

**Child Project Concept Note  
Brazil**

**PART I: PROJECT INFORMATION<sup>1</sup>**

Project Title:	Amazon Sustainable Landscapes Project
Country(ies):	Brazil
GEF Agency(ies):	World Bank
Other Executing Partner(s):	Ministry of Environment (MMA), ICMBio, State Environmental Agencies
GEF Focal Area(s):	Multi-focal area

**A. FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES<sup>2</sup>:**

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
BD-1 Program 1, 2	GEFTF	15,000,000	103,000,000
BD-4 Program 9	GEFTF	15,210,000	91,260,000
CCM-2 Program 4	GEFTF	7,010,000	42,060,000
LD-1 Program 2	GEFTF	1,500,000	9,000,000
LD-3 Program 4	GEFTF	1,500,000	9,000,000
SFM-1 Program 1, 2, 3	GEFTF	6,110,000	36,660,000
SFM-2 Program 5	GEFTF	6,000,000	36,000,000
SFM-3 Program 7, 8	GEFTF	8,000,000	48,000,000
Total Project Cost		60,330,000	374,980,000

Need to divide the amounts per Program within the FA

**B. CHILD PROJECT DESCRIPTION SUMMARY**

<b>Project Objective:</b> To protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover.				
Project Components	Financing Type <sup>3</sup>	Project Outcomes	(in \$)	
			GEF Project Financing	Co-financing
1. Integrated Amazon Protected Area System	Inv	1.1 Increase in area of global significant forest ecosystems in new protected areas. (3,000,000 hectares).  1.2 Increase revenue for protected areas systems.  1.3 Improve management effectiveness of protected areas (57,000,000 hectares)	32,000,000	205,000,000
2. Policies for Sustainable Productive Landscapes	Inv	2.1 Support mechanisms for forest landscape management systems and restoration established (institutional, legal and regulatory frameworks)  2.2. Increased investments in	4,000,000	24,000,000

<sup>1</sup> This Concept Note is intended to convey whatever preliminary information exists at this stage on a child project and that is indicative of how it will contribute to the overall Program.

<sup>2</sup> When completing Table A, refer to the Program Results Framework, which is already mapped to the relevant [Focal Area Results Framework](#) in the [GEF-6 Programming Directions](#).

<sup>3</sup> Financing type can be either investment or technical assistance.

		sustainable land management (SLM)		
3. Integrated Landscape Restoration	Inv	3.1 Increased investment in sustainable forest management (SFM) and restoration.  3.2. Improved agricultural, rangeland and pastoral management (LD).  3.3 Integrated restoration plans to maintain forest ecosystem services are implemented at appropriate scales by government, private sector and local community actors (both women and men).	20,830,000	124,980,000
4. Capacity Building and Cooperation	TA	4.1 Improve collaboration and capacity across sectors on the implementation of the Program	2,000,000	12,000,000
Subtotal			58,830,000	352,980,000
Project Management Cost (PMC) <sup>4</sup> GEFTF			1,500,000	9,000,000
<b>Total Project Cost</b>			<b>60,330,000</b>	<b>374,,980,000</b>

For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust

### C. CO-FINANCING FOR THE PROJECT BY SOURCE, BY TYPE AND BY NAME

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
Recipient Government	Ministry of Environment (MMA)	In-kind	32,665,000
Recipient Government	ICMBio	In-kind	33,000,000
Recipient Government	State Environmental Agencies	In-kind	25,000,000
Recipient Government	Banco do Brasil	Loans	76,320,000
Private Donor	Anglo American Minérios de Ferro Brasil S.A	Grants	5,000,000
Recipient Government	Protected Areas Fund (FAP)	Grants	77,995,000
Recipient Government	Amazon Fund (BNDES)	Grants	30,000,000
Donor Agency	KfW	Grants	70,000,000
CSO	WWF	Grants	25,000,000
(select)		(select)	
<b>Total Co-financing</b>			<b>374,,980,000</b>

<sup>4</sup> For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

**D. TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS <sup>a)</sup>**

GEF Agency	Trust Fund	Country/Regional/Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) <sup>b)</sup>	Total (c)=a+b
WB	GEFTF	Brazil	Biodiversity		30,210,000	2,718,900	32,928,900
WB	GEFTF	Brazil	Climate Change		7,010,000	630,900	7,640,900
WB	GEFTF	Brazil	Land Degradation		3,000,000	270,000	3,270,000
WB	GEFTF	Brazil	Multi-focal Areas	SFM	360,000	32,400	392,400
WB	GEFTF	Brazil	Multi-focal Areas	SFM - Amazon	19,750,000	1,777,500	21,527,500
<b>Total GEF Resources</b>					60,330,000	5,429,700	65,759,700

a) No need to fill this table if it is a single Agency, single Trust Fund, single focal area and single country project.

b) Refer to the [Fee Policy for GEF Partner Agencies](#).

## **PART II: PROJECT JUSTIFICATION**

### **PROJECT OVERVIEW**

**A.1. Project Description.** Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, with a brief description of expected outcomes and components of the project, 4) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing; 5) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and 6) innovation, sustainability and potential for scaling up.

Brazil has vast natural resources that carry immense potential for the country's economic growth and environmental conservation goals. As in many other countries, there is frequent tension between these two goals compounded by rising pressures from increasing global demand for food, along with climate change risk and weakening economic growth. Efficient land use, particularly a setting that promotes sustained agricultural production growth alongside protection of biodiversity-rich natural resources, is at the center of achieving these goals. To face these challenges, Brazil decided to pursue a strategy that harmonizes effective ecosystem protection, climate change risks and delivery of agriculture productivity gains.

The Brazilian Amazon is the world's largest standing continuous tropical rainforest, covering over four million square kilometers and possibly harboring the world's greatest biological diversity. The vast forests of the Brazilian Amazon significantly influence the regional and global climates and contain approximately 70 billion tons of carbon stocks. Although sparsely populated, the region is inhabited by approximately 22 million people, mostly in urban areas, but with diverse social groups organized in local communities, including at least 200,000 indigenous peoples from more than 200 ethnic groups. Such communities are strongly dependent on natural resources, both economically and culturally. The conservation of this region and its vast biodiversity, as well as the ecological balance that enables its crucial role in climate regulation is of extreme importance for Brazil and the entire humankind.

Significant advances were made by the Brazilian Government since 1997 in the expansion of the national system of protected areas, particularly in the Amazon through the ARPA Program. ARPA Phase 1 directly supported the creation of 24 million hectares of new protected areas (PAs) in the Amazon, and ARPA Phase 2 is currently

supporting the necessary studies for the creation of 20 new protected areas totalling 6.9 million hectares. However, the expansion of the Brazilian system of protected areas is often constrained by the lack of financial resources for the long-term maintenance of the protected areas system. Through its high profile as a major project in the Amazon, the ARPA Program has been very successful in leveraging resources and in attracting local and international donors' support, with GEF funds accounting for a smaller portion of the program's financing: 37% in Phase 1 and 22% in Phase 2. Resources invested through the program had a significant impact on the rate of protected area creation and is significantly enhancing the rate and degree of protected area consolidation in the Amazon, although strategic investments are still necessary to achieve full consolidation of all protected areas in the system.

The protected areas supported by ARPA together with the law enforcement and deforestation monitoring measures adopted by the Government have been important in achieving deforestation reduction. It is estimated that the recent expansion of PAs in the Brazilian Amazon reduced the region's deforestation by 37% between 2004 and 2006. The creation of PAs has an important impact on avoiding deforestation by providing clear policy signs and environmental enforcement, supporting traditional peoples, redirecting territorial occupation, and making conservation-based businesses more attractive. Additionally, the carbon market has the potential to transform the way that tropical forests are valued; thus, changing the perverse incentives to burn if benefits local people and/or strengthen enforcement capacity. The carbon market generates approximately \$30 billion / year and is projected to reach \$100s of billion or more. This indicates that there is the potential for sufficient and sustainable sources of funding to make a real and sustained difference not only for ARPA PAs but also to face wider deforestation issues in the Amazon. Furthermore, Soares-Filho et al. (2008) found that the creation of 13 protected areas in the Amazon under ARPA from 2003 to 2007 is associated with the offset of emissions equivalent to 430 million tons of carbon by 2050 as compared to the business-as-usual scenario. Assuming the value of US\$ 5 per ton of carbon, these PAs will account for US\$ 2.2 billion dollars of emissions reductions by 2050 or about US\$ 54 million dollars per year. The ARPA Phase 1 total cost was US\$ 84.5 million, thus the IRR for this investment is 22%. Preserving standing tropical forests allows governments, corporations, and financial institutions to take immediate action in reducing greenhouse gas emissions while also preserving areas of high biodiversity importance. This is a huge opportunity to have sufficient funding to generate economic benefits in the protection of natural habitats that, coupled with the increasingly notable ecological costs of habitat destruction, outweigh the economic drivers of deforestation. There is also strong potential for early REDD pilot projects to be funded through voluntary carbon market mechanisms in the short term.

ARPA's impressive results to-date with the protection of large land areas in the Amazon are already contributing to reduced deforestation, biodiversity conservation and carbon sequestration. The main remaining challenges are securing the long-term maintenance of the protected areas system, and making the system resilient to climate change, which in the Amazon means preparing for the impacts of a drier climate. Therefore, the Amazon Region Protected Areas Program – ARPA for Life (ARPA Phase 3) will focus on the implementation of a strategy to transition protected areas maintenance from an almost exclusively donor-based support to a long-term public financing mechanism, and on the enhancement and adoption of practices and tools to increase resilience of the Amazon protected area system to climate change.

The country recently achieved important environmental goals by enacting a new Forest Code and successfully reducing the rate of deforestation in the Amazon. In the past decade, deforestation rates in the Brazilian Amazon were reduced by 83% from 27,700 km<sup>2</sup>/ year in 2004 to 4,800 km<sup>2</sup>/ year in 2014.<sup>5</sup>

For the delivery of agriculture productivity gains, new changes are happening and there are new opportunities to harmonize development. In 2012, the Brazilian government approved a new Forest Code.<sup>6</sup> This law reconfirmed that private landowners need to conserve native vegetation on their properties, with the minimum share varying between biomes. Non-exempt landowners who cleared more than this share of native vegetation are required to restore their “deficit” within 20 years or compensate by purchasing Environment Reserve Quotas (CRA). A recent analysis

<sup>5</sup> PRODES/National Spatial Research Institute, Satellite deforestation monitoring program for the legal Amazon, <http://www.obt.inpe.br/prodes/index.php> (accessed 02/28/2015).

<sup>6</sup> LAW FOR PROTECTION OF NATIVE VEGETATION, THE LAW 12.651/2012 – the term “forest” is used in this document to refer to all types of native vegetation in Brazil's biomes, and not only to tropical forest.

estimated that Brazil has approximately 21 million hectares of native vegetation deficit (considering the 70 million hectares of cultivated lands and 20 million of degraded pasture), the restoration of which is also an opportunity for mitigating greenhouse gas emissions.

Such native vegetation requirements are aligned with the National Policy for Climate Change - NPCC, launched by the Brazilian government in December 2009 (Law 12.187/2009). It committed Brazil to a 36.1% to 38.9% reduction in GHG emissions by 2020, in relation to a baseline scenario. In December 2010, the Government approved the Decree 7390, which detailed the NPCC and stated that the projections for 2020 would be achieved through sectoral plans and initiatives.

### ABC Plan

One of these plans is the Low-Carbon Agriculture Plan (Portaria Interministerial 984/2013), known as the ABC Plan, which aims at encouraging the use of low-carbon and sustainable practices for management of natural resources, including restoration of degraded pastures. The ABC Program supports projects of restoration of degraded pastures and of regularization of rural properties to environmental legislation, including recovery of Legal Reserves (RL) and Areas of Permanent Protection<sup>7</sup> (APP), and degraded lands and the establishment and improvement of plans for sustainable forest management.

Challenges: However, the credit line allocations related to ABC projects have been low: only 0.1% of resources. One of the main reasons for the low uptake of the ABC Program is the unattractive interest rate of loans. The interest rates adopted in ABC Program are the same for investments in productive areas and for the restoration of APP and RL, but the latter usually do not generate short-term income. Thus, current financing packages do not encourage farmers to allocate financial resources and effort in areas of their properties that will not bring short-term return; effectively resulting in a disincentive to comply with environmental legal requirements in Brazil.

Based on annual net income criteria, Brazilian farmers can be segmented in 3 categories: small/family, medium, and large farmers. Small farmers have a number of benefits, less rigid rules of eligibility, and the support of the Federal Government to enable the regularization process. Large farmers, in their turn, are more likely to fulfill requirements for fundraising and gain competitive advantage. The most disadvantaged category in this case are mid-size farmers.

Therefore, one of the activities of this component is to increase the amount of loans of ABC Program lent to mid-size farmers in the Amazon region (the feasibility of such activity in other regions will be evaluated throughout the project) by giving a financial incentive as a compensation for results reached by farmer's efforts in the recovery of degraded areas in LR and APP.

In order to meet Brazil's environmental conservation goals, reduction of deforestation rates is not enough. Going forward, the challenge is to promote an integrated approach in which land is viewed as an asset with multiple alternative uses including forestry, agriculture, environment and energy. However, we'll face many challenges, such as:

- 1) The conservation agenda for the Amazon has made significant progress through ARPA, but additional protected areas need to be established and the long-term funding and management of all Amazon Pas need to be improved. ARPA was planned as a three phase program and is now in its second phase, thus the need for further funding.
- 2) The sectors in charge of financing the development agenda for the Amazon, have some of the legislation in place but many regulations and the delivery of the funding to farmers has been slow and inefficient.
- 3) The planning of different land uses around the protected areas continues to be done at an ad hoc manner, diminishing the opportunities to increase environmental benefits and improve productivity (win win situation).

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<sup>7</sup> Legal Reserves (RL) and Areas of Permanent Protection (APP) are areas inside private land-holdings regulated by the Brazilian Forest Code requiring the owner to maintain forest cover. The basic requirement for RL vary across biomes (private properties in the Amazon biome are required to maintain 80% of their total land-holding area as forest; for properties in the Legal Amazon, but in the Cerado biome, the share of legal reserves falls at 35%; for all other biomes, it is set at 20%.)

- 4) The areas around the protected areas owned privately have not done the changes in land use and agricultural and rangeland management required by the new Forestry code.
- 5) The degraded lands in the Amazon have the potential to be restored and rehabilitate and play a key role in meeting reforestation targets and avoid further deforestation by increasing their productivity.

**Baseline:** This project builds on a decade of work in the Brazilian Amazon on strengthening biodiversity conservation, reducing deforestation and improving community livelihoods. The Brazilian government has supported many policies to create a new vision for development in the Amazon and ensured that adequate funding is provided to implement the policies (list a few). The civil society and academic sectors have improved the knowledge and piloted many mechanisms and tools to improve biodiversity conservation, extractive resources management by local communities, forest management and private land use. Donors have supported, over the years, different initiatives to strengthen local governments, states and federal institutions and brought more human capacity and funding to ensure that the Amazon vision is carried out.

The ARPA originated in 1998 through an alliance between WWF and the World Bank and was later incorporated into the PPG7 created in 1992 by the Brazilian government in partnership with the Global Environmental Facility - GEF, WWF and the German government-owned development bank KfW. Since then, other partners made their donation, including BID, Fundo Amazônia (through BNDES), Moore Foundation, among others. In its third phase, a Transition Fund with an estimated value of around US\$215 million was created thanks to a major fundraising effort. Amounts were based on accurate financial modelling of the costs involved in consolidating and maintaining the 60 million hectares of protected areas supported by the ARPA, incorporating realistic financial projections and budget increase scenarios in order to lessen the long term impact of the transition from donations to reliance on the public purse, and guaranteeing a 3.9% annual increase in public funding over the next 25 years and replacing the endowment arrangement of the Protected Area Fund.

### Alternative Scenario:

Responding to key challenges identified under the Baseline Scenario, the proposed GEF project will support the following activities to protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover.

**The Global Environment Objective** is to protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover.

In order to achieve this objective, the Project is composed of four Components as follows:

#### Component 1. Integrated Amazon Protected Area (PA) System

The main objective of this Component is to consolidate a 60 million hectare PA system in the Brazilian Amazon and ensure its long-term financial sustainability. The main proposed outcomes for this Component include:

- 1.1. Increase in area of global significant forest ecosystems in new protected areas.
- 1.2. Increase revenue for protected areas systems.
- 1.3. Improve management effectiveness of protected areas

This Component includes activities to complete the final phase of the Amazon Region Protected Areas (ARPA) Program. In particular, that is to achieve the goal of establishing an effective system of PAs in the Brazilian Amazon equivalent to 60 million hectares under protection. As well, this entails completing the process of transitioning PA financing from an almost exclusively donor-based support to a long-term public financing mechanism within 25 years.

#### Component 2. Policies for Sustainable Productive Landscapes

The main objective of this Component is the integration and management of forests in agricultural landscapes by promoting access to innovative financing mechanisms.

The main proposed outcomes for this Component include:

- 2.1 Established support mechanisms for forest landscape management systems and restoration (institutional, financing, legal and regulatory frameworks)
- 2.2 Increased investments in sustainable land management (SLM)

This component involves boosting robust markets into which landowners can sell products and services (e.g., wood, non-timber forest products, watershed protection) generated by lands with recovered native vegetation, thereby earning revenue and improving livelihoods while fulfilling the Law 12.651/2012. These new and improved opportunities should change the likelihood of landowners engaging into restoration not only under compliance incentives, but also with some potentially earned revenue. It also involves introducing financial mechanisms such as new and improved loans, forest bonds, restoration funds, and tax exemptions to encourage native vegetation recovery.

With respect to the finance strategy of this component, the project aims to address the main bottlenecks that make it difficult for farmers to be eligible for the special credit line under Brazil's Low Carbon Agriculture (ABC) Program. As noted above, current financing packages do not encourage farmers to allocate financial resources and effort in areas of their properties that will not bring short-term return; effectively resulting in a disincentive to comply with environmental legal requirements in Brazil. This component will support the government to revise the design of the ABC Plan to provide affordable/favorable credits (low interests, grant, or long repayment period?) to qualified long-term investment activities – restoration of APP and RL.

Based on annual net income criteria, Brazilian farmers can be segmented in 3 categories: small/family, medium, and large farmers. Small farmers have a number of benefits, less rigid rules of eligibility, and the support of the Federal Government to enable the regularization process. Large farmers, in their turn, are more likely to fulfill requirements for fundraising and gain competitive advantage. The most disadvantaged category in this case are mid-size farmers.

Therefore, one of the activities of this component is to increase the amount of loans of ABC Program lent to mid-size farmers in the Amazon region (the feasibility of such activity in other regions will be evaluated throughout the project) by giving a financial incentive as a compensation for results reached by farmer's efforts in the recovery of degraded areas in LR and APP. The rural census and recent estimates on the average size of the property for the Legal Amazon in Brazil (comprising the entire Amazon Biome and the ecotone region with Cerrado) points to the prevalence of mid-sized areas where most of the vegetation deficit is located. Focusing on these landowners is the key solution to reconnect areas of importance for Biodiversity and stabilize the landscape in terms of ecosystem services.

### Component 3. Integrated Landscape Restoration

The objective of this Component is to support ecosystem restoration in prioritized locations to help ensure the preservation of biodiversity in the production landscapes and to develop a system of monitoring forest recovery for improved landscape planning.

