



REQUEST FOR MSP APPROVAL (1-STEP PROCEDURE)

TYPE OF TRUST FUND:(choose fund type)

PART I: PROJECT IDENTIFICATION

Project Title:	Mitigating deforestation in brazil nut concessions in Madre de Dios, Peru		
Country(ies):	Peru	GEF Project ID: ¹	5839
GEF Agency(ies):	IADB (select) (select)	GEF Agency Project ID:	PE-T1317
Other Executing Partner(s):	Profonampe	Submission Date:	05-31-2014
GEF Focal Area (s):	Climate Change	Project Duration (Months)	48
Name of parent program (if applicable):		Project Agency Fee (\$):	149,700.00

A. FOCAL AREA STRATEGY FRAMEWORK²:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Co-financing (\$)
CCM-5 (select)	1. Good management practices in LULUCF adopted within forest lands and in the wider landscape. 2. GHG emissions avoided and carbon sequestered	1.1. Number of countries adopting good management practices in LULUCF 2.1. Tones of CO ₂ equivalent avoided	GEFTF	1'575,800.00	3'000,000.00
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
Total Project Cost				1'575,800.00	3'000,000.00

B. PROJECT FRAMEWORK

Project Objectives: Conserve and sustainably manage the forests in brazil nut concessions, in order to reduce greenhouse gas (GHG) emissions caused by their deforestation and degradation.

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
Component 1: Conservation Agreements	TA	No deforestation in concessions that participate in conservation agreements 50% increase in the income of brazil nut concession holders	Subscription of conservation agreements with associations of brazil nut concession holders covering 100,000 has. A financial and	GEFTF	765,500.00	2'300,000.00

¹ Project ID number will be assigned by GEFSEC.

² Refer to the reference attached on the [Focal Area Results Framework and LDCF/SCCF Framework](#) when filling up the table in item A.

			<p>technical incentive mechanism for forest conservation in brazil nut concessions established.</p> <p>Forest management practices in forests of brazil nut improved in 100,000 ha.</p> <p>20 microcredit contracts signed between financial institution and individual concession holders or associations.</p>			
Component 2: Organizational strengthening and local control system improvement	TA	Cases of invasions to brazil nut concessions reduced from 33% to 10%	<p>100,000 has of concessions with local control and surveillance system under implementation.</p> <p>100 concession holders trained in local control and surveillance methods</p>	GEFTF	456,512.00	500,000
Component 3: Monitoring, evaluation and dissemination of results	TA	Project results and lessons learned used for replication in similar areas.	<p>Mid-term and final evaluations.</p> <p>Communication materials for dissemination of results and lessons learned from Project implementation</p>	GEFTF	275,000.00	0
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
		Subtotal			1'497,012.00	2'800,000.00

Project Management Cost ³		GEFTF	78,788.00	200,000.00
Total Project Cost			1'575,800.00	3'000,000.00

C. CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Cofinancing	Name of Cofinancier	Type of Cofinancing	Amount (\$)
Foundation	Blue Moon Fund	Cash	2'000,000.00
Private Sector	Brazil nut producers	In-kind	1,000,000.00
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Cofinancing			3'000,000.00

D. GEF/LDCF/SCCF/NPIF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
(select)	(select)	(select)				
(select)	(select)	(select)				
(select)	(select)	(select)				
(select)	(select)	(select)				
(select)	(select)	(select)				
(select)	(select)	(select)				
(select)	(select)	(select)				
(select)	(select)	(select)				
(select)	(select)	(select)				
(select)	(select)	(select)				
Total Grant Resources						

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table

² Please indicate fees related to this project.

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants			
National/Local Consultants	1,114,300	100,000	1,214,300

F. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No

(If non-grant instruments are used, provide an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

³ PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

PART II: PROJECT JUSTIFICATION

A. Project Overview

A.1. Project Description.

Global Environmental Problem, Causes, and Barriers

The Madre de Dios region in Peru is recognized as one of the global epicenters of biodiversity. This region has the largest extension of brazil nut (*Betholletia excelsa*) concessions of Peru, which are concentrated in the Tahuamanu and Tambopata provinces of the region. Over 1,000 brazil nut non-timber concessions have been granted by the government in these provinces, covering a surface of approximately one million hectares (Nature Services Peru, 2013). Non-timber concessions have significantly smaller areas than timber concessions (1,000 ha vs 40,000 ha), and their use is much less intensive in terms of capital. However, the brazil nut industry is generates about two thirds of the annual income of 20,000 - 30,000 people involved in the collection, processing , and marketing of this product (Flores 2002; Campos 2006; Nature Services Peru, 2013). Besides its economic importance, brazil nut harvesting is an important mechanism for forest conservation and carbon stocks, since brazil nut production depends on the integrity of the forest ecosystems that harbor the brazil nut trees. In fact, it is one of the few extractive systems in the world that is dependent on undisturbed primary forests.

