of trees per hectare (Gentry, 1988), for reptiles (Dixon and Soini 1975, 1976), for amphibians (Rodriguez and Duellman 1994), for primates

(Alvarez and Moya 1995), and probably for birds (Ridgely and Tudor 1989, Alvarez 1994). In addition, the area between the Napo and the Tigre is known to be one of the most important centers of endemic species in the Amazon region (the so-called "Napo Refuge") which is home to numerous species that are endemic, rare and with very limited range of distribution, among them more than 100 species of plants, 3 species of primates, and more than a dozen species of birds, in addition to various amphibians and reptiles.

Due to increasing deforestation, numerous species that are of limited distribution or endemic are at risk of disappearing in the short and medium term: not only are thousands of hectares destroyed each year by migratory agriculture, but millions of trees are cut down to supply Iquitos with wood for construction, firewood for household use and for industry and wood for conversion, with the aggravating factor that much of this wood is taken from white sand forests that are extremely fragile and provide a habitat for numerous endemic species. The mass destruction of the forests of this basin also endangers the supply and quality of water for the city of Iquitos, if corrective measures are not taken in time.

Also, as in the entire Amazon area, ecological problems combine with social and economic problems: The indigenous groups, in addition to sharing with those of mixed race the problems of chronic poverty afflicting the majority of the Amazon population, are undergoing an accelerated acculturation process and loss of their cultural identity.

The Institute for Research in the Peruvian Amazon (Instituto de Investigaciones de la Amazonia Peruana - IIAP) has broad experience in the subject of economic and ecological zoning in the Amazon, and has teams and specialized personnel to carry out this work. In 1996, under an agreement with the Regional Government of Loreto, it carried out the economic and ecological zoning of some 300,000 hectares in the lower basin of the Nanay along the right bank, in the area served by the Iquitos-Nauta highway. Using modern Geographic Information Systems and participatory approaches, it helped develop a Strategic Development Plan for the area, a plan that is presently under implementation.

There is, however, an urgent need to carry out this work in the rest of the basin where there has been no zoning work or development planning, and where biodiversity values are higher and ecological fragility greater. The model developed for sustainable management of the Nanay river can be duplicated in other hydrographic basins throughout the Amazon and has therefore great demonstration value.

Project objectives:

- ↳ To ecologically and economically zone the Nanay basin, using criteria on sustainability and conservation of biological diversity (baseline).
- ↳ To perform a diagnosis of biological diversity in the area, in order to evaluate its state of conservation, determine fragile ecosystems, and places where endangered or endemic species are concentrated, and to develop conservation strategies and priorities (incremental).
- ↳ To ensure the conservation of biological diversity, particularly of endemic and threatened species, through appropriate management plans and the establishment of a network of different types of protected areas (incremental).
- ↳ To promote local community development through the application of alternative production technologies that avoid the slashing and burning of forests and genetic erosion (baseline).

- ☞ To recover indigenous technologies of the Cocama and Iquito ethnic groups, particularly in the area of ethnobotany, guaranteeing just and equitable distribution of the benefits derived from their use (incremental).
- ☞ To involve local populations in the design and application of a strategic plan for sustainable development of the basin (both baseline and incremental).

10. Expected outcomes:

- ☞ The Nanay basin would become a model of sustainable management and conservation of biodiversity that can be duplicated in other areas of the Amazon.
- ☞ The Nanay basin will be zoned and as a result the territory will be used in accordance with its potential and capacity.
- ☞ Representative samples of ecosystems and species, particularly endemic, threatened or endangered species, will have their survival guaranteed in a series of different types of protected areas (protected forests, management areas, strict protection areas, etc.).
- ☞ Appropriate models of sustainable management of resources will be applied efficiently by local communities, both in forest (management of flora and fauna) and aquatic ecosystems (fisheries management).
- ☞ Local populations will actively participate in the planning and implementation of alternative technologies, and will benefit equitably from the resulting economic benefits.

There are additional global benefits related to the area of climate change, including reduction and stabilization of the annual rate of slashing and burning of virgin forests in the basin (emission of CO₂); and reduction in deforestation rates of the forests in the headwaters and gorge of the basin, thus ensuring the continued provision of water for the Nanay and preventing silting of the river bed.