The proposed outcomes for this Component include:

- 3.1 Increased investment in sustainable forest management (SFM) and restoration
- 3.2 Improved agricultural, rangeland and pastoral management (LD)
- 3.3 Integrated restoration plans to maintain forest ecosystem services are implemented at appropriate scales by government, private sector and local community actors (both women and men).

Together with the improved financing scheme, this component will support integration and management of forests in agricultural landscapes by promoting access to innovative technology and best practices combined with on the

ground application in a manner that emphasizes agricultural practices that secure conservation of forest patches in agriculture landscapes. It concentrates on land management options that increase and maintain agricultural productivity and deliver multiple environmental benefits at landscape scale, particularly in the context of addressing food security and livelihood needs of affected communities (e.g. landscape regeneration through use of locally adapted species, including agro-forestry and farmer-managed natural regeneration).

This component also focuses on building technical and institutional capacities to identify degraded forest landscapes and monitor forest restoration in a sense that improved landscape level planning processes can rehabilitate ecosystem services and create livelihood opportunities. It is related to monitoring forest recovery over time in order to inform strategies of what is working, what is not, and measure progress through the establishment of a national spatial planning and monitoring platform to support decision making for native vegetation recovery. Such platform should be aligned with Webambiente, a web platform for dissemination of information on technologies of APP and RL restoration, such as technical recommendations for restoration and vegetation management in the targeted areas, using technologies available at EMBRAPA (Brazilian Agricultural Research Corporation), among other research entities present in Brazil. This web-based system will cover and spread technological instructions that facilitate the Environmental Adjustment Program (PRA) implementation, in line with government policies for Technical Assistance and Rural Extension.

#### Component 4. Capacity Building and Cooperation

##### 4.1 Improve stakeholder capacity and collaboration across sectors on the implementation of the Program

This Component will support cross-cutting capacity development by establishing synergies between national and local stakeholders – in particular, in the biodiversity, climate change, forestry, and agriculture sectors. This cross-cutting capacity development of these sectors will also seek to integrate the participation of representatives from local communities, state and federal levels.

Capacity building activities will focus on communities and landowners where project activities will go on the ground. The activities should be integrated with investments and rural extension activities mainly related to Component 3. Focus on developing training materials and structured lectures that can be adapted to local needs could help mainstream project results afterwards and help to engage local stakeholders. Gender and social identity issues should be regarded here so as to guarantee adherence to social structures

In terms of cross sector collaboration the project will focus on developing small training packages for financial groups, trade organizations, cooperatives, industry and for the three level of government actors that take part on the productive chain of forest products that foster the reforestation or that are related to timber and non timber sustainable production in the region. Also, cycles of national and regional seminars will be carried out under this component, guaranteeing the scaling up of experiences and good results and the integration with national policies.

#### INCREMENTAL REASONING AND EXPECTED CONTRIBUTIONS FROM THE BASELINE

The Program will provide incremental funding across a range of project interventions that builds on the newfound availability of funds to reduce deforestation and promote sustainable landscapes at the domestic level, as well as on financing from development assistance that focuses on supporting stronger natural resource management to reduce emissions from land use change. Governments will provide substantial and significant co-financing in cash and in kind for the projects related to the proposed interventions (including investments in the Protected Area systems, improved landscape planning), upcoming bilateral funding (Norway and Germany), contributions from the UN Agencies country programs, development agencies (i.e. GIZ, USAID), and grants from other private donors (Gordon and Betty Moore Foundation, WWF).

The Program will promote a shared vision for building productive and protected landscapes and a common objective by the participating partners whose anticipated results are more than the sum of its components. This Program allows for levels of interconnectivity across countries that are using their GEF STAR allocations that could not be achieved through small, isolated projects. Thus, the individual investments can achieve large scale impact. The Program can also enhance internal cohesion and coherence amongst the GEF investments across the GEF implementing agencies.



Lessons learned can be shared and applied more readily via south-south exchanges. Finally, coordination and outreach with all the potential partners and collaborators can be achieved to bring more efficiency to the investments and avoid duplication of efforts.

## INNOVATION, SUSTAINABILITY AND POTENTIAL FOR SCALING UP

**Innovation:** While there have been many projects and initiatives for protected areas systems, mainstreaming of biodiversity and natural resource management, this is the first time that a suite of investments will be coordinated to respond to key drivers of deforestation in the region, harmonize sectoral government policies that impact the region, and work across countries with similar approaches. Interventions will not simply focus on an specific site but rather on mechanisms and enabling conditions to build productive and protected landscapes in the Amazon region.

**Sustainability:** This Program will innovate across technology, finance and governance pillars to reduce deforestation and build sustainable landscapes. From a mainstreaming perspective, the Program is expected to play a significant role in ensuring that key productive sectors work together towards a common objective to reduce deforestation and build productive and protected landscapes in the Amazon. Embedding this “work together” premise of the involvement of three countries can be expected to trigger positive synergies in favor of achieving long-term sustainability. As a critical mass is bolstered by fostering capacity building and consolidation of organizations dealing with biodiversity conservation, deforestation issues and sustainable landscapes in Brazil, Colombia and Peru, the Program will contribute to address future sustainability as these governments become better positioned to capture funding beyond the end of the Program.

**Potential for scaling-up:** The Program will catalyze different innovations across its child projects that can be deployed at speed and scale across all sites. A particular focus on identifying consensus indicators to measure success and allow for causality to be established will allow for smarter investment going forward, which in turn can tap new streams of finance that are results based. The policy and coordination platforms will crowd-in investment going forward and ensure that future interventions can be more effective, accelerate delivery and results, and avoid mistakes.

**A.2. Stakeholders. Will project design include the participation of relevant stakeholders from civil society and indigenous people? (yes ☒ /no ☐ ) If yes, identify key stakeholders and briefly describe how they will be engaged in project design/preparation:**

The World Resources Institute (WRI), IUCN (International Union for Conservation of Nature), PACTO pela Restauração da Mata Atlântica, and IIS (Instituto Internacional para Sustentabilidade) have been collaborating with MMA to develop a strategy of forest landscape restoration for Brazil, which lays the foundation for wide-scale forest restoration, in a manner that benefits local people and livelihoods as well as ecosystems and climate. These institutions will continue to be involved as the proposed Project is implemented. Additionally, the entities to be involved in the implementation of the Project strategies include federations of agriculture and livestock and of industries, NGOs, associations of farmers, associations of seed collectors and nurseries, and researchers associations.

The proposed Project will benefit local populations living inside PAs and in their surrounding areas building on the experience of ARPA's phase 1 and phase 2. Sustainable use PAs will benefit the traditional communities living inside them by providing secure land and resource access in a form that is the most appropriate for traditional management systems (a combination of individual and communal management). Overall the Project is expected to benefit local populations by contributing to formalizing land tenure, considering indigenous peoples interests, and providing opportunities for income generation associated with the protected areas.

The Project integrates specific actions for local capacity building of traditional Amazonian communities, particularly those living in extractive and sustainable use reserves. In this context, particular will be given, in cooperation with other partners, to strengthening the role of women in both indigenous and non-indigenous communities. This

includes: (a) actions to strengthen women's participation and leadership within community decision making processes; (b) actions to ensure that women share in the economic benefits resulting from sustainable use of forest resources, and finally; (c) actions to support and strengthen women's traditional role as 'forest guardians.'

Regionally the integrated PAs will benefit indirectly natural resource dependent populations and urban communities serving as repositories for ecosystem services and repopulating used species. The integrated amazon PA system will also generate global, regional, and local environmental benefits, by counteracting greenhouse gas emissions, conserving biodiversity, and maintaining other ecosystem services locally and regionally. Water quality and quantity, as well as local climate patterns, depend on the natural forest stock and will benefit from conservation actions of the project, benefitting local and regional water supply for human and production use, as well as hydropower generation for local and national distribution.

Furthermore, this Program will build on an important network of stakeholders at the local, national, regional and international levels. At the national level, government commitment is key to the success and sustainability of the Program. As a result the Program will provide a platform to magnify its interventions across different levels of government (National, Regional and Local) and sectors (environment, agriculture, forestry, planning, transport, finance).

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**A.3 Risk. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable):**

The overall level of risk for the financed activities is expected to be moderate. The main risks identified are the following:

There is a moderate risk of failure of the federal and state governments to obtain the necessary budget allocations by the end of the transitional period to cover 100% of the management cost of the PA system. This risk should be diluted along the 25 years of the transitional period, along which the project will periodically assess governmental capacity to meet the gradual increase in allocation levels and, if necessary, may support the government in accessing extra-budgetary funds such as compensation resources and others, or in designing enhanced strategies to meet the intended target. Also this risk should be reduced by the balance between the Program and the Transition Fund Committee - the last overseeing disbursement conditions for the Transition Fund that include yearly average budgetary increases.

Brazilian economic growth, although slowing, and agricultural expansion will increase pressure on natural resources, but the Project will continue to be implemented together with administrative policies, land tenure regularization, and other policies that have made deforestation rates plunge in the last several years. Economic activities, such as soybean and other grain production, logging, and cattle expansion, pose an increasing risk to forest resources. ARPA will continue to be implemented in coordination with policies that deal with the previously mentioned challenges and with measures to mitigate those risks.

Implementation capacity may continue to be variable. Staffing at the PA level is an issue due to the remoteness of many areas, which contributes to high staff rotation. Additionally, institutional strength of state environmental agencies (OEMAs) varies from weak to moderate, but staffing, adequate training and resource availability are common issues. To address this moderate risk, institutional strengthening activities will be continued under this Project. At the PA level, the project will maintain staffing criteria applied during ARPA Phases 1 and 2 for PAs receiving project support and, if necessary, additional criteria will be established to ensure adequate staffing of PAs. State environmental agencies' deficiencies are addressed either through the project or through other projects and partnerships.

Concerning the activity linked to the ABC Program, there is a low risk of low adherence of projects for restoring Area of Permanent Preservation (APP) and Legal Reserve (RL) under the ABC program in the area of coverage. Such adherence can reduce the amount of resources allocated to projects and the dispersion of the funds raised from

the GEF. The mitigation measure adopted for this situation is to engage with other existing initiatives in the country, such as the demonstration units identified in the Program of Embrapa, which have high potential for the recovery of Permanent Preservation Areas (APP) and Legal Reserve (RL).

There is also a low risk of low dissemination of results and benefits generated by the Demonstration Units of the program, which may decrease the number of restoration projects within APPs and RLs, the resources allocated to projects, and the dispersion of funds raised from the GEF. The dissemination of knowledge and successful cases through Webambiente platform can mitigate the abovementioned risk.

#### **A.4. Coordination. Outline the coordination with other relevant GEF-financed and other initiatives:**

ARPA's phase 3 will be developed and implemented in close coordination with other similar or complementary projects in the Amazon region. The project will also liaise with the Bank's regular investment operations in the area, including the Pará Integrated Rural Development Project and the Acre Social and Economic Inclusion Project. Furthermore, the project will also benefit from the actions implemented by the GEF-funded National Biodiversity Mainstreaming and Institutional Consolidation Project (PROBIO II), which aims to strengthen biodiversity awareness in several government agencies and in the private sector. It will also be coordinated with the GEF-financed initiative entitled "Consolidation of National System of Conservation Units (SNUC) and Enhanced Flora and Fauna Protection", which encompasses restoration activities in the surroundings of protected areas such as development of a restoration planning "decision tree", development of a restoration monitoring protocol, and selection of pilot degraded areas to restore.

In addition to that, this project is in synergy with the following initiatives:

- Webambiente, an online system with technical recommendations for restoration and vegetation management in Permanent Preservation Areas (APP) and Legal Reserve (RL), conducted by EMBRAPA (Brazilian Agricultural Research Corporation) and MMA;
- FIP Cerrado, a program to support the implementation of the Rural Environmental Registry (CAR) in the Cerrado biome as a strategy to promote the reduction of deforestation and forest degradation and improving the sustainable management of forests, aiming at CO2 emissions reductions and protection of forest carbon stocks;
- The Program of Degraded Area Recovery in the Amazon (PRADAM), a program of the Ministry of Agriculture, developed in partnership with the Ministry of Environment (MMA), the Food and Agriculture Organization of the United Nations (FAO) and the International Bank for Reconstruction and Development (IBRD). The PRADAM seeks to recover 5 million hectares in five years.

#### **DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:**

**B.1. Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? For biodiversity related projects, please reference the Aichi Targets that the project will contribute to achieving. (yes ☒ /no ☐ ). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:**

ARPA is one of the main components of Brazilian efforts to fight deforestation and conserve the ecological processes and biological diversity in the Amazon, including as a means to strengthen local communities livelihood sustainability. However, it is by no means an isolated action. The proposed Project is consistent with other government strategies and actions, such as the Sustainable Amazon Plan, Amazon's positive agenda and the National Strategic Plan for Protected Areas. ARPA's strategy is completely aligned with and a strong effort for the implementation of the Convention on Biological Diversity (CDB), particularly of its decision VII/28, the Program of Work on Protected Areas (POW-PA), and the National Policy and Plan on Protected Areas. This Project also contributes to the principles of the National Policy on Biodiversity and follows the General Guidelines established in Decree no. 4,339 (particularly targets 14 & 15). The Project also falls within the 2020 National Goals for Biodiversity established in Resolution no. 6 of September 2013.

This project is also consistent with the objectives from the UN Climate Change Conference defined in Warsaw 2015 to: first, to bind nations together into an effective global effort to reduce emissions rapidly enough to chart

humanity's longer-term path out of the danger zone of climate change, while building adaptation capacity; second, to stimulate faster and broader action. Through the reduction of deforestation and forest degradation, as well as the restoration of ecosystem services and biodiversity, it is consistent with and an important share of Brazil's contribution to the global climate change mitigation and adaptation efforts, including Under the UN Framework Convention on Climate Change (UNFCCC). The Project is fully consistent with voluntary commitments of Brazil defined under UNFCCC of reducing GHG emissions, since it promotes conservation and enhances carbon stocks through sustainable management of land use, land-use change, and forestry.

The Project seeks to address habitat change and overexploitation, which are the main drivers of biodiversity loss, through the consolidation of a sustainable protected area system that is resilient to climate change. It particularly aims at improving financial sustainability and at enabling conditions to achieve adequate public financing of the long-term maintenance of the protected area system. This would be achieved by implementing a transitional strategy to gradually achieve full public long term financing for protected areas; by consolidating created protected areas with investments in equipment, basic infrastructure, management plans, supporting community participation in protected area management, and other actions to enhance PA management effectiveness; and by implementing adaptation activities and alert systems to enhance resilience to climate change.

As well, the Project is one of the main drivers of large-scale restoration of native vegetation in private properties, in complete alignment with the Law 12.651/2012, the central piece of legislation regulating land use and management on private properties, and with the National Policy for Climate Change (Law 12.187/2009). Specifically, the proposed project is consistent with innovative instruments established by Law 12.651/2012 such as the Environmental Adjustment Program ("PRA") and the Rural Environmental Registry System (SICAR), a georeferenced web system that will enable documentation of over 5 million rural properties, improving transparency and providing a pathway to environmental compliance. This law states that after five years from the date of its publication, financial institutions shall not grant agricultural credit, in any of its forms, for owners of rural properties that are not enrolled in the SICAR and hence are not proving its compliance with the Law. Therefore, such national legislation will directly benefit from this project, since it encourages the compliance of rural properties with the Law.

The World Bank Group's Country Partnership Strategy (CPS) 2012-2015 (Report 63731) discussed by the Board of Executive Directors on November 1, 2011 has under the "Strategic Objective 4: Improve sustainable natural resource management and climate resilience". The proposed Project is fully consistent with the CPS recommendations, particularly the need to protect priority ecosystems. Also, the Bank has sponsored a number of South-South dialogues led by Brazil. Moreover, the World Bank's positive experience with several GEF's Biodiversity projects and with ARPA Phase 1 and 2 and PLANAVEG is a clear indicator of the agency's comparative advantage in the Project.

In brief, the proposed Project is consistent with: (i) the Biodiversity Focal Area Strategy, in particular with BD-1 (Improve sustainability of protected area systems), and BD-4 (Mainstream biodiversity conservation and sustainable use into production landscapes and seascapes and production sectors); (ii) the Climate Change Mitigation Focal Area Strategy, in particular with CC-1 (Promote innovation, technology transfer, and supportive policies and strategies), and CC-2 (Demonstrate systemic impacts of mitigation options); (iii) the Land Degradation Focal Area Strategy, in particular with LD-1 (Maintain or improve flow of agro-ecosystem services to sustain food production and livelihoods), and LD-3 (Reduce pressures on natural resources from competing land uses in the wider landscape); and (iv) the Sustainable Forest Management Strategy, in particular with SFM-1 (Maintained forest resources: Reduce pressure on high conservation value forests by addressing the drivers of deforestation), SFM-2 (Enhanced Forest Management: Maintain flows of forest ecosystem services and improve resilience to climate change through SRM), and SFM-3 (Restored Forest Ecosystems: Reverse the loss of ecosystem services within degraded forest landscapes).

**Child Project Concept Note  
Colombia**

**PART I: PROJECT INFORMATION**

Project Title:	Connectivity and Biodiversity Conservation in the Colombian Amazon
Country(ies):	Colombia
GEF Agency(ies):	Lead Agency: WB/PNUD (jointly implemented)
Other Executing Partner(s):	Ministry of Environment and Sustainable Development
GEF Focal Area(s):	Multi-focal area

**A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES**<sup>8</sup>

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
BD 1, 2	GEFTF	4,000,000	16,790,850
BD 4	GEFTF	4,000,000	12,653,595
CC 4	GEFTF	4,000,000	30,892,155
LD 1	GEFTF	1,000,000	7,790,850
LD 3	GEFTF	1,000,000	10,274,510
SFM 1	GEFTF	2,500,000	15,411,765
SFM 2	GEFTF	2,000,000	7,516,340
SFM3	GEFTF	2,000,000	15,790,850
SFM4	GEFTF	500,000	3,379,085
Total Project Cost		21,000,000	120,500,000

<sup>8</sup> When completing Table A, refer to the excerpts on [GEF 6 Results Frameworks for GETF, LDCF and SCCF](#).