Over the years brazil nut concessions have increasingly been subject to deforestation and forest degradation processes. While timber concessions have generally proven to be effective barriers to deforestation, this has not been the case for non-timber concessions; in fact, the annual rate of deforestation in brazil nut concessions (0.11%) is nearly five times the average deforestation occurring in timber concessions (0.02%). the average annual deforestation rate in timber concession areas⁴. By 2010 around 30,000 hectares of brazil nut concessions had been deforested, representing 2.7% of the total area of these concessions. Based on the deforestation data for the 2000-2005 time series, projections for 2011-2050 yields an average deforestation rate of 2,625 ha per year or 105,000 ha of brazil nut concessions deforested by 2050, generating greenhouse gas emissions of at least 38.5 million tons of CO₂e. However, this business as usual scenario (BAU) could be considerably higher if one takes into account that the rate of deforestation doubled in the period 2008-2010.

The processes of deforestation and forest degradation that are occurring in the brazil nut concessions can be attributed to a number of factors such as:

- Illegal occupation of concessions mainly for agricultural purposes, particularly in concessions along the Inter-Oceanic highway between the towns of Puerto Maldonado and Iberia. In this area, 33% holders reported having suffered invasions to their concessions in the past five years - three times more than what has been reported in agricultural land (Nature Services Peru, 2013).
- Informal logging in concessions, either by invaders or by the concession holders themselves. In 2012, 90 % of the brazil nut concession holders extracted an average of 3.38 m³/ha from their concessions (Nature Services Peru, 2013). In general, concession holders are poor and look for multiple income-generating activities besides brazil nut harvesting, including timber harvesting, shifting cultivation, and urban employment. The fact that many

⁴ FIP Investment Plan.

concessions are close to the road facilitates wood extraction both by invaders and by concession holders.

Similar drivers can be found throughout the Peruvian Amazon; however, these are accentuated in the project area due to factors such as:

- Increased access afforded by the Inter-Oceanic Highway,
- Migration to the area stimulated by gold mining, and facilitated by the Highway,
- Increases of agricultural commodity prices as a result of increased demand due to migration and improved access;
- Overlapping of other land-use rights with the concession areas;
- Weak governance;
- The presence of the brazil nut concession holders only during the brazil nut harvest campaign (4-6 months); and
- The low profitability of the brazil nut harvesting activity.

Baseline Scenario

In the area of the project, the annual deforestation rate is 1.0% (Bosques Amazonicos, VCS project), which exceeds greatly the national annual deforestation rate of 0.14%. Peru's Investment Plan for the Forest Investment Program (FIP) has identified the 14 most important deforestation fronts in Peru. The Government has prioritized three of these areas for FIP intervention; one of these areas is the Madre de Dios region. Currently there are few cooperation initiatives that work with groups of concession holders to make improvements in the management and transformation of brazil nuts. A significant one is the REDD Project in Brazil Nut Concessions in Madre de Dios promoted by the company *Bosques Amazónicos* (BAM), works with 377 concession holders in 320,000 ha, which have produced certified emission reductions under the VCS standards. Additionally, there are two REDD + projects validated under the VCS and CCBA standards, but these are not related to brazil nut forest management. One is in the Maderija Maderacre forest concessions and the other is in the Tambopata National Reserve. All VCS projects mentioned include forest management. In the specific case of the BAM project, which works with brazil nut concessions, management plans have been designed but not yet implemented. The successful experiences in brazil nut concessions need to be strengthened and expanded with innovative mechanisms to promote sustainable management and forest conservation of brazil nut concessions, as these initiatives are still insufficient to reverse the growing pressure of small farming and illegal logging that are encroaching concessions. This situation is exacerbated by weak forest and environmental governance, including an incomplete process of decentralization of functions and powers from the central to the local governments, as well as the pending implementation of new sectoral institutions, such as the National Forest Service and the Environmental Regional Authority. In addition to governance issues, current management of brazil nut concessions present very low levels of land productivity - fluctuating between \$ 10-20/ha/year – with low competitiveness compared to other land uses incompatible with forests, such as farming, ranching and illegal logging.