11. Planned activities to achieve outcomes:

More precise project activities will be defined during preparation, including explicit determination of both baseline and incremental components. These activities will include land-use planning and promotion and implementation of conservation and development activities. An initial set of likely activities include:

- A. Preliminary zoning of the basin using satellite images, aerial photographs for specific areas, and radar images, and development of a base map identifying its principal ecological and economic zones, including zoning for biodiversity conservation and sustainable use.
- B. Biodiversity assessments to produce an initial diagnosis and to serve as a baseline for future M&E. Multi-disciplinary teams will conduct field work and ground-truthing on each ecosystem type identified with the remote sensing technology.
- C. Development of a draft strategy for conservation and sustainable use of biodiversity in the Nanay based on the land-use planning exercises and through consultations with local communities and authorities.
- D. Involvement of government authorities and local communities in the identification and delineation of specific areas to be protected.
- E. Development of proposals for their official establishment and coordination with appropriate government agency based on each proposed category (local, regional, and national levels).
- F. In coordination with government authorities and local communities, development of draft

management plans for the newly created protected areas.

- G. In coordination with the state agencies involved in development (particularly the regional and municipal governments and ministries of health, education, agriculture, fishing) and with the NGOs working in the area, actions for capacity building with local communities for sustainable use of biodiversity (agro-forestry, sustainable forestry, wildlife and fisheries monitoring, etc.).
- H. Through polls and surveys, development of a database on indigenous knowledge (principally ethno-botany), and signing of legal accords with them to ensure equitable benefit sharing.

The financial inputs required to carry out these activities are tentatively estimated at \$875,000, of which \$150,000 would be contributed by ILAP and \$725,000 by GEF. MSP project costs and financing plan, including an incremental cost analysis, will be further refined during the Block A process.

12. Stakeholders involved in project:

The following stakeholders will be involved in this project:

- Local communities (55 communities representing about 6,000 inhabitants)
- Regional Directorate of Agriculture (General Directorate of Agriculture, National Institute of Agrarian Research, National Institute of Natural Resources)
- Regional Directorate of Health
- Regional Directorate of Education
- Regional Directorate of Fisheries
- Regional Directorate of Tourism
- National Institute of Statistics and Information (INEI)
- Provincial Municipalities of Maynas and Alto Nanay
- National Agrarian University of Amazonia
- NGOs: WWF, Pronaturaleza, Caritas Iquitos, CRETA, Casa Campesina, AIDSESP
- Bilateral Agencies: Holland, Spain

PART II - INFORMATION ON BLOCK A ACTIVITIES

13. Activities to be financed by the PDF:

- Gathering and analysis of existing information
- Purchase of 3 satellite images for the study area
- Preliminary analysis of satellite images for design of research components: preliminary identification of ecological and physiographic units, hydrographic network, degraded areas, etc.
- Rapid ecological assessment and ground truthing
- Technical consulting: Economist, land-use planner
- Consultations with local communities
- Development of Mid-Size Project

14. Expected Outputs and Completion Dates:

- Final Mid-Size Proposal including detailed budget and incremental cost analysis
- Initial biological and conservation status diagnosis of the study area
- Initial thematic maps (hydrographic, physiographic, vegetation, geology, population centers)
- Initial social diagnosis

Approximately 4 months after Block A award.

15. Other Possible Contributors/Donors and Amounts:

IIAP will contribute the following:

- Professional Staff: Multi-disciplinary team of 13 scientists and technicians during 3 months, including 20 days of field-work in the Nanay Basin (ca. \$18,000).
- Equipment: Laboratories for soil and water analyses, infrastructure, computing equipment (hardware and software), biological equipment, field equipment (ca. \$5,500).
- Personnel and logistical support (ca. \$3,500).

16. Total Budget and Information on How Costs will be Met (Including Block A grant):

	GEF	IIAP
1. Consolidation and analysis of existing information	1,500	3,000
2. Purchase of three satellite images of study area.	3,000	
Preliminary analysis of satellite images.		2,000
3. GIS materials and analysis.	500	1,500
4. Data review and field study design.	800	2,000
5. Rapid ecological and socioeconomic assessment (multidisciplinary team of 13 scientists and technicians):		
• Ground/river transportation	3,000	
• Field supplies/equipment	1,000	2,000
• Local drivers/guides	3,100	
• Scientists/technicians/support		14,500
6. Consultant services (economist, botanist, land use planner, etc.)	9,000	
7. Local community consultations.	1,000	
8. Preparation of medium-sized project.		
• Preparation of project brief	1,500	
• Personnel and logistical support.		2,000
9. Office/communications/administrative expenses	600	
TOTALS	25,000	27,000

PART III - INFORMATION ON THE APPLICANT INSTITUTION

17. Name: Instituto de Investigaciones de la Amazonia Peruana (IIAP) - Peruvian Amazonia Research Institute

18. Date of Establishment, Membership, and Leadership: IIAP was created on December 30, 1981 as mandated by Perú's Constitution. It has 78 researchers and 45 extensionists working in 7 Research Institutes throughout Perú's Amazonia. It is governed by a Council which represents 21 Institutions with mandates in the Amazon region. The Executive Office includes Ms. Yolanda Guzmán (President); Mr. Eduardo Durán (Vice-President); Mr. Hernán Tello (Manager); Ms. Bertha Ikeda (Member); Mr. Héctor Valcárcel (Member); and Mr. Carlos Collantes (Member)