## B. CHILD PROJECT DESCRIPTION SUMMARY

Project Objective: Improve connectivity and conserve biodiversity through the strengthening of institutions and local organisations to ensure integral low carbon management and peacebuilding					
Project Components	Financing Type <sup>9</sup>	Project Outcomes	Trust Fund	(in \$)	
				GEF Project	Co-fina
1. Connectivity strategies between conservation areas	Inv	1.1 Maintenance and extension of connectivity at the landscape level (conservation areas and sustainable landscapes) 1.2 Increased effectiveness of conservation management strategies for conservation areas and threatened species	GEFTF	8,500,000	20,293,308
2. Integral rural development with a low carbon approach	Inv	2.1 Maintenance and increase of areas with sustainable production systems and/or traditional practices which improve forest cover, foster connectivity and reduce emissions 2.2 Multi-sectoral integration and incorporation of criteria for low carbon rural development in planning and financial instruments for prioritised sectors 2.3 Restoration of degraded ecosystems which promote connectivity and sustainable production systems including sustainable forest management. 2.4 Development of economic and financial mechanisms which promote a transformation to sustainable production systems 2.5 Integration of peacebuilding elements into environmental and territorial management processes which connect with individual and/or collective victims of the armed conflict and their territories through sustainable reparation	GEFTF	9,000,000	59,224,610
3. Institutional and community capacity building for the integration of environmental management into peacebuilding	TA	3.1 Strengthening of public, private and community stakeholders for the implementation of strategies which promote the maintenance of ecosystem services, low carbon rural development and peacebuilding 3.2 Capacity building for those affected by the armed conflict, individuals and/or collectives and their territories in order to facilitate environmental governance and the resolution of environmental conflicts	GEFTF	2,000,000	31,999,610
4. Regional	TA	4.1 Improve collaboration between countries		500,000	3,958,662

<sup>9</sup> Financing type can be either investment or technical assistance.

capacity building		and across sectors in the implementation of the program 4.2 Promote the design and implementation of joint solutions for priority border issues that foster environmental preservation and rational use of natural resources in the Amazon Basin as a sustainable landscape			
Subtotal				20,000,000	115,476,190
Project Management Cost (PMC) <sup>10</sup>			(select)	1,000,000	5,023,810
<b>Total Project Cost</b>				21,000,000	120,500,000

For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust funds here: ( )

**C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE**

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
Recipient Government	National Government (APC, Ministry of Environment, National Natural Parks, SINCHI, IDEAM, Ministry of Agricultural and Rural Development, Social Prosperity Department, Victims Unit)	In kind	28,000,000
Recipient Government	Regional Governments and Regional Autonomous Corporations	In kind	23,000,000
Bilateral agency	KFW, GIZ, NICFI, ICF, USAID, UE (Amazon Vision) BMUB-IKI, UNDP	Grants	58,000,000
CSO	Gordon and Betty Moore Foundation (ARPA), Conservation and Sustainable Development Foundation, FPN, FA, others	Grants	11,500,000
<b>Total Co-financing</b>			120,500,000

<sup>10</sup> For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

**D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY (IES), COUNTRY (IES) AND THE PROGRAMMING OF FUNDS <sup>a)</sup>**

GEF Agency	Trust Fund	Country/Regional/Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) <sup>b)</sup>	Total (c)=abs
WB	GEFTF	Colombia	Biodiversity	(select as applicable)	5,500,000	495,000	5,995,000
UNDP	GEFTF	Colombia	Biodiversity	(select as applicable)	4,500,000	405,000	4,905,000
WB	GEFTF	Colombia	Climate Change	(select as applicable)	2,500,000	225,000	2,725,000
UNDP	GEFTF	Colombia	Land Degradation	(select as applicable)	1,500,000	135,000	1,635,000
WB	GEFTF	Colombia	Multi-focal area	SFM - Amazon	4,000,000	360,000	4,360,000
UNDP	GEFTF	Colombia	Multi-focal area	SFM - Amazon	3,000,000	270,000	3,270,000
<b>Total GEF Resources</b>					<b>21,000,000</b>	<b>1,890,000</b>	<b>22,890,000</b>

c) Refer to the [Fee Policy for GEF Partner Agencies](#).

**PART II: PROJECT JUSTIFICATION**

**A.1. PROJECT DESCRIPTION .** Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, with a brief description of expected outcomes and components of the project, 4) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing; 5) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and 6) innovation, sustainability and potential for scaling up.

Colombia has designed the Amazon Vision Program in alignment with the REDD+ National Strategy, which proposes a series of measures to reduce deforestation and to generate a sustainable development in the region. In this context, we have prioritized working in identified *hotspots* in the northwest region of the Colombian amazon, so a crescent shape advance is formed toward the agricultural barrier, and there we have identified three cores that have not yet been covered by current interventions and planning:

- National Natural Park Corridor Picachos and Alto Fragua Indiwasi Park (Caquetá - Bota Caucana)
- Alto fragua Indiwasi Park Corridor (Bota Caucana) – National Natural Park La Paya (Putumayo)
- San José del Guaviare Corridor - La Macarena Area of Special Management - Yará (Caquetá – Meta – Guaviare)

Border areas with Peru and Brazil have also been included as they have been prioritized in the formulation according to thematic priorities and the agreement with both countries.

**Baseline:** Colombia has committed to net zero deforestation in the Amazon for 2020, subject to the availability of resources of international cooperation. In this framework, the Strategy of Amazon Vision has been designed with the objective of reducing deforestation in the amazon region by means of five pillars: i. Improvement of forest governance, ii. Development and Sustainable Sectorial Planning, iii. Development of Agro-environment, iv. Environmental governance with Indigenous Population, and v. enabling activities. Colombia has also taken part in the Declaration on Forests in New York, in which we will contribute to the global objective of stopping deforestation in natural forests by 2030.



As a part of the initial development of this Strategy, the GEF project, Heart of the Amazon, has been formulated in the area on influence of the Serranía de Chiribiquete National Park, which defines a model of management that includes elements of land ordinance, productive systems, management of protected areas and strengthening of local capacities.

In addition, Colombia has committed to the Initiative 2020 to restore one million hectares for 2020. In this sense, the necessary analysis have been done, which allow confirmation that the departments of Caquetá, Meta and Guaviare are the departments with the highest level of deforestation on a national level, due mainly to the expansion of the agricultural border, illicit crops, and the establishment of pastures for extensive cattle grazing. The area of intervention is characterized by the fragmentation of the habitat and because it's one of the last remaining of connectivity between the Andes and the amazon region, important areas for the provision of water pf the amazon plain. The hydrocarbon, infrastructure and mining sectors are also exercising rising pressures on the forests of the Colombian amazon.

The great biological diversity of the Amazon is no guarantee that it will persist through time, and there is already evidence of important effects on populations of trees for timber and species of animals that are important in the region, due to over-exploitation, illegal commerce, over-fishing, pollution of water, amongst others. The strategies of conservation of habitats and connectivity must also consider the components of endangered species.

These areas coincide with the affected areas due to the armed conflict, poverty and vulnerability that relate to the processes of deforestation.

In the face of this outlook, we see the need to generate schemes of comprehensive management of the territory that promote connectivity among the areas, reduce deforestation, reduce vulnerability of human populations, and offers alternatives for the management of resources of the biodiversity and the promotion of sustainable systems of production.

**Alternative Scenario:** The first component refers to the connectivity strategies between conservation areas. It includes, in the first place the maintenance and extension of connectivity at the landscape level (conservation areas and sustainable landscapes). This includes the creation and management of new protected regional areas, as well as the management of the complimentary strategies of conservation (hydric rounds, forest relicts, etc.) that will allow the identification of the areas of connectivity and the strategies to be developed that will benefit this connectivity, such as restoration, protection of endangered species of the Amazon. Second, increased effectiveness of conservation management strategies refer to the improvement of the strategies of management in the Protected Areas.

The second component refers to integral rural development with a low carbon approach, in accordance to the guidelines of the National Development Plan that would allow, in one regard, maintenance and increase of areas with sustainable production systems and/or traditional practices, which improve forest cover, foster connectivity and reduce emissions. This will also contribute to stop the agricultural border, in terms of reconverting the areas that are currently being exploited unsustainably, to systems that are more in line with the vocation of the amazon soil, such as sustainable forest management. In addition, it is intended that the sustainable traditional practices that have allowed the maintenance of ecosystem services, are conserved and intensified. This must improve the coverage so that the soil isn't degraded so easily, and therefore will maintain the functionality of ecosystems, will favor food security and contribute to the decrease of emissions.

Secondly, multi-sectoral integration and incorporation of criteria for low carbon rural development in planning and financial instruments for prioritized sectors intends, on one hand, to generate technical information necessary to incorporate the criteria of low carbon development in Action Plans that have been agreed on with different sectors, where we have identified activities to contribute to this type of

development. IN this same line, it is foreseen that these criteria will be an asset in decision making regarding financing mechanisms of these sectors with the purpose that their activities in the territory have conditions aligned to these criteria.

Thirdly, restoration of degraded ecosystems which promote connectivity and sustainable production systems will be performed in those defined areas in Component 1, as areas in need of restoration in answer to the necessity of re-establishing the structure and function of the ecosystems, which would allow the habilitation of areas for the development of sustainable systems and emphasize the non-intervention in the areas that are better conserved and of which the provision of ecosystem services depends.

Fourth, development of economic and financial mechanisms which promote a transformation to sustainable production systems will allow sustainability to the sustainable systems offering real alternatives of the market for the amazon products with added value, and also the development of mechanisms of payment for ecosystem services.

Finally, integration of peace-building elements into environmental and territorial management processes which connect with individual and/or collective victims of the armed conflict and their territories through sustainable reparation, will allow follow up on the different activities that the government is implementing in the peace-building process with environmental criteria, related to the repair of damage done to the environment. In addition, it is hoped that working in geographical areas where the victims of the armed conflict as vulnerable populations are found, this will contribute to the improvement of quality of life and the state of sustainable management of the territory in order to guarantee that these populations have access to ecosystem services that are provided and stop the deterioration of these due to increasing threats.

The third component, institutional and community capacity building for the integration of environmental management into peacebuilding, will be the scenario for a differential plan of capacity building. This would be done through the strengthening of public, private and community stakeholders for the implementation of strategies which promote the maintenance of ecosystem services, low carbon rural development and peacebuilding. These will generate capacities in all the actors: (i) on a national level, but mostly in the regional and local level, (ii) in regional environmental authorities as those responsible for implementing policies of protection of the environment and sustainable development, (iii) in the departments and municipalities as those responsible for territorial ordinance in their jurisdiction, (iv) in the different sectors with interest in advancing with productive, extractive or infrastructure projects, (v) as well as small producers that are interested in amazon products, (vi) and the local populations (rural population and indigenous peoples) that have suffered the consequences of territorial disputes and a low presence of the State. In addition, this strengthening must be guided to improve or generate the regulatory and operational framework for the sustainable use of biodiversity.

In second place, capacity building for those affected by the armed conflict, individuals and/or collectives and their territories in order to facilitate environmental governance and the resolution of environmental conflicts, will allow work to be carried out on the social construct needed to re-establish the harmonic and sustainable relationship with the territory and forms of life associated to the territory, but that have been affected by the dynamics of the armed conflict.

The fourth component, regional capacity building, will allow work on coinciding thematic and geographical areas, that once prioritized will be included (border zones will be determined jointly later on) by means of existing instruments, like bi-national agendas, This will allow, on one hand, to improve collaboration between countries and across sectors in the implementation of the program and, on the other hand, promote the design and implementation of joint solutions for priority border issues that foster environmental preservation and rational use of natural resources in the Amazon Basin as a sustainable landscape. In these we find topics, such as protected areas, illegal commerce of species, and pollution of hydric resources with substances such as mercury. Also, it will allow work in the transfer of technology, especially for the generation of added value of the amazon products and sustainable environmental, economic and social use.

In the framework of Neighboring Commissions with Peru and Brazil, the topic of protected areas will be targeted by means of a Memorandum of Understanding (MoU) with the respective counterparts of National Parks in these countries. There will be a joint evaluation on which border areas to include (not only protected areas) taking into consideration the environmental problematics that are shared by the three countries (illegal mining, illegal commerce of wild fauna and flora, illegal commerce of timber, deforestation, etc.) with the objective of designing joint solutions in this respect. It is important to keep in mind that the Chico Mendez Institute has expressed, in various occasions, its interest in working with these topics, which is why National Parks of Colombia will include this Institute in the MoU that will be signed in the next Neighboring Commission Brazil – Colombia in August 2015.

ON the other hand, with Peru we are working on a pilot of “Sustainable Cities” that includes, in Colombia, the municipalities of Leticia, Puerto Nariño, and Puerto Leguizamo. This last one is also part of the pilot project that National Parks of Colombia has been working on regarding border territorial ordinance in the protected area of La Playa, in the framework of the model of sustainable cities with Ecuador and Peru.

#### BRIEF DESCRIPTION OF SUSTAINABILITY AND POTENTIAL FOR SCALING UP.

The Project generates instruments and tools that contribute to the increase in connectivity of landscapes, protection of forests and species, management of hydrographic basins and promote sustainable productive landscapes that can be replicated on other areas of the Amazon, in the framework of Amazon Vision and plans of department or municipal development.

The Project will generate capacities on different levels to ensure that local authorities, rural and indigenous organizations, and authorities of national order improve their capacities of governance for the integral management of the territory, including the instruments and tools that have been developed.

The project will allow that the areas of intervention that coincide with sensitive areas due to the armed conflict, are integrally tended to, and that the populations subject to reparation incorporate the elements of sustainability in their future product in the repaired measures.

#### **A.2. Stakeholders. Key stakeholders and description of how they will be engaged in project design/preparation.**

- Ministry of Environment and Sustainable Development: Coordination of the policy, coordination program Amazon Vision, its role on the Project of that of strategic guide.
- National Natural Parks: Implementation of activities related to the management of areas of conservation, support processes of conformation in new areas, coordination with GEF Project Heart of the Amazon.
- Institute of Amazon Investigation-SINCHI: Support in components of monitoring of deforestation/connectivity, technical support for restoration and design of sustainable productive amends.
- Regional Environmental Authorities: implementation of activities related to the management and/or declaration of protected and strategic areas complementary of conservation.
- Victim's Unit: attention and design of measures of reparation for the victims, individual and collective, of the armed conflict.
- Ministry of Agriculture and Rural Development: Productive systems, family agriculture and market chains.

- USAID/Fondo Acción/ Fondo Patrimonio: Coordination of actions/experiences in existing projects in Caquetá – Putumayo related to connectivity and productive systems.
- Municipalities/Departments: Implementation of strategies for integral management of the territory on a local scale, declaration of areas of municipal reserve, incentives for the conservation and connectivity.
- Rural associations / of producers in the area of study: Agreements for the reduction of deforestation and promote connectivity through production systems and areas of conservation. Support processes of technical strengthening to local producers.
- Indigenous organizations / guards in areas of study: Agreements to reduce deforestation and promote connectivity, strategies of conservation in indigenous guards.
- Guilds (coffee, cacao, cattle, etc.): Implementation / promotion of sustainable amends.

**A.3. Risks. Analysis of risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design.**

- Lack of articulation between existing initiatives: in the development of the project, the lines of Amazon Vision and articulation with GEF Heart of the Amazon should be integrated, given that the activities and areas of intervention and complimentary.
- Given that the project will be carried out in strategic areas for peace-building, it's possible that topics of public order and illicit activities could affect the development of the project.
- Low interest of the local actors in the development of conservation initiatives due to the perception of economic risk and low profit.
- Disinterest in the private sector in backing local initiatives because of the risk of investment and lack of incentives.

**A.4. Coordination: Coordination with other relevant GEF-financed and other initiatives.**

- With the GEF-5's Heart of the Amazon, it is necessary to define specific coordination mechanisms and strategies to compliment the actions in the areas of intervention, as well as in the thematic ones that will be targeted. From the design stage, the empty spaces have been identified that have not yet been covered in Amazon Vision and that won't be targeted by the REM program or the GEF Heart of the Amazon, so that those are the spaces to which this project can contribute to its complimentary activities, also escalating activities that, although haven't yet been formulated in Amazon Vision, are important for an integrated management of the territory and its biodiversity.
- It's in this way that this initiative decidedly contributes to the sustainability of the results of Heart of the Amazon, because of the activities that are proposed to be developed, as well as because of the places or areas of intervention that have been selected.
- In particular, the present proposal includes activities that are strategic to, in first place, to ensure the integrity of the various protected areas of the Amazon; in second place, they favor the ecosystem connectivity through the pillars that define a good part of the Principal Ecological Structure of transition Andes-Orinoquia-Amazonia and, in this measure, brings together some of the results of GEF Heart of the Amazon (components 1.1, 3.1 and 3.2) and extends the strategy to other latitudes. In third place, they incorporate additional areas to an integrated management to the scale of great landscapes and increases operations in the areas of intervention of GEF-5 (component 3.3), which ensures the integrality of the strategy presented for the region. Finally, they add new scope for local capacity building and develops some of the capacities that were formed in through GEF-5 (components 2.1, 2.2).

- In this sense, the mosaic that began GEF-5 is complemented and broadened with GEF-6. Also, the intermediate products that GEF-5 generated are and should be re-taken for GEF-6 in certain geographical areas and certain topics (sectorial, conservation agreements, no deforestation and no change to the use of the soil with rural families; development of economic instruments, etc.).
- Within the framework of the Amazon Cooperation Treaty a deforestation monitoring initiative is underway involving all amazon basing countries, including the three countries proposing this PFD.

#### DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

**B.1. Is the project consistent with the National strategies and plans or reports and assesments under relevant conventions? For biodiversitiy related projects, please reference the Aichi Targets that the project will contribute to achieving. (yes ☒ /no ☐ ). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:**

- Summarize alignment of proposed priorities with relevant national sustainable development policies and strategies

In the framework of the National Development Plan there is the proposal of the strategy of green growth and a policy for the reduction of deforestation, which must guide sustainable development for the whole country. In particular for the Colombian Amazon region, the Strategy of Amazon Vision promotes schemes for the reduction of deforestation, including sustainable production, strengthening of governance and the development of sectorial and local agreements, and the implementation of platforms for monitoring on different scales.

From other sectors of the National Planning Department and the Ministry of Agriculture and Rural Development, through the Rural Mission, they promote the design and execution of rural development plans with a territorial focus.

For the sector of environment and sustainable development, the process of the design of the REDD+ Strategy has continued, whose objective is to help reduce the emissions of carbon dioxide produced by deforestation and degradation of the planet's forests, to counter climate change. With REDD+, it is intended to contribute to the conservation and improvement of the services that the forests provide to the development of communities that inhabit them or depend on them.

There has also been advancement in the National Strategy of Low Carbon Development (NSLCD) by means of sectorial action plans for the reduction of emissions. The NSLCD is a program of development planning on a short, medium and long term, which aims to untie the increase of emissions of greenhouse gases from the national economic growth. This is done through the design and implementation of sectorial measures of mitigation that maximize the carbon-efficiency of the economic activity of the country, and at the same time, contribute to the social and economic national growth.