Proposed Alternative Scenario

The objective of the project is to conserve and sustainably manage forests in brazil nut concessions in order to reduce emissions of greenhouse gases (GHG) caused by deforestation and forest degradation. To this end, the project proposes a pilot intervention that will involve 100 concession holders and their families in 100,000 ha, representing 10% of the total area of brazil nut concessions existing today. This will be done by: 1) establishing conservation agreements with the concession holders or their associations, linking these agreements with

incentives to increase the income received by holders and to improve the management and conservation of the forests in these concessions; 2) develop a system for monitoring, supervision and control of forest cover in brazil nut concessions by improving the organizations of concession holders and promoting their participation in governance schemes involving municipalities, the regional government and the central government; and 3) evaluation of the measures taken, and systematization of lessons learned in order to replicate the experience.

Component 1: Conservation Agreements

The objective is to implement conservation agreements with brazil nut concession holders, where the latter commit to meet specific conservation goals of forest carbon stock in the concessions, in exchange for their participation in a system of financial and technical incentives. The financial incentive that will be implemented consists of providing the concessionaries with access to credit at concessional interest rates, in order to improve their liquidity. Access to credit is a highly valued asset by concession holders, and the microcredit market in the region is fairly well developed. Financial incentives, along with the technical assistance that will be part of conservation agreements, will enable the implementation of improvements in the value chain of brazil nut, increasing the income generated by the activity. This incentive scheme may also support other sustainable uses of forest, according to the alternatives that the Project will help to identify and assess.

The Project will finance the following activities: i) delimitation of the project area based on viability criteria; ii) characterization of current ecological, economic and social conditions and the degree of deforestation in the project area; iii) diagnostic of the current state of management and profitability of brazil nut concessions, as well as identification of different alternatives for land use planning and sustainable uses compatible with forest conservation. The latter assessment will be done at a landscape level, for instance on the territory that comprises an association of concessionaries; iv) design of a mechanism of financial incentives in brazil nut concessions, including access to credits from the financial system linked to purchase orders, among other mechanisms, conditional on results in conservation of forest carbon stock; v) selection of concession holders or associations that will participate in the conservation agreements; vi) negotiation and signing of conservation agreements; vii) implementation of the incentive mechanism, including a system to audit compliance with the agreed conservation goals; and viii) technical assistance to concessionaries or associations that have signed conservation agreements, including efficient nut gathering systems, improving sanitary conditions in the processing and storing of nuts in the field, improving the collection system, strengthening of association's managerial and business skills, among other areas of technical assistance.

Component 2: Strengthening organizations and improving the local control system

Due to the large number of invasions and land superposition, Madre de Dios can be considered as a region of high conflict. Invasions into concessions are difficult to detect before they occur and, as time passes, the difficulty of evicting an invasion increases. Invasions almost always occur on lands without the presence of their owners, as is the case of concession holders who spend long periods of time (more than 6 months per year) outside their concessions. Moreover, in practice the government institutions face serious limitations to fulfill their role in providing governance and conflict resolution mechanisms. The objective of this component is to strengthen the organizations of concessionaries and provide training to the members in surveillance, control and scrutinizing of forests, providing tools and skills to work in coordination with State bodies of surveillance and control.

Among the activities to be financed, the following are included: i) technical assistance in strengthening associations of concession holders in order to form a surveillance network whose aim is to detect, verify and control the use and integrity of the brazil nut concessions; ii) design of a local surveillance and control system of concessions, linked to the Regional Environmental Authority (ARA) of the Madre de Dios region and connected to the early warning component of the future National Forest Monitoring System; iii) implementation of a training program in the use of tools for monitoring and verification for the concessionaries' associations and government technical staff; iv) implementation of the local surveillance and control system; and v) formulation, together with the Environmental Prosecution Office, of a system to expedite interventions in the case of invasions, including the possibility of hiring private attorneys to expedite complaints and provide legal advice to concessionaries.

Component 3: Monitoring, evaluation and dissemination of results

The objective of this component is to monitor and assess the performance of the project interventions, as well as systematize and communicate the experiences and lessons learned during project implementation. This information will assist in the replication of the experience elsewhere. The activities to be financed by the Project include: i) performing project implementation reviews, quarterly and annual review reports, and a mid-term and final evaluation; ii) documentation and systematization of results and lessons learned during project implementation; and iii) design and implementation of a communications strategy to disseminate results and lessons learned, and to exchange experiences with similar projects in Peru and other parts of the world.