<p>19. Mandate/Terms of Reference: Information on project proposer: IIAP is an autonomous organization under domestic public law 23374 as mandated by art. 120 of the political constitution of Peru. It has jurisdiction over the geographic environment of the Peruvian amazon basin, which comprises an area of 760,000 km². It has specialized research centers in Iquitos, Jenaro Herrera, Pucallpa, Puerto Maldonado, Tarapoto, Tingo Maria and Yurimaguas. IAAP's fundamental mission is to generate knowledge to promote sustainable management and rational use of the natural resources of the amazon region. IAAP has four research programs to fulfill its objectives:</p> <ul style="list-style-type: none"> • Environmental management program • Comprehensive program for sustainable production in land ecosystems • Comprehensive program for sustainable production in aquatic ecosystems • Program for sustainable use of biodiversity 	<p>20. Sources of Revenue: The total annual budget of IIAP is ca. US\$3.6M of which \$2.4M are provided by the Central Government of Peru and \$1.2M are provided through grants and contracts.</p>
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21. **Recent Activities/Programs, in particular those relevant to the GEF:**
- Environmental Impact Studies in the Amazon region
 - Land-use planning for the Pacaya-Samiria, Iquitos-Nauta road, Muyuy Island, and Aguaytia Basin
 - Socio-economic and ethnologic studies in the Amazon region
 - Ethno-pharmacological and Ethno-botanical studies with several indigenous groups
 - Studies with medicinal plants
 - Wildlife and Biodiversity inventories
 - Establishment of Protected Areas (State and Local level)
 - Others

PART IV - INFORMATION TO BE COMPLETED BY THE IMPLEMENTING AGENCY

22. **Project Identification Number:**

23. **Implementing Agency contact person:**
 Christine Kimes, Global Environment Coordinator
 Tel: (202) 473-3689 Fax: (202) 614-0087 email: ckimes@worldbank.org
 Loretta Sprissler, Task Manager
 Tel: (202) 473-0663 Fax: (202) 522-3540 email: lsprissler@worldbank.org

24: Project Linkage to Implementing Agency Program(s):

Priorities defined for Bank assistance to Peru include support for expanded efforts to protect nature preserves, and the involvement of indigenous peoples in natural resource management. The proposed Nanay River Basin project addresses both of these issues through support for (i) ecological/economic zoning activities; (ii) biodiversity conservation and participatory management efforts; (iii) local capacity building and community-based development of sustainable production models; and (iii) participatory development of a database on indigenous knowledge.

The project also complements an ongoing GEF project (National Trust Fund for Protected Areas—PROFONANPE) which provides recurring funds for the management of a representative set of protected areas in Peru. The endowment fund created under the PROFONANPE project currently provides about US\$1.2 million in recurrent cost support for conservation, management, training and public outreach activities in 13 protected areas, none of which are located in the proposed MSP project area of the Nanay River Basin. Thus, there will be no duplication between the two World Bank/GEF initiatives. Furthermore, the complementary actions of the Nanay River Basin project will support biodiversity and sustainable resource management in an area of the Peruvian Amazon for which there has been little, if any, systematic land use planning, organized conservation or sustainable use activities to date. The proposed project also complements the Sierra Natural Resources Management project, which has similar objectives, but which is limited to the Peruvian sierra.



CONAM
POR EL DESARROLLO SOSTENIBLE

Lima, 23 de Marzo de 1998

Carta No. 269 -98-CONAM/SE

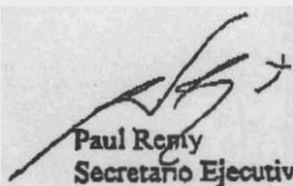
Ms.
Christine Kimes
Regional Coordinator
ENVGC
The World Bank
Presente.-

Ref: Proyecto "Manejo integral sostenible de
la cuenca del río Nanay"

Tengo el agrado de dirigirme a usted para comunicarle el respaldo del Consejo Nacional del Ambiente (CONAM) al proyecto de la referencia, en su condición de punto focal operacional del QBF en el Perú, con el fin que pueda acceder al Bloque "A" del Servicio de Formulación y Preparación de Proyectos.

Asimismo, expresamos nuestro acuerdo que el Instituto de Investigaciones de la Amazonia Peruana (IIAP) sea el receptor de los fondos del Proyecto, en su condición de entidad ejecutora.

Atentamente,



Paul Remy
Secretario Ejecutivo