**Child Project Concept Note**  
**Peru - Sustainable Productive Landscapes in the Peruvian Amazon**

Project Title:	Sustainable Productive Landscapes in the Peruvian Amazon
Country:	Peru
GEF Agency(ies):	UNDP
Other Executing Partner(s):	MINAM- Programa Nacional Conservación Bosques
GEF Focal Area (s):	Multi-focal Areas

**A. FOCAL AREA STRATEGY FRAMEWORK**

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Expected Outcomes	Trust Fund	(in \$)	
			GEF Project Financing	Co-financing
BD-4 Program 9	Outcome 9.1 Increased area of production landscapes and seascapes that integrate conservation and sustainable use of biodiversity into management Outcome 9.2 Sector policies and regulatory frameworks incorporate biodiversity considerations. .	GEFTF	4,530,105	30,000,000
BD-4 Program 10	Outcome 10.1 Biodiversity values and ecosystem service values integrated into accounting systems and internalized in development and finance policy and land-use planning and decision-making.	GEFTF	5,436,126	36,000,000
LD-3 Program 4	Outcome 3.1: Support mechanisms for SLM in wider landscapes established Outcome 3.2: Integrated landscape management practices adopted by local communities based on gender sensitive needs . Outcome 3.3: Increased investments in integrated landscape management	GEFTF	906,021	6,000,000
SFM-1	Outcome 1: Cross-sector policy and planning approaches at appropriate governance scales, avoid loss of high conservation value forests. Outcome 2: Innovative mechanisms avoid the loss of high conservation value forest.	GEFTF	3,397,579	22,500,000
SFM-3	Outcome 5: Integrated landscape restoration plans to maintain forest ecosystem services are implemented at appropriate scales by government, private sector and local community actors, both women and men.	GEFTF	2,718,063	18,000,000
CC-2 Program 4	Outcome A. Accelerated adoption of innovative technologies and management practices for GHG emission reduction and carbon sequestration Outcome B. Policy, planning and regulatory	GEFTF	1,359,032	9,000,000

	frameworks foster accelerated low GHG development and emissions mitigation			
Total Project Cost			18,346,927	121,500,000

## B. CHILD PROJECT DESCRIPTION SUMMARY

<b>Project Objective:</b> To generate multiple global environmental benefits through the application of an integrated approach to the management of Amazonian landscapes				
Project Components	Financing Type <sup>11</sup>	Project Outcomes	(in \$)	
			GEF Project Financing	Co-financing
1. Favourable conditions of policies, regulations and spatial/sector planning instruments for the reduction of pressures on Amazonian forests	TA	<p>Sector policies and regulations are increasingly favourable for the reduction of deforestation through an integrated landscape- and sector-based approach that takes into account development needs of all groups of stakeholders and includes considerations of indigenous peoples, and gender (measures, baseline and target values, and participation, gender and indigenous peoples strategies to be determined during the PPG phase)</p> <p>Biodiversity values and ecosystem service values are internalized in development, finance policy and land-use planning and decision making, resulting in \$200,000,000 of public funds committed and \$12,000,000 disbursed to support conservation-friendly production models and \$60,000,000 of private sector funds committed to strengthening producers' technical, organizational and financial capacities for the application of sustainable production systems</p> <p>Commitments by actors in international supply chains to source 3 of the target commodities from producers satisfying sustainability criteria agreed through the national sector platforms</p>	5,241,979	34,714,286
2. Improved management of production landscapes and sectors in critical localities	Inv	<p>1,700,000ha of land units of the Amazon, in areas affected by land use change dynamics, with use capabilities defined in order to facilitate the application of sustainable integrated natural resource management (INRM) and production practices</p> <p>1,300,000ha of areas of forest or other ecosystems of high environmental/biological sensitivity and/or connectivity identified for special management measures</p> <p>20% (16,000ha) of new areas of cocoa, coffee and oil palm in the Amazon are located in the landscape in accordance with sector development and spatial plans that take into account landscape wide dynamics and environmental vulnerability</p> <p>Cocoa, coffee and oil palm in the target district are managed according to environmental sustainability</p>	12,231,284	81,000,000

<sup>11</sup> Financing type can be either investment or technical assistance.

		<p>principles agreed through national sector platforms and in accordance with NAMA targets, generating BD, LD and CC-M benefits whilst contributing to the sustainability of smallholder livelihoods (in accordance with principles of gender equity and the cultural norms and rights of indigenous peoples)</p> <ul style="list-style-type: none"> <li>- 5,000ha of existing cocoa farms and 700ha of existing coffee farms with enrichment planting and agroforestry systems (AFS).</li> <li>- 50% (40,000ha) of the future expansion of cocoa, coffee and oil palm in the target districts occurs in fallows or degraded land.</li> <li>- 2,000ha of new plantations of cocoa, coffee and oil palm include provisions for BD conservation and connectivity (to be defined during PPG phase)</li> <li>- 5,000ha of degraded forest landscapes subject to restoration through a mix of conservation, commercial and community-focused activities in order to restore ecosystem services..</li> </ul> <p>Net avoided emissions of 3,560,000 CO<sub>2</sub>eq</p> <p>25,000 farmers (including women and indigenous people) in the target areas receiving technical and financial support, and applying required enterprise and organizational development plans, required for them to comply with criteria of environmental sustainability, to increase incomes and to promote livelihood sustainability (in accordance with principles of gender equity and the cultural norms and rights of indigenous peoples)</p>		
Subtotal			17,473,263	115,714,286
Project Management Cost (PMC) <sup>12</sup> (select)			873,664	5,785,714
<b>Total Project Cost</b>			<b>18,346,927</b>	<b>121,500,000</b>

For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust funds here: ( )

### C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
Recipient Government	MINAM	Grants/in-kind	80,000,000
Recipient Government	MINAGRI	Grants/in-kind	20,000,000
Recipient Government	Regional Government	Grants	20,000,000
<b>Total Co-financing</b>			<b>121,500,000</b>

For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.



**D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS A)**

GEF Agency	Trust Fund	Country	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) <sup>b)</sup>	Total (c)=a+b
UNDP	GEFTF	Peru	Biodiversity	(select as applicable)	9,966,232	896,961	10,863,193
UNDP	GEFTF	Peru	Land Degradation	(select as applicable)	906,021	81,542	987,563
UNDP	GEFTF	Peru	Climate Change Mitigation	(select as applicable)	1,359,032	122,312	1,481,344
UNDP	GEFTF	Peru	Multi-focal Areas	SFM Amazon	6,115,642	550,408	6,666,050
<b>Total GEF Resources</b>					18,346,927	1,651,223	19,998,150

**PART II: PROJECT JUSTIFICATION**

**PROJECT OVERVIEW**

**A.1. Project Description.** Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, with a brief description of expected outcomes and components of the project, 4) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing; 5) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and 6) innovation, sustainability and potential for scaling up.

1. The present project will contribute to the reduction of deforestation, and forest recovery, in the Peruvian Amazon by supporting natural resource management and production systems that incorporate considerations of environmental sustainability, through an integrated and comprehensive territorial approach that will recognize the complexity of local livelihoods and the landscape-wide scale of the drivers of deforestation, while at the same time taking targeted actions to address producer behaviour in selected sectors that have been identified as constituting particularly significant drivers of deforestation. It will respond and contribute to a number of important initiatives:

- The country's overarching National Forest and Climate Change Strategy which aims to "contribute to reduce losses of forest and GHG emissions, and improve resilience and welfare of the inhabitants of forest landscapes, by pursuing 3 strategic objectives:
  - o Reduce GHG emissions related to forest landscape in an economically competitive manner and improve human welfare, thus contributing to the global effort to mitigate climate change. This first strategic objective is to be achieved inter alia by implementing Nationally Appropriate Mitigation Action (NAMA) for the Amazonia region, "iNAMAZonia", as well as its subsidiary sector-specific NAMAs on coffee, cacao and oil palm (see below);
  - o Implement measures to adapt to climate change to improve the resilience and reduce the vulnerability of the populations involved. This second strategic objective is to be achieved inter alia by improving prediction and monitoring of impacts, including early warning systems through research and modeling, embedded within the national and subnational planning and execution.
  - o Improve the competitiveness of productive sectors through the ecosystem services of forests and by increasing the competitiveness of sustainable activities in forests and their margins. This third strategic objective is to be achieved by improving access to new forest markets, developing a

local market for ecosystem services and promote access to international markets for green commodities.<sup>13</sup>

- The Joint Declaration of Intent between the Government of the Republic of Peru, the Government of the Kingdom of Norway and the Government of the Federal Republic of Germany on “Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+) and promote sustainable development in Peru” signed during the UN Secretary General’s Climate Summit in September 2014. The agreement’s stated purpose is to
  - o to contribute to significant reductions in greenhouse gas emissions from deforestation and forest degradation in Peru;
  - o to contribute to the achievement of the target of zero net emissions from land use change and forestry in Peru by 2021 and the national target of reducing deforestation by 50% by 2017 and additional reductions thereafter; and
  - o in the context of a) and b) to contribute to the sustainable development of Peru’s agricultural, forestry, and mining sectors.
- The UNDP Green Commodities Programme on “National Commodity Platforms to Promote Sustainable Commodity Production and Trade” (supported by the UN-REDD Programme and the Swiss State Secretariat for Economic Affairs SECO), building upon the advances made to date with the establishment of commodity platforms in Peru for coffee, cacao and oil palm;
- The GEF Pilot Programme “Taking Deforestation out of Commodity Supply Chains”, contributing directly to its demand-side targets;
- UN-REDD support to national preparedness for the future implementation of REDD+.

2. The project will complement and build upon the lessons learnt and the capacities developed through project 5080 “Transforming Management of Protected Area/Landscape Complexes to Strengthen Ecosystem Resilience”, applying the landscape-focused model of resilience developed through that project to other landscape areas within the Peruvian Amazon (unlike project 5080, focusing specifically on the Amazon region) and concentrating on specific issues including the incorporation of biodiversity and SLM considerations into production sectors, and addressing the landscape-wide drivers of deforestation.

3. As part of Peru’s overall contribution to the Amazon Basin Programme, the project will also complement Peru’s proposed ABP sister project, on strengthening the management of PAs and corridors in order to conserve globally significant biodiversity and forest ecosystem services of the Amazon. It will focus on addressing the economic and market aspects of production sectors, thereby complementing the sister project which will focus directly and indirectly on PAs and the spatial dynamics of deforestation and habitat degradation that affect them. Both projects share a landscape approach, however, and will address the interactions between conservation and multiple use elements of the landscape, and there will therefore be important needs and opportunities for coordination between the two. In both cases, the key institutional actors will come from both environment and production sectors (including MINAM/SERNANP and MINAGRI/SERFOR) and their design and implementation will therefore require close coordination between these actors, within a programmatic framework.

#### 1) Brief description of context and baseline scenario:

##### Forest resources and management<sup>14</sup>

4. Peru’s total forest area is approximately 73 million hectares, almost 60 % of national territory. Humid montane and lowland Amazon forests (*selva alta*<sup>15</sup> and *selva baja*) account for about 94% of the total forest area<sup>16</sup>. In 2013 there were 69,356,948ha<sup>17</sup> of forest in the Peruvian Amazon, including (in 2010)

<sup>13</sup> Draft National Forest and Climate Change Strategy. MINAM. December 2014.

<sup>14</sup> This section and the threats analysis draw heavily on “Piu HC and Menton M. 2014. The context of REDD+ in Peru: Drivers, agents and institutions. Occasional Paper 106. Bogor, Indonesia: CIFOR”.

<sup>15</sup> Including “rupa-rupa” between 400 and 1,000m and “yungas” between 1,000 and 3,600m.

<sup>16</sup> MINAM 2011: El Perú de los bosques. Lima, Peru: Ministerio del Ambiente.

6,821,000ha of naturally regenerated secondary forest and 993,000 ha of planted forest<sup>18</sup>. Two-thirds of this area is under forest management<sup>19</sup>: forests in permanent production (concessions and reserves) amount to around 18 million ha (26%); protected areas amount to approximately 16.3 million ha (23.4%); areas of rainforest titled to native communities cover approximately 11.5 million ha (14.5%) and there are over 5 million ha of forest in other categories (7.4%)<sup>20</sup>. In Peru, the land rights of native communities are recognised through property titles on land that is suitable for agriculture or grazing, and usufruct rights on forest lands.

### Threats

5. In 2001, the average annual deforestation rate for Amazon forests was estimated at 83,995ha/year, increasing to 113,504 ha/year between 2001 and 2013. During this period some of the years showed a lower rate than the average, but in 2013 it was estimated at 150,289ha/year<sup>21</sup>; considering the pressure that some sectors exert over the forests, the tendency of this rate is to continue increasing. The business-as-usual scenario estimates that an additional 7.3 million hectares will be deforested by 2050, while the governance scenarios estimate 5.3 million hectares. However, the combined effect of roads, agriculture, cattle ranching, mining, hydroelectric power stations and the projected urban growth, could result in the deforestation of 19.6 million more hectares.

6. Socio-economic development in the Amazon relies on the sustainable growth of its agriculture. Agricultural activities of 458,882 small- and medium-scale family producers cover 2,142,222 hectares, about 60% of the deforested landscape. Ungoverned rapid agricultural expansion has occurred in areas of uncategorized primary forest and on soils unsuitable for agriculture. Here, rapid fertility loss associated with productivity decline and degradation has prompted a vicious circle leading to forest conversion. Amazonian deforestation accounts for 41% of the nation's 138 million tons of CO<sub>2</sub> emissions.

7. The land use and land use change sector is the main source of greenhouse gasses emission (GHG) at the national level representing 35%, this is attributed to the deforestation taking place in the Amazon that emits 45,518.14 Gg CO<sub>2</sub>. Most of the land use change from forestry to agriculture and pastures occurs in non-categorized lands and without property rights.

8. In Peru, only five of the 24 departments represent 80% of the total deforestation in the humid Amazonian forests, according to registered information for the period 2001 – 2013: Loreto Ucayali, Huánuco, San Martín y Madre de Dios. Until 2009, San Martín was considered the department with the highest deforestation rate. During the 2001 – 2009 period, this deforestation represented 24% of the total, which decreased in 2013 to 14.8%. Loreto has shown a steadily growing deforestation rate: during the period 2001-2013, it represented on average 19% of the national total, while in 2013 it accounted for 19.3%. Ucayali is the department that has shown the highest increase, representing 16% of the average deforestation rate for the period 2001-2013. In 2010 this rate increased, accounting for 24.6% in 2013. Huanuco represented on average 14% between 2001 and 2013, and 13% in 2013. Madre de Dios accounted for 7.6% of the total average deforestation during 2001-2013 and represented 8.3% of the total national deforestation in 2013.

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<sup>17</sup> MINAM-Programa Nacional de Conservación de Bosques, 2015

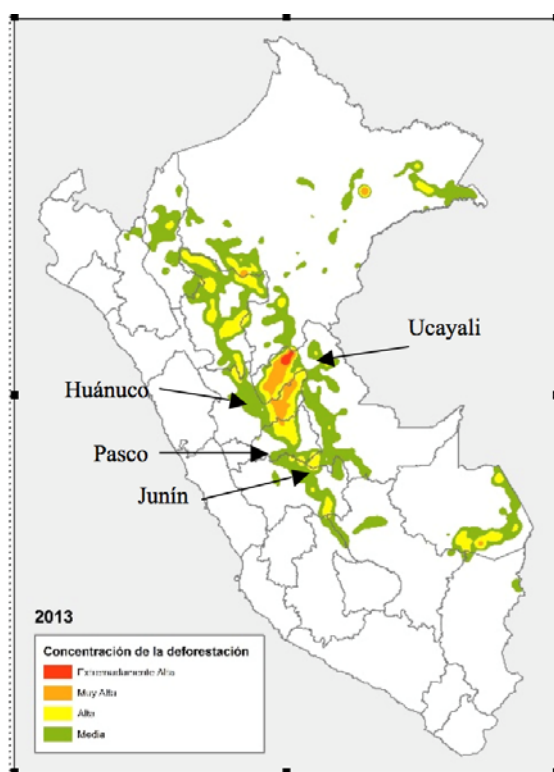
<sup>18</sup> Peruvian National Report for the Global Forest Resources Assessment (FAO 2010)

<sup>19</sup> MINAM 2011: El Perú de los bosques. Lima, Peru: Ministerio del Ambiente.

<sup>20</sup> MINAM – Programa Nacional de Conservación de Bosques, 2015

<sup>21</sup> MINAM – Programa Nacional de Conservación de Bosques, 2015

**Figure 1. Spatial distribution of deforestation in Peru**



### Drivers of deforestation

9. The departments of Madre de Dios, Ucayali San Martín and Loreto experienced the greatest demographic growth in the country between 1993 and 2007. It is estimated that during this period the population of Madre de Dios increased by more than 63%, obtaining the highest percentage growth nationally<sup>22</sup>. The Amazon region is a center of attraction for migration, especially of Andean peoples, driven by the disparities in economic opportunities and poverty between the highlands and the Amazon. Immigration from the Andes and the coast has led to an increase of 21% in the cultivated area during the last 18 years, an additional 2,142,000 ha. through 2012. The discourse on deforestation in the Amazon refers to migrants as major deforestation agents, but the reality is more complex: while there was a net immigration of 20,303 people to the region between 1988 and 1993<sup>23</sup>, between 2002 and 2007 the reverse was true, with a net *emigration* of 27,621 people from the region<sup>24,25</sup>; however, a net emigration rate does not necessarily imply a reduction in deforestation drivers if the people that stay use more extensive agricultural systems, as

<sup>22</sup> INEI. 2010. *Perú: Anuario de estadísticas ambientales 2010*. Lima, Peru: Instituto Nacional de Estadística e Informática.

<sup>23</sup> 154,918 people emigrated (32% to the Amazon, 18% to the highlands and 34% to Lima), while 175,223 immigrated (27% from the Amazon and 40% from the highlands) (Piu and Menton 2014)

<sup>24</sup> 190,067 people emigrated and 162,442 people immigrated (26% from the Amazon and 40% from the highlands) (Piu and Menton 2014)

<sup>25</sup> Available data do not make clear the urban/rural balance in the destinations of immigrants or in the origins of emigrants, which would be important determinants of the impacts of migration on natural resources. This issue will be investigated further during the PPG phase.

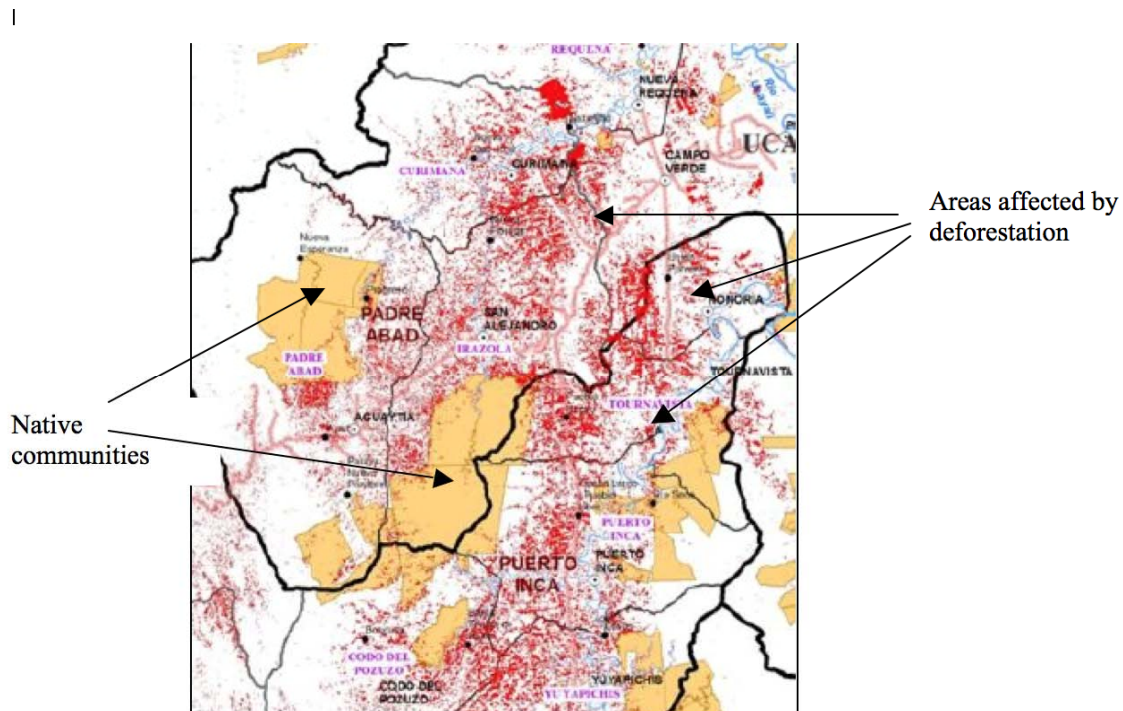
is often the case with migrants in Peru<sup>26</sup>; furthermore, the overall numbers do not necessarily reflect in detail the nature of the local movements with rural areas. The intensity and density of deforestation are directly related to the density of roads and the proximity to populated centers: in the Amazon, 75% of deforestation and degradation in 1999–2005 was located within 20 km of a road<sup>27</sup>.

10. It is evident from Figure 2 that deforestation has principally occurred outside of the areas controlled by native communities: this attests to their effectiveness as guardians of natural resources, but it is also evident that their areas are under severe pressure from the colonist populations that surround them.