Incremental reasoning and expected cost Contributions from the baseline, the GEFTF, LDCF / SCCF and Co -financing

GEF funding is needed to support the Peruvian government to reduce GHG emissions from deforestation and forest degradation that are occurring in the brazil nut concessions, affecting the viability of one of the few extractive systems that are dependent on undisturbed primary forests. Without the GEF funding the implementation of a technical and financial incentives mechanism based on the fulfillment of agreements to conserve forest carbon stocks in brazil nut concessions, would not be possible. These incentives should help concession holders to increase their revenues, as well as encourage their involvement in a transparent and participatory system to monitor conservation agreements. In addition, it is expected that having a good compliance record with respect to the conservation agreements will facilitate the insertion in the banking system of concession holders or their associations. Furthermore, it is important to emphasize that this project will establish a system of local control that will support the actions taken by the national and regional governments to maintain the integrity of forests in the area of project intervention.

The project requires US\$ 3,561,577 to fund operations during the four years of project implementation. Of this total, approximately US\$ 2'000,000 will come from a grant from the Blue Moon Foundation as sinking fund and will be oriented to finance the incentive mechanism, and US\$ 1,561,577 of GEF funds, channeled through the Inter-American Development Bank, mainly for the design and implementation of the different systems and mechanisms that the project is expected to launch. Additionally, it is estimated that the brazil nut concession holders will provide an in kind contribution of US\$ 1,000,000 for their involvement in the incentives mechanism and local control system.

Adaptation and Global Environmental Benefits

The intervention will be conducted in 100,000 ha of brazil nut concessions, where it is expected to avoid deforestation in 2,970 ha, reducing CO2 emissions by 1.63 million tons during 3 years of implementation of the incentives' system and local control mechanisms. The improved conservation of forests in brazil nut concessions will facilitate adaptation to climate change through sustained provision of ecosystem services such as biodiversity, water system maintenance, and erosion control in the Amazon region. The intervention will be carried out in 10% of the total surface of brazil nut concessions in Peru. The incentives mechanism for conservation will also help concession holders to implement climate change adaptation measures for the sustained and profitable management of brazil nut concessions that maintain forest carbon stocks.

Innovativeness, Sustainability and Potential for Scaling-Up

The project presents innovations in the management of brazil nut and forest management in general. One innovation is the introduction of new financial incentive mechanisms linked to conservation agreements that will increase the value of forest conservation. The project will facilitate the concessionaries to have access to soft loans from financial institutions that will be used to improve the management of concessions, both in terms of brazil nut harvesting and other activities compatible with forest conservation (e.g. ecotourism, harvest of other non-timber products, etc.). These alternative activities could be implemented on a case-by-case basis, depending on the results of specific assessments that will be supported by the project. The success in the application of the financial incentive mechanism proposed by the project will allow the insertion of brazil nut concession holders (or their associations) into the banking system, making them subject to larger lines of credit as they build a good track record in repaying their loans, and in fulfilling the conservation agreements.

Another innovation for the Madre de Dios region is the creation of a local surveillance network formed by the associations of concessionaries, which will be linked to the national and regional control systems. The local surveillance network will make use of advanced tools of information technology, such as low-cost tablets that patrol teams can use to register and report in real time invasions or other illegal activities. The idea is that, as holders increase their income through the conservation and sustainable management of their concessions, they will be able and willing to finance the operation of the surveillance network in the long term.

The model can be replicated to a larger area with initiatives such as the Forest Investment Program (FIP), which includes the area of Madre de Dios as one of the geographical areas of intervention. It is expected that FIP will begin implementation in late 2015. This model could also have a significant potential for replication in the brazil nut forests of Brazil and Bolivia as well as in other parts of the world that have non-timber forest production systems.

A.2.Stakeholders

Since the activities of harvesting and primary processing of brazil nut is often a family-based activity, where women have a significant role in several stages of the value chain, it is estimated that the project would involve approximately 100 families. The project will also involve the brazil nut associations to which concession holders belong, such as the Brazil Nut Association of the Tambopata Reserve (ASCART), Amazonian Nut Gatherers of Peru (RONAP), and the Association for the Conservation of the Amazon Basin (ACCA) .