11. Recent analysis conducted by PNCB / MINAM shows that until 2006, most of the deforestation occurred in units (polygons) smaller than one hectare, representing more than 50% of the total deforestation that took place that year. Nevertheless, in 2013 this type of deforestation decreased, accounting for 32% of the total. Furthermore, in 2007, deforestation over areas bigger than 550 ha emerged, corresponding to palm oil cultivation, accounting that year for 2.54% of the total deforestation. In 2013, this type of deforestation represented 4.8% of the total deforested area, showing a growing tendency for the coming years. This tendency is more noticeable in the Ucayali region.

**Figure 2. Locations of native communities and deforestation hotspots in Padre Abad and Puerto Inca**

12. Cacao contributes to an estimated 30% of GHG emissions from forest conversion, which at 41% is the



main source of GHG emissions in the country. Cacao production in Peru is experiencing a major boom. It has tripled in the last 15 years, making the country the fourth largest exporter in Latin America and the second in organic production. The current boom is the outcome of:

- Major investments by government agencies and international development agencies to support cacao as an alternative to illicit crops in the Amazon region;
- Relatively stable high prices over the last years;
- Steadily increasing international demand for processed cacao products and high quality beans;
- International cacao buyers looking to secure their supply base.

<sup>26</sup> Meyerson FAB, Merino L and Durand J. 2007. Migration and environment in the context of globalization. *Frontiers in Ecology and Environment* 5(4):182–90.

<sup>27</sup> Oliveira P, Asner G, Knapp D, Almeyda A, Galván-Gildemeister R, Keene S, Raybin R and Smith R. 2007. Land-use allocation protects the Peruvian Amazon. *Science* 317:1233–36.

13. The establishment of new coffee plantations in primary forests has been a major contributor to deforestation and GHG emissions, especially in the highly sensitive *yungas* forest ecosystem on the eastern slopes of the Andes. Coffee has in recent years become the main agricultural export of Peru. It is planted on an area covering more than 425,000ha, extending throughout the oriental band of the Andes. The Andean Amazon ecosystem is home to 95% of coffee producers with the entire coffee sector comprising more than 223,000 producers, of which 85% are small-scale farmers with an average holding size of around 3ha. The rapid expansion has been the result of a boom of settlers migrating from the highlands (*sierra*) to the rainforest (*selva*) in search of better economic opportunities, and a series of social government programmes intended to favour the establishment of alternative crops as replacements for coca.

14. It is estimated that oil palm production is responsible for up to 21% of Peruvian GHG emissions from land conversion. Production of oil palm has increased by 212% between 2000 and 2013, following the statutory declaration of the establishment of domestic capacity in palm oil production to be of national interest. In 2014, the total area under oil palm in the country was around 73,000ha, located principally in the regions of Loreto, Ucayali, San Martín and Huánuco. Oil palm cultivation has been enthusiastically embraced by both agroindustry and smallholder producers; the latter (with plots of 5-20ha) account for around 50% of the total area under production. Given producer interest and a continuing 70% dependence on imports, the area under cultivation is expected to further expand to approximately 100,000ha in the coming years. In 2000, MINAGRI developed the 2000–2010 National Plan for Oil Palm Promotion, with a market-based approach. The plan intended to promote production nuclei or clusters in the departments of San Martín and Loreto, consolidating 50,000 ha.

15. Technological development, demand and good prices for products derived from biofuel crops, together with incentive policies, foster replacement of forests by monoculture, even though there are around 825,000 ha immediately available for forest plantations<sup>28</sup>. 72% of new industrial-scale high-yield oil palm plantations in the Peruvian Amazon from 2000 to 2010 expanded into forested areas. A study in the Ucayali region found that smallholder low-yield plantations have accounted for most expansion overall (80%), but only 30% of their expansion involved forest conversion, contrasting with 75% for high-yield expansion. High-yield expansion minimized the total area required to achieve production, but counter-intuitively at higher expense to forests than low-yield plantations, suggesting that high-yield agriculture of this type can be effective in sparing forests only if coupled with incentives for agricultural expansion into already cleared lands. It is suggested that the large areas needed for high-yield plantations lead owners to avoid land previously cleared, which is frequently under uncertain and disputed tenure; it is simpler to establish tenureship over forests, officially owned by the State. Moreover, many high-yield plantations are owned by large, extra-local entities that choose not to engage with the local social and political complications that any land disputes might entail. Smaller holdings avoid such difficulties partly because they need smaller spaces, and because local, family owners are usually willing to take on the uncertainties of local tenure systems<sup>29</sup>.

### Barriers

#### ***Policy and incentive mechanisms favour the expansion of productive activities into forest land***

16. Almost one-third of forest lands in Peru (30.4%) do not fall into any category of forest use. Forests with no classification of use are mainly located in the remotest areas of the country, particularly in the Department of Loreto. There is little information on the de facto use of unclassified forests. Regarding access to lands, there is overlapping of original rights (mainly those of indigenous peoples, then rights established in the colonial era or after the inception of the Republic) with other legally acquired rights (for example, by means of titles via colonization projects) and illegally acquired rights (through old and recent invasions), as well as with other types of occupation and rights. Access to forests has not been less conflicting: occupation of forests has been hindered by current policies conditioned by social pressures and a lack of necessary planning. This has made sectors compete to occupy territories and exploit natural resources. During such

<sup>28</sup> INRENA. 2007. Bases para la promoción de plantaciones forestales en el Perú. Lima, Peru: Instituto Nacional de Recursos Naturales.

<sup>29</sup> Gutierrez-Velez V et al (op cit).

competition, the forestry sector has clearly had less political and economic clout than sectors like mining, oil and agriculture.

17. With regard to territorial planning, forests in Peru have not undergone a comprehensive process of zoning, management, inventory and valuation, although territorial planning is supported and inspired by national legislation and a set of international agreements and declarations. Economic and ecological zoning (ZEE) was incorporated into the Peruvian legal framework in 1997<sup>30</sup> to prevent problems such as title overlapping and inappropriate use. Today its implementation is the responsibility of MINAM, while regional and local governments are in charge of enforcement in the political administrative areas under their remit<sup>31</sup>. ZEE processes are underway in all 24 departments by December 2014, ZEE studies had been completed in nine regions (San Martín, Callao, Amazonas, Madre de Dios, Cusco, Cajamarca, Piura, Ayacucho, Tacna, Lambayeque y Huancavelica), and the next regions where ZEE studies were due to be completed were Junín, Huánuco and Moquegua<sup>32</sup>. In addition to the ZEE processes, since 2013 analyses of land use dynamics have been included in Specialised Studies of Changes in Land Coverage and Use<sup>33</sup>. The information generated through the ZEE studies has been used for decision-making by regional governments; however, it is necessary to explore and realize further the multiple potential uses of the information in planning processes. Moreover, there are no effective mechanisms to enforce compliance by the authorities with ZEE and territorial planning<sup>34</sup>, and an adequate integration of sector-focused and spatial planning is also lacking.

18. As highlighted in the sector-based NAMAs, Government and private sector policies for the development of certain sectors, particularly coffee, cacao and oil palm, have resulted in these become increasingly significant as drivers of deforestation. Furthermore, sector development and spatial planning policies fail to take adequately into account the complexities of agricultural frontier dynamics and the indirect implications of sector growth, such as the differential behaviour of large- and small-scale oil palm producers and their correspondingly different impacts on forest loss, and the growth of informal settlements and corresponding deforestation in the areas around the areas directly affected by forest clearance for plantations.

***Farmers lack the technical and financial capacities required for the implementation of environmentally sustainable production systems***

19. Although the improvement of production systems to take into account considerations of environmental sustainability has the potential to generate significant benefits for producers in terms of productive efficiency, market access and productive sustainability, it requires levels of technical knowledge and capacity, and initial financial investment, which may not at present be accessible to many farmers. Areas in which such technical knowledge may be lacking include, for example, the establishment and management of the types of shade regimes in coffee and cacao plantations that enhance crop quality, nutrient status and ecological sustainability without affecting short term productivity; and the application of integrated pest and integrated nutrient management systems capable of limiting the need for chemical inputs. Types of investment that may be required to meet the social, environmental and quality requirements of global commodities purchasers, and which some producers may have difficulty in financing, include “ecological” coffee processing centres that avoid the generation of polluted waste water, improved living and working conditions for workers, and improved post-harvest care facilities for commodities.

***Institutional and organizational deficiencies***

20. The application of the proposed model of forest and land management assumes that the development of technical capacities and market-based incentives is backstopped by effective governance conditions. At present capacities are limited in this regard in entities of central Government (e.g. MINAM, SERFOR and the Environmental Police), and more significantly in regional and municipal governments, that are autonomously responsible for environmental oversight and planning in their areas of jurisdiction. These

<sup>30</sup>Regulated in 2004 by Supreme Decree No. 087-2004-PCM

<sup>31</sup> MINAM. 2010. Estrategia nacional de zonificación ecológica económica y ordenamiento territorial Lima, Peru: Ministerio del Ambiente.

<sup>32</sup> <http://www.minam.gob.pe/ordenamientoterritorial/mapa-zona-ecologica-economica-zee/regiones-zee-2/>

<sup>33</sup> RM N° 135-2013-MINAM

<sup>34</sup> Piu and Menton (op cit).

deficiencies (which will be characterized in detailed though capacity building needs analyses during the PPG phase) are manifested in the levels of infraction of environmental laws, such as the unauthorized expansion of production sector activities into environmentally valuable forest lands; and also by the failure of designated institutions to carry out their assigned functions adequately, as evidenced for example by the limited progress that has been made to date in clarifying use and tenure rights on forest lands<sup>35</sup>.

21. Limitations are also evident in the institutional framework at community level: while many indigenous communities have their own governance structures and norms, these are often inadequate to deal with the new and growing pressures to which they are subject by external actors, including both small colonist farmers and large commercial-scale operators. Producers also suffer from limited organizational capacities: this typically affects their ability to access markets and influence market conditions, to gain access to financial and technical support, and to exploit opportunities for economies of scale through the sharing of post-harvest facilities.

22. Existing governance and participation mechanisms are also often inadequate to guarantee the effective and equitable representation of different stakeholder groups, especially traditionally marginalized sectors such as indigenous groups, the poor and women.

### **The baseline scenario and associated baseline projects**

23. Under the baseline scenario, the future development of commercial agriculture in the Peruvian Amazon would take place at the expense of the region's forests and related natural resources, resulting in continually increasing negative impacts on globally important environmental values (biodiversity, carbon stocks and land/ecosystem functions), as well as the loss of nationally important ecosystem services and the undermining of natural resource-dependent livelihoods.

24. There is a major baseline of institutional investments in the region, however under the baseline scenario these would tend to either exacerbate these negative impacts or fail to take advantage of opportunities to apply integrated and sustainable solutions.

25. Through the National Program for Forest Conservation (PNCB), the Ministry of Environment (MINAM) is investing in the reduction of deforestation nationwide and thereby to climate change mitigation. The PNCB had an initial target of conserving 54 million ha, but this has increased over time, and it is now aimed that by 2021 net GHG emissions resulting from deforestation will be on the decrease. The annual public budget of PNCB at present is USD 5.2 million (an estimate of USD 31.2 million for the 6 year duration of the project). In addition to that, currently PNCB receives funding for REDD+ readiness from FCPF (R-PP) (USD 3.8 million for 2015-2017), and the REDD+ MINAM Project (KfW) (USD 7 million 2013-2016).

26. These efforts will be complemented by investments of international cooperation in reducing deforestation and degradation, including the following:

- National Program under UN-REDD (USD 3.8 million).
- Peru Investment Plan – Forest Investment Program (budget USD 50 million, estimated for 2017-2020).
- Forest Conservation Program, focus on Communal Forests (JICA) (budget USD20 million, estimated for 2016-2020).
- Sustainable, Inclusive and Competitive Forest Management in Peruvian Amazon, executed by SERFOR with USD 20 million CAF funding and USD 40 million GoP funding, for 2015- 2019).

27. These investments will constitute vital elements of the project's baseline, but their achievements risk being undermined by the expansion of productive sectors in the Amazon without adequate consideration of environmental sustainability and the landscape-wide dynamics of deforestation.

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<sup>35</sup> The issue of tenure and titling is currently being addressed through a loan-financed initiative of the Interamerican Development Bank (IDB)



28. The Government, the private sector and international cooperation agencies are also investing in the development and expansion of the cacao, coffee and oil palm sectors, through the following programmes:

- MINAGRI is currently investing about USD 48.5 million annually (2015), through several programs (Procompite, USD 7 million; Agroideas, USD 1.5 million for business plans; Program for illegal coca plantations replacement, USD 10 million; Program for coffee tress renewals, USD 30 million). Agrobanco is currently funding almost 48,000 producers, with an annual budget of USD 180 million.
- The DeVida<sup>36</sup> programme for 2012-2015 for the Project area includes support of cacao, coffee and oil palm installation and improvement, totalling around USD 10 million per year: it is planned that this will be maintained in coming years.
- The Alliance Cacao Peru, with the support of USAID (budget USD 36 million), promotes the fine and flavor cocoa as an opportunity of sustainable business and vehicle for social inclusion of families in the amazonian región (Huanuco, San Martin and Ucayali).

29. In addition to these investments, the Government is seeking to promote the environmental sustainability of sector development though initiatives such as the 20x20 Initiative and NAMAs for four key commodities. The 20x20 Initiative, led by MINAGRI, with MINAM participation, and supported by IADB, WRI, IUCN and recently FAO, aims to restore 3.2 million ha, 2.0 million ha of which through reforestation, but is still looking for specific funding. MINAGRI is leading the development of four NAMAs: oil palm, coffee, cacao and cattle in the Amazon, with MINAM, NGOs and international research institution involvement. The development of a National Plan for Forest and Climate Change and the REDD+ Action Plan, led jointly by MINAM (PNCB) and MINAGRI (SERFOR), currently under design, will support the alignment of sectorial policies with national forest conservation policies and help to improve enabling conditions for low emissions development in the Amazon rural sector. These initiatives are complemented by public/private investments in commodity platforms.

30. In addition, the Government is making major investments in territorial land use planning (ordenamiento territorial), through MINAM and regional governments projects (15 programs with a budget estimated at USD 40 million over the project period).

31. Despite the magnitude of this baseline, it is inadequate in a number of key aspects for ensuring the sustainable management and conservation of globally important forests and landscapes in the Amazon:

- The investments in forest conservation lack the adequately integrated vision and landscape-wide perspective that would permit the multiple drivers of deforestation to be addressed effectively;
- Small- and medium-sized producers would lack the technical orientation required to apply viable BD- and LD-friendly forms of production that would permit the stabilization of Amazon landscape dynamics, with reduced environmental footprints;
- The expansion of production sectors, even with the baseline investments in reducing their environmental footprints and in strengthening territorial land use planning, would fail adequately to take into account the land use potential, carrying capacity and environmental importance of different sites, or to take into account the risks and implications of indirectly stimulating the advance of the agricultural frontier.
- The support to national commodity platforms would lack sufficient connection with local producers and on-the-ground initiatives, necessary to allow the development of functional environmentally-friendly commodity value chains.

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<sup>36</sup> Illegal crops control agency

Objective

32. The objective of the project is to reduce pressures on Amazon forests through the promotion of the sustainable management of productive landscapes. Under the baseline scenario, landscapes in the Peruvian Amazon would continue to be managed as a mosaic of protected areas (with their associated buffer zones), indigenous territories, forest lands subject to or threatened by conversion, and lands already converted to agricultural use, with inadequate consideration given to the interactions between these land uses and the landscape-wide dynamics of deforestation. The conversion of forest to agricultural use (principally commercial crops including cocoa, coffee and oil palm, together with food crops grown largely for subsistence purposes) would continue apace, in accordance with the priority given by the Government to the development of these commercial crops. Capacities and enabling conditions would remain inadequate to allow the implementation of the environmental mitigation measures proposed in the sector-based NAMAs for coffee, cocoa and oil palm, and for the incorporation of the integrated vision contained in the iNAMAzonia.

33. This baseline situation reflects that in neighbouring countries participating in the Amazon programme. A fragmented approach involving disconnected national initiatives would fail to address the regional nature of the socioeconomic and productive pressures that constitute drivers of deforestation, the risk of leakages of pressures across frontiers, and the biological porosity of national frontiers.

34. Under the GEF alternative, the different elements that compose the landscape will be managed in an integrated manner: most significantly, commercial agriculture (cocoa, coffee and oil palm) will be located preferentially in areas with low levels of global environmental value and vulnerability, and where they are least likely to stimulate indirect impacts on high value areas as a result of immigration and the development of infrastructure and service sectors; and the management practices applied in these sectors will optimize global environmental benefits (in terms of sustainable land management, biodiversity and the protection and promotion of carbon stocks. Another key aspect of the GEF increment will be that compatibility will be maximized between the generation of these global environmental benefits and the satisfaction of national and local development goals: the project will seek the appropriate management, rather than the elimination, of the expansion of the target production sectors, and will seek “win-win” solutions whereby producers are able to operate in ways that combine environmental and productive sustainability with profitability. A key element in this regard will be the support of links between sustainable production systems and “green” global commodity markets.

35. The project will generate major environmental benefits under the three target focal areas:

- Biodiversity benefits will be generated through the avoidance of the deforestation of large areas (10,877 hectares) of humid Amazon forests (including lowland humid forest, “*rupa-rupa*” between 400 and 1,000m and “*yungas*” between 1,000 and 3,600m) and the consequent loss of their constituent flora and fauna, and the enhancement of the habitat value of production systems including shade cocoa and coffee plantations, and oil palm plantations, through the introduction of BD-friendly management practices. In addition to direct on-site benefits, it will also generate landscape-wide benefits in terms of improved biological connectivity, which is of particular importance in the case of apex predators such as jaguars: improvement in the “BD-friendliness” of the production landscapes surrounding key refugia (PAs) will facilitate the movement of such BD elements between refugia, thereby improving inter-population diversity as well as expanding their effective foraging ranges.
- Sustainable land management benefits will be generated through the promotion of integrated, landscape-scale approaches to the management of the different units constituting the target landscapes, in such a way as to maintain and promote the generation of ecosystem services from both forested and non-forested lands (ecosystem health, the protection of soil against degradation<sup>37</sup> and the maintenance and promotion of water and nutrient cycles).
- Sustainable forest management benefits will be generated in terms of the avoided deforestation of large areas of tropical forest, and what would have been the consequent loss of carbon sinks (avoided

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<sup>37</sup> The selected región of Padre Abad is susceptible to landslides, as is much of Peru.

emissions are estimated at 3,560,000 tCO<sub>2</sub>eq), and through the restoration of degraded forest lands in such a way as to restore degraded ecosystem services.

36. These benefits will constitute a major contribution to the programmatic goals of the Amazon Basin Programme. Given the need and potential for synergies between the constituent projects of the ABP, the overall contribution will be greater than the sum of the benefits of the individual projects, as a result of improved effectiveness in addressing regional-scale socioeconomic and productive pressures on forests, improved efficiency as a result of interinstitutional and inter-country coordination, and the sharing of lessons learnt and best practices.

37. The project will be led by the Ministry of Environment (MINAM), with the direct participation of a number of its dependencies including the National Programme for Forest Conservation (PNCB), the General Directorate of Biological Diversity, the General Directorate of Climate Change, Desertification and Water Resources, the General Directorate of Land Use Planning and the General Directorate of Evaluation, Valuation and Financing of Natural Heritage, as well as the Office of the GEF Operational Focal Point. Other key institutional participants will include the National Forest and Wildlife Service, and the General Directorate of Agrarian Business, and the General Directorate of Agrarian Policy of the Ministry of Agriculture (MINAGRI); the National Commission for Development and Life without Drugs (DEVIDA); and regional and municipal governments in the target areas.

#### Outcomes and components

38. The objective of the project will be achieved through actions structured under two components.

#### ***Component 1***

39. This component will be focused on actions at systemic level, aimed at generating favourable conditions of policies, regulations and spatial/sector planning instruments for the reduction of pressures on Amazonian forests.

#### **1.1 Harmonized policies, planning instruments and regulations favouring the reduction of deforestation**

40. The project will support coordination and harmonization of policies between productive, social development and infrastructure-focused sector ministries on the one hand, and the environment sector on the other, in order to address problems (prioritized for attention in the National Strategy for Forests and Climate Change and the Government's NAMA documents) such as the expansion of agricultural sector activities directly into forest lands, as well as the indirect and unintentional effects of agricultural and infrastructural development initiatives in attracting population and corresponding deforestation in their surrounding areas. Project strategies in this regard will cover a diverse yet interrelated set of issues: land use categorization, in order to ensure the existence of a clear and solid legal basis for land use planning and governance; territorial land use planning, in order to ensure that land uses are located appropriately within the landscape; and inter-institutional and cross-sector coordination and harmonization, in order to reduce the risks of sector actors operating at cross purposes and undermining their respective initiatives and objectives. Lessons learnt at field level under Component 2 regarding governance, planning and multi-stakeholder coordination will be fed progressively into the structural level processes proposed under this component, enabling them to be validated and improved in an iterative manner.

41. As explained above (paragraph 16), initial categorizations have been carried out of the land use potential of forest lands, but this process is incomplete. Subject to the results of PPG studies, the project will provide technical support to process of reviewing the categories used for land use classification, in order to ensure that they take into account the spatial dynamics and the interactions between socioeconomic and biophysical factors that determine the long term implications of different land use decisions, in addition to the agronomic and productive factors on which the categorisations tend predominantly to focus at present; and the development and effective application of a registry mechanism for forest lands.

42. In relation to territorial land use planning, the project will build on MINAM's 2013 Methodological Guidance Document for economic and ecological zoning (ZEE), and other instruments such as specialized studies, integrated territorial diagnoses and land use plans, providing technical support to enable MINAM to

incorporate an integrated sector-based and spatial approach into territorial land use planning processes nationwide, with a particular focus on the Amazon region. This process will progressively incorporate lessons learnt at field level under Component 2 regarding the management and resolution of the local complexities reconciling different interests and priorities.

43. The project will support the coordination and harmonization of actions between different sector ministries (particularly MINAGRI in relation to agricultural development and resource tenure issues and MINAM in relation to environmental protection and land use planning) and between central, regional and municipal levels. This will focus, for example, on the strategic environmental assessment of the sector development initiatives of MINAGRI, regional and municipal governments and the private sectors impact; and on the corresponding introduction of environmental safeguards and monitoring mechanisms into such initiatives, backed up where necessary by the development of corresponding capacities (needs for which will again be analysed through PPG studies). These environmental assessments and safeguards will extend to funding instruments such as FONCOMUM, which if inappropriately applied have the potential to act as “perverse incentives” for deforestation. Another key area of attention is the process for the allocation of public budgets, led by the Ministry of Economy and Finance: the project will support the generation and application of guidelines for the General System of National Information for Public Investment, in order to ensure that the nature and magnitude of public investments are proportionate and appropriate to land use potential.

## **1.2 Financial architecture supporting models of production and resource management that are compatible with conservation**

44. In addition to supporting, under Output 1.1, the development of safeguards to existing financial instruments, in order to minimize the risk of them generating unintended negative environmental impacts (“perverse incentives”), the project will support the development and/or application of financial instruments that actively promote environmentally-sustainable forms of production. The aim will be to generate a mix of complementary public and private sources of funding.

45. On the one hand, the project will support processes aimed at increasing budgetary allocations by central, regional and local Government institutions in support of sustainable forms of production and resource management; subject to the results of PPG studies, key areas in which it will be argued that such increased budgetary support is needed include environmental enforcement (by entities including the Forest Service SERFOR, the Environmental Protection Division of the National Police, the Organism for the Supervision of Forestry and Wildlife Resources OSINFOR and the Office for Environmental Evaluation and Fiscalization OEFA), land titling (overseen by MINAGRI) and territorial land use planning (by regional and municipal governments). In support of this effort, the project will generate and/or systematize information on the economic returns that can be expected from such budgetary investments, including the maintenance of flows of ecological services from forests, but also the assurance of the country’s continued access to favourable global commodity markets, by virtue of compliance with principles of environmental governance and sustainability. Another key argument in this regard is the country’s participation in REDD and REDD+ processes: the support by the project to sustainable forms of resource management will make a major contribution to helping the country meet its commitments and targets in regard to REDD and REDD+, but this is dependent on the government (re)investing budgetary resources in environmental governance in order to ensure sustainability. This will build on the development by the Government, through the National Programme for Forest Conservation (PNCB), with support from UNDP, of a National Forest and Climate Change Fund, which will be the financial arm of the National Forest and Climate Change Strategy (it is intended that this Fund will be the main financial instrument to channel the US\$250 million to be provided by Norway and the potential contributions of Germany towards the agricultural NAMAs included in iNAMazonia); in addition, the PNCB is working, with support from UNEP, on the development of fiscal incentives in support to the implementation of the National Forest and Climate Change Strategy, and this will produce key inputs for this lobbying process.

46. At the same time, the project will work with demand-side actors in the private sector (particularly global commodity traders participating in the National Commodity Platforms, see Output 1.4) to motivate them to provide financial support to the development of the technical and organizational capacities needed among

producers to be able to supply increasing levels of demand for commodities in a reliable, consistent and profitable manner, in accordance with standards of quality and environmental sustainability.

### 1.3 Favourable market conditions for the implementation of sustainable production systems

47. The expansion of crops directly linked to and driven by global commodity markets (especially coffee and cacao) constitutes one of the most significant drivers of deforestation in the target areas. Conversely, there are significant opportunities to turn commodity sectors into drivers of positive rural development: by applying better practices, most producers can considerably increase both yields and product quality, reduce environmental impact and improve social conditions for themselves and their workers; and by diversifying production systems, they can improve income, food security and resilience to climate change.

48. In recognition of these opportunities, UNDP has commenced activities in Peru through its global Green Commodities Programme (GCP), with support from the UN-REDD Programme and the Swiss State Secretariat for Economic Affairs (SECO), aimed at tackling the causes of deforestation and forest degradation associated with agricultural activities and in particular with the functioning of global commodity markets. This support is based on the establishment and strengthening of National Commodities Platforms (NCPs) for coffee, cacao and oil palm; in line with GCP's global approach, these NCPs constitute forums where all stakeholder groups in a commodity sector meet, and through plenary meetings and specialist working groups establish a consensus on issues that must be solved.<sup>38</sup> Through dialogue the stakeholders agree on priorities and action they must take to make a sector more sustainable, and coordinate roles and responsibilities in the process, resulting in the joint preparation of National Action Plans for the targeted commodities.

49. In accordance with the priorities set out in the country's NAMAs for coffee, cacao and oil palm, the project will build on the solid basis of multi-stakeholder consensus and vision that will be established through the NCPs, supporting their consolidation and the implementation of their recommendations. In particular, the project will facilitate increased and consolidated participation by private sector actors, especially global commodity traders, in the process. Field-level actions under Component 2 will serve to generate lessons of how to put the sustainable production models agreed by the NCPs, and will generate an initial flow of sustainably produced commodities into the market: these results will be shared with these private sector actors and other NCP members in order to motivate their buy-in to the model, through concrete commitments to purchase increasing amounts of commodities from the sustainable sources in the Amazon. The aim is that this situation will scale up in an iterative manner, as traders gain increasing confidence in the reliability of sources of supply and increasing conviction of the benefits to be gained from participating in the sustainable value chains business model; and producers gain confidence that their investments in sustainable production will be rewarded by access to reliable markets with favourable price conditions.

#### Component 2

50. This component will be focused on improving the management of production landscapes and sectors at local level, through actions carried out in selected critical localities. These actions will be carried out within areas of the Peruvian Amazon, focused principally on the "*selva alta*" of the eastern slopes and foothills, identified as being most affected by processes of land use change and deforestation, but also where appropriate including priority areas of lowland forest (*selva baja*), especially when linked to the *selva alta* by ecological and/or socioeconomic dynamics.

51. The target locations are shown in Table 1.

**Table 1. Project target locations**

Region	Province	District
Ucayali	Coronel Portillo	Nueva Requena
	Padre Abad	Curimana Padre Abad

<sup>38</sup> Platform stakeholders include: ministries, sub-national governments, multi-national companies, domestic business, producers and producer organizations, labor unions, industry associations, private standard organizations, civil society representatives.

		Irazola
Huanuco	Puerto Inca	Tournavista Puerto Inca Codo de Pozuzo Yuyapichis

52. This will include:

### **2.1 Planning and governance instruments at local levels supporting sustainable models of production and resource management**

53. The project will carry out pilot activities in selected locations within the target areas, aimed at testing and generating lessons on the application of models of natural resource governance and planning that will address the complex dynamics of deforestation processes, while at the same time taking into account the diverse rights and needs of the areas' different stakeholder groups (with particular attention to indigenous people and women).

54. Mirroring the issues addressed by the structural level support proposed under Output 1.1 (into which these pilot activities will feed), this will focus on:

- Supporting the definition of land use categories, territorial land use plans and forest management plans that into account the complex dynamics of deforestation and land use change processes;
- Supporting the coordination and harmonization of the actions of different stakeholder groups: in order to maximize efficiency and social acceptance, and avoid duplication, the project will take advantage wherever possible (subject to orientation and supervision by MINAM) of existing multi-stakeholder entities for coordination and dialogue, including REDD Platforms, Regional Indigenous REDD+ Platforms, Technical Commissions for Ecological Economic Zoning and Territorial Planning (ZEE-OT), Regional Environmental Commissions (CAR), Municipal Environment Commissions (CAM), Forestry Platforms and Civil Defence Committees;
- Strengthening natural resource governance at local level, through support to community-based organizations (both indigenous and colonist), the development and/or strengthening of community-based norms and regulations (ensuring that these are relevant to the complexities of deforestation dynamics), the establishment or consolidation of conflict management mechanisms, and the strengthening of capacities for environmental enforcement (building for example on existing mechanisms such as Forest Management Committees and Forest Vigilance groups<sup>39</sup>).
- Strengthening provisions for the equitable participation of different stakeholder groups in natural resource decision-making and management, and in the distribution of the resulting benefits. Particular attention will be paid to promoting the participation and empowerment of traditionally marginalized groups, especially indigenous groups, poor people (both indigenous and colonists) and women (addressing typical intra-community and intra-family inequities). Attention to such issues is important not only from the perspective of social justice (and the development goals of the Government and UNDP) but also of the social sustainability of the resource management models that are proposed.

55. This support will involve a wide range of actors: of particular importance will be regional and municipal governance, given their autonomous responsibilities for overseeing natural resource governance, as well as sector-based and territorial planning, and indigenous organizations, including community-based organizations and national level groupings such as the Interethnic Association for the Development of the Peruvian Jungle (AIDESEP) y la Confederación de Nacionalidades Amazónicas del Peru- CONAP.

### **2.2 Technical, organizational and financial capacities allowing farmers to apply production practices with potential for sustainably reducing deforestation dynamics in Amazonian forests:**

56. The project will work with partners (Government entities, NGOs and bilateral/multinational development agencies) to develop and apply technical assistance packages for producers, focused on

<sup>39</sup> *Veedurías forestales*

innovative and sustainable production models. Technical aspects on which this support will focus will include, for example, the introduction or adaptation of agroforestry practices in farming systems, in order to combat processes of land degradation and thereby contribute to stabilizing the dynamics of the agricultural frontier; and the application of agronomic practices that combine environmental sustainability with improvements in productivity, such as cover crops, organic fertilization, integrated pest management and the appropriate management of shade in coffee and cacao plantations. This will be complemented by support to capacities and plans for enterprise development and organizational consolidation by producer groups, resulting in increased productivity, efficiency and quality at the production, post-harvest, processing and marketing stages; and to supporting increased access to finance for the application of improved productive practices, together with capacities for financial planning and management. These different forms of support will lead directly to improvements in the economic benefits generated by farmers' production systems, as well as to increased environmental sustainability, and will also help to ensure farmers' abilities to meet the requirements (in terms of product quality, reliability of supply and environmental compliance) of purchasers, particularly the actors in the global commodity supply chains with which the producers will be connected under Output 2.3.

### **2.3 Value chains favouring the reduction of deforestation and threats to biodiversity**

57. In the target areas, the project will assist local producers in developing and applying business models based on the supply of commodities to "green value chains". It will put selected producer groups<sup>40</sup> in contact with private sector commodity traders participating in the NCP (referred to under Output 1.4 above) and facilitate the negotiation of contracts between them: these will include provisions for producers to comply with agreed principles of environmental sustainability and product quality, and to guarantee sustainable levels of supply; and for the purchasers/traders to guarantee purchase quantities and prices, as well as to provide the producers with technical, organizational and financial support.

58. The establishment of these site-based value chain agreements will generate lessons that will feed into the national-level processes of consolidating green value chains for global commodities, described under Output 1.4 above.

#### **A.2. Stakeholders. Will project design include the participation of relevant stakeholders from civil society and indigenous people? (yes ☒ /no ☐ ) If yes, identify key stakeholders and briefly describe how they will be engaged in project design/preparation:**

59. The stakeholders of the project at local level will include all of the inhabitants of the target area whose livelihood support and productive actions have implications for the condition of the targeted global environmental values, those whose livelihoods might potentially be affected by the proposed conservation strategies, and those with the potential to participate in the conservation strategies (for example, through the adoption of BD-friendly production systems). These actors will therefore include both indigenous people who are native to the areas, and colonists who are either mixed-race or indigenous but from other parts of the country (the highlands and other parts of Amazonia).

60. A significant proportion of the the project area is inhabited by indigenous people: in Peru, the land rights of native communities are recognised through property titles on land that is suitable for agriculture or grazing, and usufruct rights on forest land. In order to facilitate the participation of indigenous people in project design, the project will take advantage where possible and relevant of the various organisations that represent their interests at national and local levels, including the Interethnic Association for the Development of the Peruvian Jungle (AIDESEP), the Centre for the Development of Amazonian Indigenous People (CEDIA), the Coordinator of Indigenous Organizations of the Amazon Basin (COICA), and the Confederation of Amazonian Nationalities of Peru (CONAP).

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<sup>40</sup> Candidate producer groups will be provisionally identified during the PPG phase and confirmed early on in the implementation phase, on the basis of criteria including expressions of interest, existing capacities and experience, and the effectiveness of their response to the capacity development activities proposed under Output 2.2.

61. The project will endeavour to take a similar approach with non-native colonists. With these actors, attention will be paid to working with sector-based organizations to which they may belong (particularly organisations of cocoa, coffee or palm producers), and to production cooperatives.

62. Regional and Local Governments will play a particularly significant role as facilitators of the participation of different local stakeholder groups, and will be important partners of the project in this regard.

### **1. Gender Considerations.**

63. Women play important roles in the productive landscapes of the target areas, particularly in small scale agriculture and in semi-industrial coffee production (for example in seed selection, nursery maintenance, crop conservation, harvesting and post-harvest care). They are also vulnerable to the loss of environmental services resulting from deforestation, and in addition have the potential to be impacted by restrictions on productive activities as a result of conservation initiatives, unless adequate safeguards and mitigation measures are put in place. Adequate consideration of gender issues will therefore be vital to ensuring the social sustainability of the conservation strategies proposed by the project, equitable access to decision-making related to natural resource management, and equitable distribution of the resulting benefits.

64. Gender differences in relation to natural resource management, environmental vulnerability, the distribution of benefits from natural resource use, and rights and leadership over natural resources, will be characterized initially during the PPG phase, permitting the adequate incorporation of gender dimensions on project results, actions, indicators and budget. The strengthening of capacities will include activities targeted both men and women, to maximize an active involvement and acknowledgement of women's rights and leadership over forest resources. Also, as mentioned previously, assuring the involvement of women in natural resource governance, such as in REDD+ safeguards, is crucial to its success.

Additionally, UNDP aims to support partner institutions to increase women's access to the ownership and management of ecosystem goods and services (UNDP gender equality strategy 2014-2017): in that sense, this project will contribute to meeting national efforts to increase the number of rural women with access to information, training and technology transfer for natural resources management; water, land and forest committed in Peru National Plan on Gender Equality 2012-2017. Overall, gender perspectives and the unique contribution of Indigenous people will be assessed by UNDP Social and Environmental Standards (SES) that underpin UNDP's commitment to mainstream social and environmental sustainability in its Programmes and Projects to support sustainable development

### **2) Brief description of sustainability and potential for scaling up.**

65. The project will be innovative at national and global levels inasmuch as it will combine a number of approaches that have previously been applied in other initiatives, thereby offering a more integrated and complete solution to complex and interrelated factors that threaten global environmental values, and will deliver multiple environmental benefits spanning a number of focal areas. Of particular significance will be the combination of a market focused approach, targeting a selection of key commodities and their value chains, with farm-level strategies that reflect the complexity and diversity of farming and livelihood systems and recognize that farmers' decision-making in relation to the management of natural resources is rarely if ever determined solely by financial considerations. Also innovative will be the insertion of farm- and commodity-based management considerations into the context of whole landscape management, recognizing that farmers' decisions are typically influenced by the dynamics of their surroundings (for example, colonist farmers may cluster in the vicinity of areas of commercial crops in order to take advantage of infrastructure and employment opportunities, while on the other hand the dominance of secondary landscapes by commercial crops may displace subsistence farmers to environmentally sensitive areas).

66. Environmental sustainability will be ensured through the mainstreaming of environmental considerations into production systems, for example through the promotion of diverse tree shade in coffee and cocoa plantations, capable of maintaining and promoting nutrient and hydrological cycles while protecting the soil against degradation. Support to such production systems will in all cases be subject to environmental analysis, in order to avoid the generation of "perverse incentives" for environmental degradation, for example through the expansion of shade coffee into areas of primary forest.



67. Financial and economic sustainability will be ensured through the project's market-based approach, which will help to ensure that the incorporation of environmental considerations into production systems will be rewarded by market access (but not necessarily price premia). Furthermore, the incorporation of provisions for environmental sustainability and integrated approaches to management into production systems (especially in the cases of coffee and cocoa) will contribute to productive and therefore financial sustainability, due to reductions in the risk of crop failures related to environmental variability and to pests such as "roya". The introduction of similar improved management practices has also been shown to lead to significant improvements in the sustainable production of oil palm plantations.

68. Social sustainability will be ensured through the project's integrated focus on farm livelihoods, rather than solely on specific crops: this will help to avoid the risk of cash crops assuming increased importance at the expense of food security, livelihood risk avoidance or gender equity. The project will also adopt a participatory approach to the definition of the proposed modifications to production and livelihood support options, working where possible with community-based organisations representing the interests of indigenous and colonist groups, as well as women and specific interest groups within communities. Further studies will be carried out during the PPG phase to permit the formulation of appropriate strategies to ensure such participation and therefore social sustainability.

69. The project has potential for scaling up throughout the whole of the Amazon region or Peru, and also of Bolivia, Colombia and Ecuador, especially the rupa-rupa and yunga belt of the eastern slopes of the Andes, between 400m and 3,600m above sea level. The threats to be addressed by the project in the target area, in the form of the expansion of colonist agriculture and the establishment of coffee, cocoa and oil palm, are widely repeated throughout this zone, although they vary in nature and relative importance. The project will not specifically address cattle ranching, which is a threat in some parts of the region, but in such areas the overall approach of landscape management and biodiversity mainstreaming is still relevant and largely replicable.