The project will maintain contact with companies that process and commercialize brazil nuts, such as Candela, and financial institutions such as Agrobanco and rural or municipal funds. The project will also maintain close coordination with representatives of the central and regional governments, including the Environmental Regional Authority of the Madre de Dios region, the

Environmental Services and REDD+ Technical Roundtable of Madre de Dios, the Office of Environmental Prosecution, and other entities that perform forests monitoring, such as the National Forest Conservation Program (PNCBCC) of the Ministry of Environment, the Agency for supervision of the Forest and Wildlife Resources (OSINFOR), the National Service of State Protected Natural Areas (SERNANP), and the Ministry of Agriculture, Livestock and Irrigation (MINAGRI).

A.3. Socioeconomic benefits:

The project will produce several socio-economic benefits, including:

- Increase in income of 100 concession holders and their families, resulting from better management of the brazil nut concessions, facilitated by improved access to credit coupled with technical assistance.
- Increase in the social capital of the concession holders and their organizations, which includes strengthening their technical and organizational capacities in order to manage and protect the natural resources within the concessions.
- Generate employment for about 10,000 people directly involved in the activity, including concession holders, porters and people in charge of peeling the brazil nuts. The latter is the largest group and is mainly composed of women.
- The conservation of intact forests that could be used for other non-timber uses will also help to dampen potential revenue reductions due to adverse impacts of climate on nut production.

A.4 Risks:

The main risks are shown in the box below.

Risk	Probability	Measure
Climate variability can reduce nut production and reduce concession holders' incomes, increasing the risk of deforestation	Medium	The project will support producer organizations so they can negotiate better prices to compensate for a possible reduction in the production of brazil nut. The feasibility of including an insurance policy in conservation agreements will be explored.
Demand and price variability in brazil nut markets.	Medium	The project will promote partnerships with other actors in the value chain to absorb changes in demand or prices. It also plans to implement a credit system based on future proceeds from brazil nut.
Increased migration to the region and the demand for land.	High	The project will support the development of a monitoring and control system that will detect invasions and allow taking quick legal action. The project will also improve the organization and communication among nut gatherers in order to face threats with a united front.
Non-compliance of conservation agreements by concession holders.	Medium	The project will establish a system of solidarity or social guarantees to encourage compliance with the agreements.

A.5. Project cost-effectiveness:

A total of US\$ 3,561,577 will be invested over the life of the project to prevent the emission of

1.63 million tons of CO₂, with the potential to replicate the experience in the rest of the nut concession areas in the region (approximately 1,000,000 ha). This investment implies a cost per ton of CO₂ of \$ 2.18 on the 100,000 ha of direct intervention, which is a conservative figure within the range of prices that are being traded in the emerging international REDD markets.

The project will leverage US\$ 2'000,000 (53% of total budget) of the Blue Moon Foundation as co-financing in the form of a sinking fund, as well as US\$1,000,000 in-kind contribution from the concession holders in terms of time and labor. It is expected that the project will attract additional donations coupled with credit lines as the conservation agreements prove to be successful in meeting conservation and financial goals.

A.6. Coordination with other relevant GEF financed initiatives:

There are a number of projects currently being implemented in the project area that have or will have relevance to this project. One of these initiatives is a project being implemented by *Bosques Amazónicos* (BAM), a private company. BAM has a 30 year agreement with the Brazil Nut Producers Federation of Madre de Dios. BAM is financing the implementation of a nut processing plant, as part of this agreement. The project will coordinate with BAM in order to establish links with the value chain BAM is promoting and making use of the strong relationship that BAM has achieved with the Brazil Nut Producers Federation. There are other projects being led by local and regional governments or by NGOs and international cooperation, which are not directly related to brazil nut concessions, but have common goals in terms of establishing effective monitoring and control systems. However, none of these projects are financed by GEF.

A.7 Institutional arrangement for project implementation:

PROFONANPE is the institution that will be responsible for the project's financial management and procurement, in accordance with the operations Manual and Procedures of the Inter-American Development Bank, as implementation agency. PROFONANPE will also coordinate with national, regional and local institutions, with which cooperation agreements will be signed for project implementation, as needed.

At the national level, the project will coordinate with the National Forest Monitoring System (which is expected to be implemented by the national government during the current year) and with the PNCBCC of the Ministry of Environment, as well as OSINFOR, SERNANP and MINAGRI. MINAM and MINAGRI will be involved in the remote sensing of the areas of intervention and, together with the Regional Government of Madre de Dios (GOREMAD) and the associations of concession holders, will support the local monitoring and control processes.

A Project Team will be established to support the overall implementation and coordination of the project. The project will also have an Advisory Committee, which shall include representatives of the central and regional governments, representatives of the concession holders and other relevant local actors.

B. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

B.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAs, NAPs, NBSAPs, national communication: TNAs, NCSA, NIPs, PRSPs, NPFE, etc.

The project is consistent with the following strategies and plans both at national and regional levels:

- National Strategy on Climate Change: Reducing emissions through the conservation of forests in brazil nut concessions contributes to reducing GHG in the LULUCF sector.
- Forest National Plan: The management of forest products is an essential part of this plan, being the brazil nut one of the most significant.
- National Forest Inventory: Includes brazil nut stands as one of the types of forest cover of the country. Measurement plots are being established in these areas, allowing to monitor ecosystem degradation
- National Forest Monitoring System: This system is under construction and includes two innovative elements: early warnings and areas of greatest threat. The brazil nut stands of Madre de Dios are among the areas of greatest threats.
- National Environmental Action Plan: The Plan sets goals on environmental issues, including forest conservation, and defines indicators for reduction of deforestation.
- The Planning for Climate Change Project (PlanCC): The PlanCC has updated to 2009 the greenhouse gases inventory in all sectors of the country. It has also has built a BAU scenario for 2021 and 2050, and has defined mitigation measures and costs for each sector. One of the mitigation measures for the LULUCF sector is the management of brazil nut stands in Madre de Dios, precisely in the project area.
- Forest Investment Program - FIP: The program aims to contribute to the goal of "declining net emissions to zero in the LULUCF category by 2021". The program has produced the FIP Investment Plan, which defines three priority sites of intervention, one of them being the area of Madre de Dios where the brazil nut concessions are located.
- Second National Communication of Peru to the United Nations Framework Convention on Climate Change: The Second National Communication states that the deforestation that occurs in the Amazon for agricultural purposes is the largest source of greenhouse gas emissions (GHG) in Peru. The project will help the country achieve the goal of reducing GHG emissions from this source by implementing activities in line with those recommended by the Second National Communication such as: (i) promotion of private investment in the conservation and sustainable use of forests, (ii) minimizing the possibilities of perverse incentives that could promote deforestation in forest ecosystems, and (iii) generating critical capacities among all actors involved, especially the forest users.

B.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities

The project is consistent with the strategy of the GEF Climate Change, specifically as it relates to Goal 5: *Promote conservation and enhancement of carbon stocks through sustainable management of land use, landed-use change, and forestry.*

B.3 The GEF Agency's program (reflected in documents such as UNDAF, CAS, etc.) and Agencies comparative advantage for implementing this project:

The GEF agency in Peru is the Inter-American Development Bank (IADB), which has a long history of funding and implementation of development projects in the country. The Bank is currently involved in two operations that seek to reduce deforestation in the country and increase the competitiveness of the forest sector: The Forest Investment Program and the REDD-Readiness Proposal for Peru funded by the Forest Carbon Partnership Fund (FCPF).

Both programs aim to produce transformative changes in the way forests resources are managed in the country, in order to reduce GHG emissions due to deforestation and forest degradation.

C. MONITORING AND EVALUATION:


Project monitoring and evaluation will be conducted in accordance with established IADB and GEF procedures and will be provided by the project team and the Climate Change and Sustainability Division of IADB. The Logical Framework Matrix in the Annex provides performance and impact indicators for project implementation along with their corresponding means of verification. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, and a mid-term and final evaluation. The indicative cost estimate for M&E activities is US\$30,000 and is included in the budget for Component 3. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Jose Antonio Gonzalez Norris	GEF Operational Focal Point	PERU MINISTRY OF ENVIRONMENT	04/28/2014

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Michael Collins		05/31/2014	Jaime Fernandez-Baca	(51-1) 442-3466	jaimefer@iadb.org

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

Indicative Results Matrix

Expected Results	Indicator	Baseline	Goal	Source of verification
Component 1. Conservation agreements				
Signed conservation agreements with associations of brazil nut concessionaries.	Number of signed conservation agreements	0	5	Associations, notarial contracts.
Improved forest management practices in brazil nut forests.	Income per ha/year	US\$10	TBD	Financial reports from brazil nut associations.
Implemented incentive mechanisms.	Number of loans granted.	0	10	Reports from financial institution
Component 2. Strengthening organizations and improving the local control system				
Established local control and surveillance systems.	Area of concessions with local control and surveillance system under implementation.	0	100,000 ha	ARA, MINAGRI, MINAM, OSINFOR
Component 3. Monitoring and evaluation				
Project results and lessons learned used for replication in similar areas.	Number of events for dissemination of results and lessons learned from Project implementation	0	5	Project evaluation reports