**A.3 Risk. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable):**

<b>Risk</b>	<b>Level</b>	<b>Mitigation measures</b>
Resistance among producers and policy makers to the introduction of environmental considerations into target sectors	M	<ul style="list-style-type: none"> <li>- Awareness raising regarding the market benefits of environmental production in terms of access to global commodity markets</li> <li>- Consolidation of mechanisms and capacities to ensure that producers have sustained long-term access to the support services they require to be able to meet the environmental requirements of global commodity markets</li> <li>- Support to the functioning of national commodity platforms in order to ensure that producers' interests are effectively represented</li> <li>- Evidence-based awareness raising regarding the benefits of incorporating environmental considerations in terms of productive sustainability (particularly important in the case of oil palm, which is principally aimed at national markets rather than global commodity markets).</li> </ul>
Climate change, resulting in increases in pressures on the target ecosystems (e.g. landslides, drought-related fires) and affecting the productive viability of the	M	<ul style="list-style-type: none"> <li>- Focus on improved structural and compositional diversity in production systems, to increase their resilience to climatic change and variability; this resilience benefit may incidentally help to motivate the introduction of such modifications with resulting benefits for BD, SLM and SFM.</li> <li>- Application of an adaptive approach to technology generation</li> </ul>

target production systems		and transfer to enable farmers to adapt their practices to changing conditions
Poorly defined land tenure in areas of secondary vegetation leads producers to colonize primary forest		<ul style="list-style-type: none"> <li>- The issue of tenure and titling is currently being addressed through a loan-financed initiative of the Interamerican Development Bank</li> <li>- Support to the inclusion into market-based mechanisms (focused on global commodity value chains) of environmental criteria including the avoidance of products that result from the clearance of primary forest</li> </ul>

#### A.4. Coordination: Coordination with other relevant GEF-financed and other initiatives.

70. The project will build on and complement a number of other GEF-funded projects aimed at strengthening Peruvian Landscapes, which include aspects of community development, indigenous management and sustainable use.

- GEF/UNDP Full-Sized Project 5080 “Transforming Management of Protected Area/Landscape Complexes to Strengthen Ecosystem Resilience” to alleviate the direct and indirect impacts of climate change (CC) on globally significant biodiversity and ecosystem functionality, which the implementation period of the present project will coincide most closely, and with which it will establish the closest collaborative links.
- GEF/UNDP Full-Sized Project (3276) on Promoting Sustainable Land Management in Las Bambas will provide a valuable source of lessons for this project regarding the sustainable management of high altitude camelid pastures, as will the regional GEF/UNEP (1918) on Conservation of the Biodiversity of the Paramo in the Northern and Central Andes.
- GEF/UNDP project on Biodiversity Conservation in Coffee (2371), which has succeeded in promoting uptake of BD-friendly shade coffee in the yungas ecosystem, through supporting producers’ insertion into global markets that reward sustainability.

71. The project will also complement Amazon Ecosystem-based Adaptation project on Integrated Management of Climate Change in Communal Reserves, funded by Germany’s Federal Ministry of Environment, Nature Conservation and Nuclear Safety (BMU) and co-implemented by UNDP, and SERNANP.

72. The project will add value to the extensive portfolio of projects funded by GEF and other agencies in relation to BD conservation (including the strengthening of the PA system), sustainable land management and sustainable forest management, by introducing three innovative elements: i) a highly integrated landscape approach to natural resource management in the Amazon, which takes into account the biological, physical and productive interrelations, ii) the importance of landscape as a critical requirement for the sustainable delivery of environmental benefits in the long term, under conditions of climatic, as well as economic and demographic change (most of the projects to date have been based on static assumptions regarding their biophysical contexts), and ii) as part of Peru’s overall contribution to the Amazon Basin Programme, on addressing directly and indirectly the spatial dynamics of deforestation and habitat degradation.

**B.1. Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? For biodiversity related projects, please reference the Aichi Targets that the project will contribute to achieving. (yes ☒ /no ☐ ). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:**

73. As described in paragraph 1, the project will contribute to the priorities established in the country’s overarching National Forest and Climate Change Strategy, which aims to “contribute to reduce losses of forest and GHG emissions, and improve resilience and welfare of the inhabitants of forest landscapes”.

Specifically, the project is fully aligned with, and will contribute to the implementation of, the country's Nationally Appropriate Mitigation Action (NAMA) for the Amazonia region, "iNAMAZonia", as well as its subsidiary sector-specific NAMAs on coffee, cacao and oil palm. It is similarly aligned with the Joint Declaration of Intent between the Government of the Republic of Peru, the Government of the Kingdom of Norway and the Government of the Federal Republic of Germany on "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+) and promote sustainable development in Peru".

**Child Project Concept Note**  
**PERU Securing the Future of Peru's Protected Areas**

Project Title:	Securing the Future of Peru's Protected Areas
Country:	Peru
GEF Agency(ies):	World Wildlife Fund, Inc.
Other Executing Partner(s):	SERNANP
GEF Focal Area(s)	Multi-focal Areas

**A. FOCAL AREA STRATEGY FRAMEWORK**

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Expected Outcomes	Trust Fund	(in \$)	
			GEF Project Financing	Co-financing
BD-1 Program 1	1.1. Increased revenue for protected area systems and globally significant protected areas to meet total expenditures required for management 1.2. Improved management effectiveness of protected areas	GEFTF	4,500,000	25,500,000
BD-1 Program 2	2.1. Increase in area of terrestrial ecosystems of global significance in new protected areas 2.2. Improved management effectiveness of new protected areas	GEFTF	1,145,373	6,500,000
LD-2 Program 3	2.2: Improved forest management 2.3: Increased investments in SFM	GEFTF	359,646	2,000,000
SFM-2	Outcome 3: Increased application of good management practices in all forests by relevant government, local community (both women and men) and private sector actors	GEFTF	2,500,000	14,000,000
SFM-4 Program 9	Outcome 6: Improved collaboration between countries and across sectors on the implementation of SFM	GEFTF	502,509	3,000,000
Total Project Cost			9,007,528	51,000,000

**B. CHILD PROJECT DESCRIPTION SUMMARY**

Project Objective: to promote long-term financial sustainability and improved management effectiveness of Peru's National System of Natural Protected Areas (SINANPE), for protection of the globally significant biodiversity and forest ecosystem services of the Amazon.				
Project Components	Financing Type	Project Outcomes	(in \$)	
			GEF Project Financing	Co-financing
1. Finance for Permanence Mechanism for Peru's National Protected Areas System	TA	1.1 Mechanism for long-term financial sustainability secured for Peru PAs 1.2 Adoption of a financial model that closes the funding gap for biodiversity management and promotion of forest ecosystem services in Peru PAs 1.3 Private sector engagement in financing a transition to sustainable forest management across the PA system 1.4 Governance structure, institutional capacity and coordination for management of a long-term sinking transition-fund	857,860	4,900,000
2. Management and Expansion of Peru's National Protected Areas System	Inv	2.1 National policy and guidelines foster increased incorporation of sustainable forest management and ecosystem service provision into the national PA system (19,500,000 ha) 2.2 Increase in Peruvian Amazon in PA system by 1.3 million ha 2.3 Funding gap met for national level protected areas management	1,715,720	9,700,000
3. Strengthen the Effective Management of Peru Protected Areas	Inv	3.1 Effective management of individual PAs in the national system, as measured by METT (6,000,000 ha) 3.2 Increase in application of good management practices in PA forests by government, community, private sector (6,000,000 ha). 3.3 Increase in investment in integrated landscape management in and around protected areas	5,147,158	29,000,000
4. Project Coordination and M&E	TA	4.1 Effective project monitoring and evaluation 4.2 Coordination among project elements and with child projects under the Amazon Program	857,860	4,850,000
Subtotal			8,578,598	48,450,000
Project Management Cost (PMC)			428,930	2,550,000
<b>Total Project Cost</b>			<b>9,007,528</b>	<b>51,000,000</b>

**C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE**

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
Recipient Government	SERNANP	Grants/In-kind	15,300,000
Other	Gordon and Betty Moore Foundation	Grants	8,000,000
GEF Agency	WWF	Grants	5,000,000
Other	Private sector agreements/ NGO's	Grants/In-kind	10,000,000
Other	Multilateral agencies*	Grants/In-kind	9,700,000
Recipient Government	SINANPE	Grants/In-kind	1,000,000
Recipient Government	OEFA Trust Fund	Grants/In-kind	2,000,000
<b>Total Co-financing</b>			<b>51,000,000</b>

\* including European Union, Vision Amazon, and others

**D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS A)**

GEF Agency	Trust Fund	Country	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) <sup>b)</sup>	Total (c)=a+b
WWF	GEFTF	Peru	Biodiversity		5,645,373	508,084	6,153,457
WWF	GEFTF	Peru	Land Degradation		359,646	32,368	392,014
WWF	GEFTF	Peru	Multi-Focal Areas	SFM Amazon	3,002,509	270,226	3,272,735
<b>Total GEF Resources</b>					<b>9,007,528</b>	<b>810,678</b>	<b>9,818,206</b>

**PART II: PROJECT JUSTIFICATION**

**PROJECT OVERVIEW**

**A.1. Project Description.** Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, with a brief description of expected outcomes and components of the project, 4) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing; 5) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and 6) innovation, sustainability and potential for scaling up.

**1) Global Environmental and/or Adaptation Problems, Root Causes and Barriers that Need to be Addressed**

**Peru's Amazon.** Peru has the second-largest portion of the Amazon rainforest after Brazil. The Amazon region comprises 64% of Peru, and is marked by a large degree of biodiversity and climate diversity, and just 10% of the country's human population. The Peruvian Amazon is one of the most biologically diverse areas on Earth. As a nation, Peru has the largest number of bird species in the world and the third-largest number of mammals; 44% of these bird species and 63% of the mammal species inhabit the Peruvian Amazon. Peru has a very high number of species of butterflies, orchids, and other organisms. Peru's Amazon is one of the

best preserved in the Biome, with a relatively low, but increasing, deforestation rate. Peru's Amazon is one of the largest global carbon sinks, currently storing an estimated 25 billion tons of CO<sub>2</sub> equivalent<sup>41</sup>.

**Protected Areas:** A significant area of Peru's forest is reserved under the National System of Natural Protected Areas (SINANPE), including over 14,000,000 ha of Peruvian Amazon, which represents 17% of the broader hydrographic Amazon region, and contains over 1.0 billion metric tons of carbon (approximately 4.0 billion tons of CO<sub>2</sub> equivalent)<sup>42</sup>. Peru's Protected Areas System is diverse in representing ecosystems and wildlife, and is sufficiently large to ensure the protection of important habitats and ecosystem services. The PA System encompasses various direct use and indirect use management categories, including Communal Reserves which are co-managed with indigenous peoples.

**Deforestation.** While there are a number of pressures in the Peruvian Amazon, the most critical factor behind loss of biodiversity and ecosystem services is the loss of forest cover due to deforestation. In 2001, the average annual deforestation rate for Amazon forests was estimated at 83,995 ha/year, increasing to 113,504 ha/year between 2001 and 2013 (Figure 1).<sup>43</sup> The economic boom and increased national security of the last 10 years has accelerated development. This has translated into unprecedented new infrastructure development, which in turn opens up isolated areas to incursion from legal and illegal activities including: illegal alluvial gold mining; expansion of plantations, especially palm oil; timber exploitation; and small scale, shifting agriculture. Small scale agriculture is responsible for almost 90% of the loss of forest cover in the Peruvian Amazon. Deforestation and forest degradation within protected areas in the Peruvian Amazon is a significant problem, with cumulative deforestation in direct use protected areas in the Amazon estimated at 1.34%, and 0.22 % for indirect use areas, through the year 2000.<sup>44</sup>

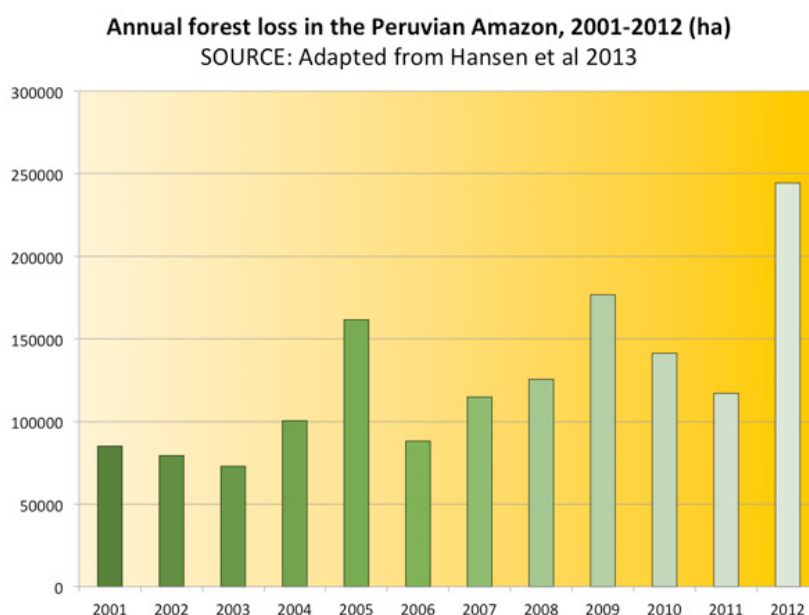


Figure 1

**Financial Capacity for Protected Area Management.** A significant barrier to biodiversity and forest ecosystem protection in Peru is underfunding of protected areas. Insufficient funding means that many protected areas in the Peru system have inadequate staff, equipment, and other management necessities. The extent of protected areas in the Amazon has grown enormously over the last 30 years, but funding for these

<sup>41</sup> Asner et al. 2014. The High Resolution Carbon Geography of Peru

<sup>42</sup> Asner et al. 2014. The High Resolution Carbon Geography of Peru

<sup>43</sup> MINAM – Programa Nacional de Conservación de Bosques, 2015

<sup>44</sup> Ocupación Humana y Areas Protegidas de la Amazonia del Perú, Dourojeanni, 2014

systems has not kept pace. Although government budgetary allocations for the National System of Natural Protected Areas (SINANPE) have increased in recent years, expenditures are still not sufficient. Current investment currently covers only around 60% of the core budget of the PA system – to ensure adequate personnel, benefits, and infrastructure. Additional funding is needed to bring management effectiveness up to a standard, consolidated, level that ensures each PA receives the investment required by its management plan. There is also a need to better incorporate gender issues, work with surrounding communities to improve their livelihoods, and address emerging threats such as illegal mining. Long-term financial sustainability for SINANPE needs to be secured to sustain the biodiversity and ecosystem services these protected areas provide to Peruvian society and the world.

## 2) Baseline scenario:

**The GEF Context.** Previous GEF support for protected areas in Peru has promoted the development of financial mechanisms, participatory management tools, and policy frameworks that provide the enabling conditions for the system-wide approach to PA financial sustainability proposed through this project. With the support of GEF resources in Perú, the *Peruvian National Fund for National Parks and Protected Areas* (FONANPE) was created, and the institution that manages it, PROFONANPE, was established in 1992. FONANPE became a catalyst to generate additional resources and to create alternative management models for protected areas and PROFONANPE effectively channeled project cooperation resources for protected areas management. In 2003, with the participation of GEF, two other initiatives were implemented. The *Management of Natural Protected Areas in the Peruvian Amazon* (PIMA) contributed to improving the conservation of biological diversity and sustainability of five protected areas with the participation of Amazonian indigenous communities. The *Participatory Management of Protected Natural Areas Project* (GPAN) allowed the establishment of the first pilot co-management contracts and co-management practices in protected areas, improving the financial leverage for their management. In 2010, the *Project for Strengthening Biodiversity Conservation through Natural Protected Areas* (PRONANP) was launched as the result of an agreement between GEF, the World Bank and PROFONANPE. This project operationalized the concept of conservation corridors and developed guidelines and procedures for the coordination of conservation efforts at different levels of government, supporting SERNANP to promote regional conservation systems with an integrated management vision.

Since 2003, funds have been provided by the GEF and through bi-lateral debt swaps to help improve the financial sustainability of the National System of Natural Protected Areas (SINANPE). A conservative estimate of 6 percent return on these funds administered by PROFONANPE would produce a revenue stream of approximately US\$2 million. As noted in the World Bank's ICR report for the GPAN project, this still means a significant annual shortfall in what is needed to manage SINANPE without additional foreign donor funding. The proposed project will advance the priorities identified in SINANPE's 2010-2019 Financial Plan<sup>45</sup>, which was concluded under the GPAN project: increasing the public budget to cover a larger proportion of PA recurrent costs, decrease the PA systems' dependence on foreign funding, and produce an updated cost estimate for the PA network and an updated financial gap analysis.

**Protected Area Management.** SERNANP is recognized as an effective institution within the government of Peru and has made great strides in improving the management effectiveness of Amazon protected areas over the last 10 years. SERNANP, the key partner to this proposal, will provide a baseline of: developing annual institutional operational plans; national-level planning for the protected area system; and coordination with individual protected areas (*Áreas Naturales Protegidas, ANPs*), which undertake protected area management at a varied level of effort and effectiveness. SERNANP's Institutional Strategic Plan for 2014-2018<sup>46</sup> lays out four strategic objectives: 1) consolidating SINANPE, 2) promoting sustainable use of ecosystem services, 3) strengthening participatory and effective management of PAs, and 4) developing and

<sup>45</sup> [http://www.sernanp.gob.pe/sernanp/archivos/baselegal/Resoluciones\\_Presidenciales/plan\\_financiero\\_SINANPE\\_COMPLETO.pdf](http://www.sernanp.gob.pe/sernanp/archivos/baselegal/Resoluciones_Presidenciales/plan_financiero_SINANPE_COMPLETO.pdf)

<sup>46</sup> ([http://www.sernanp.gob.pe/sernanp/archivos/baselegal/Resoluciones\\_Presidenciales/2013/01%20RP%20N%20092%20-2013%20-SERNANP%20\(1\).pdf](http://www.sernanp.gob.pe/sernanp/archivos/baselegal/Resoluciones_Presidenciales/2013/01%20RP%20N%20092%20-2013%20-SERNANP%20(1).pdf))



strengthening institutional capacities for the management of PAs. WWF and many other NGOs in Peru will continue to work closely with the SERNANP to address threats and strengthen the management of protected areas, and donors such as USAID, the German government and the Moore Foundation will continue their support through significant investments in addressing drivers of deforestation and improving the management of PAs. This NGO and donor assistance is restricted to specific protected areas and limited to 2-3 year time-frames, such that the current baseline for protected area management is a project-dependent approach that relies heavily on contributions from external donors.

***Project Finance for Permanence Baseline.*** The early stages of a public-private partnership for long-term financing and management of the Peru Protected Area System has been developed. The partnership is based on the “Project Finance for Permanence” (PFP) approach, which uses project finance techniques to mobilize the resources, institutional commitments, and other conditions needed for successful long-term conservation. First applied in Brazil in 2001 (through ARPA), PFP is a holistic approach to large-scale place-based conservation that brings together the ecological, financial, and organizational measures needed for long-term conservation thoroughly and all at once, rather than incompletely and incrementally. In November 2014, an MOU was signed among Ministry of Environment (MINAM), National Service of Natural Protected Areas of Peru (SERNANP), PROFONANPE, WWF, Blue Moon Fund, Moore Foundation, and Peruvian Society for Environmental Law on “Securing the Future of Peru’s Natural Protected Areas.” The MOU signifies the intent of the parties to develop a sustainable financial model for SINANPE, in order to eliminate reliance on foreign donors in the future, and to set goals to improve effectiveness of participatory management of the system. Key agencies have already expressed their interest and are exploring concrete pledges – amongst them KfW, the Norwegian Government, Moore Foundation and WWF US. Many other NGOs working in the Peruvian Amazon are aligned with the objectives of the project and will provide in-kind support. The Moore Foundation, in particular, sees this PFP initiative as the opportunity to secure the sustainability of its significant investments in Amazon protected areas in Peru over the last 10 years. The Peru Government over the last 5 years has increased the budget for protected areas at an average rate of 7% per year annually and will use this initiative to justify additional incremental funding for SINANPE. Additionally, Peru’s National Protected Areas System Service (SERNANP) uses innovative approaches to PA funding, including income from tourism, concessions, and some initial transactions of REDD+, which is anticipated to increase during the proposed project period, and will contribute to the financial model. PROFONANPE is also a signatory to the MOU and is collaborating closely with the PFP initiative to ensure that the lessons learned over the years and its capacity to channel resources, including revenues from its existing endowment, to PAs contributes to the long-term financial sustainability model.

### **3) Alternative Scenario:**

GEF and partner funding will allow project partners to develop the necessary long-term financial sustainability model for the Peru protected area system. Using the PFP approach, the partners will secure funding commitments for the protected areas system in advance by jointly agreeing on specific, measurable program goals and a comprehensive financial plan. Development of the financial plan will start with clearly identifying the overall conservation goals of the network, and the levels of staff, infrastructure, equipment and activities necessary within each protected area to meet those goals. Costs for those items will be estimated for each protected area over the long term, and funding that is already secured (from the government and other sources in the project baseline) compared against those estimates. The resulting financial gap will be assessed, and various scenarios developed for how new funding sources could fill the gap. Financial scenarios will be adjusted until funding commitments from the government and partners are sufficient to cover the gap while ensuring that in-country funding sources will grow steadily and cover all costs by the end of the project. In these scenarios, donors will support a greater portion of the gap in early years, through the sinking or “transition fund,” and the government of Peru will increase its financial contributions annually to fill most of the gap in later years (from a combination of direct budget allocations and revenue from tourism, or other in-country sustainable funding sources).

A centerpiece of PFP is a single “closing” that delivers pledged funds at the time pledge conditions are met, which can also serve to organize the parties and draw out new resources and commitments. The single closing is a powerful mechanism that allows governmental commitments to leverage major financial commitments simultaneously from public and private sector donors. During project preparation SERNANP will coordinate a detailed process to estimate costs to consolidate and maintain Peru’s national protected area system over the long term. The single closing is expected to occur in the first year of the GEF project, and during the first years of the project, the institutional arrangement and governance for the fund will be set up (Component 1). Following establishment of the funding mechanism and its management systems, the transition fund and co-finance will be used for national level planning and management for the protected areas system and expansion of the system in the Peruvian Amazon (Component 2), and for increased effectiveness of management of the existing and new protected areas in the Peruvian Amazon (Component 3).

**Project Objective.** The project objective is to promote long-term financial sustainability and improved management effectiveness of Peru’s National System of Natural Protected Areas (SINANPE), for protection of the globally significant biodiversity and forest ecosystem services of the Amazon.

**Outcomes and components.** To achieve this objective, the following three components will be implemented:

### Component 1: Finance for Permanence Mechanism for Peru’s National Protected Areas System

Component 1 will establish the mechanism for a transition fund for the protected area system, develop governance structures, and build capacity for management of the fund.

Outcomes:

- 1.1 Mechanism for long-term financial sustainability secured for Peru’s PAs
- 1.2 Adoption of a financial model that closes the funding gap for biodiversity management and promotion of forest ecosystem services
- 1.3 Private sector engagement in financing a transition to sustainable forest management across the PA system
- 1.4 Governance structure, institutional capacity and coordination for management of a long-term sinking transition-fund.

Key Outputs:

- Processes and tools incorporated into participatory Master Plans for regular long-term financial planning and tracking of costs related to control, vigilance and basic participatory management of PAs
- Additional donors and resources attracted to the public-private partnership, including commitments by at least 3 regional governments, private sector, concessions, tourism, amongst others.
- Institutional capacity and institutional and financial arrangement developed and agreed for management of the transitional fund and the public-private partnership.
- The single closing for transition fund, which guarantees funding for long term (15-20 years) for a pre-agreed set of conservation activities and outputs.
- National government provides specific targets to increase budgetary allocations for core costs funding.

### Component 2: Management and Expansion of Peru’s National Protected Areas System

Component 2 will be implemented following the single closing and establishment of governance systems for the transition fund (Component 1). The transition fund established in component 1 will be utilized to formally expand the protected area system in the Peruvian Amazon and to increase the effective management of the national system. Currently, 2.7 million ha of Peruvian Amazon is under “Reserved Zone” status, which is a transitory step in the categorization of protected areas. Reserved Zones can revert back to non-

protected status at any time and are therefore vulnerable to deforestation and degradation. The project will designate 1.3 million hectares of the Reserved Zone as one of the formal protected area classifications.

### Outcomes:

- 2.1 National policy and guidelines foster increased incorporation of sustainable forest management and ecosystem service provision into the national PA system
- 2.2 Increase in Peruvian Amazon in PA system by 1.3 million ha
- 2.3 Funding gap met for national level protected areas management.

### Outputs:

- Additional 1.3 million ha of Peruvian Amazon categorized as one of the nine eligible categories in Peru's National Protected Area System (National Park, National Sanctuary, Historic Sanctuary, National Reserve, Wildlife Refuge, Scenic Reserve, Communal Reserve, Protected Forest, Game Reserves)
- National identification of emerging threats to the PA system (roads, extractive industries, water infrastructure, commodity production), with mitigation and management plans
- National assessment of PES in PA system to identify gaps and opportunities
- Multi-sectoral review of national policy and standards with recommendations for PES integration
- Government policies and guidelines developed at national level for: (a) valuation of forest ecosystem services (hydrological, climate resilience, other); (b) carbon accounting and carbon finance schemes; (c) valuation of direct benefits from PAs, including PA-based tourism, PA jobs, other.

### Component 3: Strengthen the Effective Management of Protected Areas

After the establishment of the transition fund (Component 1), individual protected areas will be eligible for funding to implement management activities for biodiversity conservation, maintenance of ecosystem services, provision of benefits to local communities from forest services, and participative landscape planning.

During project development, criteria will be developed to select which PAs are eligible to receive GEF funding, and will include:

- Location in the Amazon basin
- The newly categorized Reserved Zones, and
- Communal Reserves that are co-managed with indigenous peoples.

### Outcomes:

- 3.1 Effective management of individual PAs in the national system, as measured by METT
- 3.2 Increase in application of good management practices in PA forests by government, community, private sector
- 3.3 Increase in investment in integrated landscape management in and around protected areas.

### Outputs:

- Sub-grants from the transition fund for eligible management activities in individual, eligible PAs. Eligible management activities will be determined by the public-private partnership during the project development stage before the single closing, and might include:
  - (a) development of five-year Master Plans for individual PAs;
  - (b) border demarcation;
  - (c) establishment of multi-stakeholder PA management committees;
  - (d) annual reports on conservation status of individual PAs;
  - (e) establishment of direct-use agreements between individual PAs and local communities;
  - (f) participative land use planning and/or support to sustainable land management practices with buffer zone communities in selected PAs;

- (g) pilot PES projects in selected protected areas.

#### Component 4: Project Coordination and M&E

This component will facilitate coordination among the various project partners involved in implementation of the above components, across national and local levels, and will include implementation of project monitoring and evaluation.

Outcomes:

- 4.1 Effective project monitoring and evaluation
- 4.2 Coordination among project elements and with child projects under the Amazon Program.

Outputs:

- Regularly updated project monitoring system
- Timely submission of GEF Tracking Tools
- Mid-term and Final Evaluation reports.

#### **4) Incremental Reasoning and Expected Contributions from the Baseline (The GEFTF and co-financing)**

***Financial Sustainability:*** The GEF financing will galvanize commitments both from National Governments and external funders to the long-term model for financial sustainability, and will facilitate the effective establishment of the funding mechanism. GEF investment will help to leverage the necessary policy changes and political will to ensure that previous investments in the establishment and maintenance of PAs in the Peruvian Amazon are sustainable for the long-term.

***National PA System:*** The GEF finance will provide incremental funding across a range of project interventions that further diversify and systematize innovative approaches to generate income for Peru's National PA System. At the same time these interventions will reduce deforestation and promote the integration of the PA system into sustainable landscapes at the domestic level. The Peru Government will provide significant co-financing in cash and in kind to meet the financial gap and expand the protected areas system, assisted by upcoming bilateral funding (Norway and Germany), contributions from the UN Agencies' country programs, development agencies (i.e. GIZ, USAID), and grants from other private donors (Gordon and Betty Moore Foundation, WWF). Innovative policies related to revenue generation for protected areas will be implemented by the government of Peru, including the participation of subnational governments (an approximation which was developed by PRONANP). The commitment of Peru's Ministry of Economy and Finance to providing sufficient budgetary resources to the management and maintenance of protected areas will be increased, through making the case for protected areas as engines of economic growth and improved livelihoods for local people in the Amazon (through tourism and other forest-friendly enterprises) and as providers of critical ecosystem services.

***Effective Management of Amazon PAs:*** GEF and partner funding will contribute management innovations, including the expansion and strengthening of resource use agreements with local communities for direct use PAs, co-management contracts with NGOs and indigenous peoples groups, and other forms of participatory management of protected areas, expanding the number of actors involved in the conservation of natural protected areas in Peru. In certain specific PAs, activities will be undertaken to recover areas degraded by informal gold-mining, illegal logging and other activities impacting protected areas.

***Integration into the Amazon Program:*** GEF support to the overall Amazon Program will result in cooperation and synergies among the initiatives working to promote conservation and sustainable forest

management in the Amazon, resulting in an integrated intervention encompassing protected areas, productive landscapes and corridors.

Overall, the recent economic growth in Peru and a favorable policy environment within MINAM make the timing of this initiative opportune. A summary of the project benefits follows below:

- Demonstrates Peru's leadership, both in the Amazon and globally, in productively integrating conservation and sustainable development;
- Permanently protects the Amazon region protected areas contained within Peru's National System of Natural Protected Areas;
- Exemplifies Peru's ongoing development and drive toward full financial and operational self-sufficiency with respect to protected areas stewardship;
- Contributes towards improving quality of life for rural communities via sustainable development of those regions;
- Maintains the continued provision of ecosystem services vital to the Peruvian economy and humanity in general;
- Improves protected area management within a framework of participatory governance that generates benefits to society as a whole and, in particular, to local populations;
- Demonstrates Peru's leadership on mitigating global climate change through the protection of its Amazon forests and other crucial ecosystems;
- Develops innovative finance mechanisms that will benefit other areas beyond the protected areas in this project and serve as a model for other countries;
- Helps Peru meet its domestic and international commitments with respect to the global environmental agenda.

## 5) Global Environmental Benefits:

The project will generate global environmental benefits under the three GEF focal areas:

- Global *biodiversity benefits* include conservation of the diverse species of the Amazon. The Peruvian Amazon is habitat for an estimated 806 bird species, 7,372 species of angiosperms, 262 amphibian species, 2,500 butterfly species, and 697 species of river fish. Also present in the Amazon of Peru are numerous endemic species. Biodiversity conservation, and avoidance of deforestation of Amazon habitat, will be generated through improved management across the Amazon portion of the Peru Protected Area System, and an increase in the area of Peruvian Amazon formally included in the PA System.
- The project will generate *sustainable land management* benefits. Improved effective management across the protected area system, at the national and local scale, will promote provision of forest ecosystem services, such as carbon storage, watershed protection, soil protection, and non-timber forest products for local livelihoods. Approximately 1.1 billion metric tons of carbon (4.0 billion tons of CO<sub>2</sub> eq) is contained in Peru's Amazon protected areas. Over the next six months, as part of the project development, the tons of CO<sub>2</sub> eq of emissions avoided through implementation of this project vs. Business As Usual (BAU) will be quantified.
- *Sustainable forest management* benefits will be generated. Project outcomes include addition of 1,300,000 ha of Amazon forest to the national protected areas system. Currently this forest is in the 'Reserved Zone,' which is transitional zoning and at risk of re-zoning for development. Through the project activities, it will be formally zoned as protected area and be more effectively protected from deforestation. Sub-grants to protected areas, with a focus on indigenous and forest-dependent people

in the Amazon region, will generate enhanced sustainable livelihoods and benefits from forest ecosystem services and products.

## 6) Innovation, Sustainability and Potential for Scaling Up

**Innovation.** Projects for Permanent Finance, with their single closure and transition model have been tested in few countries, the most recent of which is Brazil. The approach is relatively new and great benefits may be derived from exchange of unique approaches at the country level to scale them up globally. Peru's contribution will be an innovative diversification of funding sources unprecedented in any of the prior models. It will be challenging to embed this model into national policies and regulations because it requires an acknowledgement of the great value and contribution of PAs to the economic development of the country but Peru is well positioned to tackle such this challenge.

**Sustainability.** The project presents a truly sustainable long term model for financing protected area management, through a long term transition from donor contributions to full government funding. The project will also generate sustainable outcomes by building capacity for efficient protected area management in Peru.

**Scaling Up.** The project presents opportunity for scaling up across the Amazon region, or for replication in other highly biodiverse and ecosystem service rich environments where there is insufficient core budget for environmental management. Lessons from the project will be shared widely, through the Amazon Program, through the WWF international network, and other means.

**A.2. Stakeholders. Will project design include the participation of relevant stakeholders from civil society and indigenous people? (yes X /no ☐ ) If yes, identify key stakeholders and briefly describe how they will be engaged in project design/preparation:**

The National Protected Area Service (SERNANP) will lead this initiative. Inherent in the Protected Areas System is the participatory nature of the planning and management processes for buy-in of multiple stakeholders. The PA System's contribution to improved livelihoods, social and environmental safeguards for indigenous populations, maintenance of ecosystem services, and in some instances, economic development through tourism will be recognized and mainstreamed through this project. Through this project, individual PAs will be recipients, and local and indigenous communities will benefit directly from sub-grants for participatory management, and indirectly from improved management effectiveness.

The project will be led by the National Protected Area Service (SERNANP), with the direct participation of a number of its dependencies in the target areas.

Moore and other foundations will be key partners for providing funding for the transition fund, and as partners in developing the financial model, governance structure, and capacity for the transition fund.

Additional key stakeholders may vary in each PA to include:

- a. Regional governments engaged through Peru's performance budget system, in which the PA system is incorporated.
- b. Municipal governments as direct stakeholders in participatory planning and management processes and members of the Multi-stakeholder Management Committee of individual PAs.
- c. Adjacent local communities as both direct beneficiaries - through signed agreements to account for direct use of natural resources - and as members of the Multi-stakeholder Management Committee of individual PAs.
- d. Indigenous peoples, as direct beneficiaries of sub-grants for PA management, especially in Communal Reserves, which are PAs that are co-managed by indigenous peoples organizations.

- e. The private sector, which through corporate investments may impact protected areas and livelihoods of indigenous peoples and inhabitants when present – through investment schemes to engage through social responsibility, offsets, compensation, and others.
- f. Tourism industry when relevant, which adds enormous economic value to the PA System, and is the sector that should invest in the maintenance of PAs, as the attractions of ecotourism.

**A.3 Risk. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable):**

1. *Failed past attempts to ensure financial sustainability:* It is not the first time that financial sustainability of the protected areas system is proposed. Yet projections were insufficient to cover increased threats (e.g., illegal logging and mining) and expansion of the system. The project risks are underestimating the gap and not planning over a long-enough time-frame. These risks will be addressed through the careful financial models that will be developed and evaluated during the project preparation phase and the use of a long-term (15-20 years) sinking fund (“transition fund”) as the financial mechanism for the project.
2. *Limited understanding of value of protected areas of the National Government:* In 2009 SERNANP successfully utilized a study demonstrating the economic value of protected areas system to increase the PA System budget five-fold. However, this approach needs to be integrated into the financial planning model as changing administrations do not carry forward this information, thus negotiations for the budget for the PA System needs to start from the beginning to justify the value with each change of administration. A study by the Pacific University of Peru (CIUP) on the socio-economic benefits of PAs as well as specific analyses of the carbon benefits and hydrological services that PAs provide, will be carried out during the project preparation phase.
3. *PA System considered a hindrance to economic development:* The Protected Areas System in many instances is considered a barrier to development rather than a positive contribution to a low carbon economy. As such, there is a risk that not all regional governments will be supportive of the project, resist to integrate into performance budgets and, in a worst case scenario, actively request that the protected areas be downgraded, downsized or degazetted for infrastructure development or extractive industries. Once again, the studies mentioned above as well as the strengthening of Management Committees and Participatory Planning that the project will carry out will mitigate this risk.
4. *Increased threats by illegal activities and infrastructure development:* Peru has been experiencing an economic boom for the last 10 years. As a result, there has been great expansion of infrastructure such as highways that increase accessibility to the once remote Protected Areas. The System operating at minimum level is not adequately prepared to face those challenges. The proposed project will address this risk by estimating these increased costs in financial projections and modeling.
5. *Uneven capacity to plan in Protected Areas System:* The current administration is standardizing the methodology to ensure maximum efficiency and addressing conservation targets. This initiative will help to drive standardization in planning and PA management across the PA system.
6. *Vulnerability to Climate Change:* Peru is the third most vulnerable country to climate change in the world, and at the same time boasts megadiversity in terms of climates, cultures and biology. To mitigate this risk, all PA management activities to be implemented in this project will take into account the PA vulnerability analysis recently completed by WWF and SERNANP.

**A.4. Coordination. Outline the coordination with other relevant GEF-financed and other initiatives:**

The proposed project will be fully coordinated under the *Amazon Sustainable Landscapes Program*, especially with the GEF-UNDP proposal *Sustainable Productive Landscapes in the Peruvian Amazon*. The GEF-UNDP project

focuses on conservation and sustainable forest management in productive lands in the Peruvian Amazon and is thus complementary both thematically and geographically with this project focusing on protected areas. Together, the two projects will ensure a holistic approach to conservation and sustainable forest management in the Peruvian Amazon. *Securing the Future of Peru's Protected Areas* will join the overall landscape coordination roundtable led by the National Forest and Climate Program (the part of MINAM leading the Sustainable Productive Landscapes child project) and the government of Peru will use this as the inter-agency coordination mechanism.

The regional coordination that the *Amazon Sustainable Landscapes Program* will provide amongst Peru, Brazil and Colombia will allow the interchange of key lessons and experience for the Project Finance for Permanence (PFP) approach, which is relatively new. *Securing the Future of Peru's Protected Areas System* will complement and build upon the lessons learnt and the capacities developed through Brazil's *ARPA for Life* and will coordinate with the proposed child project of Colombia.

The proposed project will coordinate with, and complement, the GEF-UNDP Full Sized Project 5152: *Transforming Management of Protected Area/Landscape Complexes to Strengthen Ecosystem Resilience*. The UNDP-GEF project focus is on building resilience to climate change within the Peru protected areas system, by: developing climate change monitoring and management systems for protected areas; expanding PAs in landscapes that are vulnerable to climate change; and promoting sustainable land management around PAs, in anticipation of increased threats to PAs. Both this proposed project and the *Ecosystem Resilience* project have the same main project partner: SERNANP, which creates ease of coordination. The implementation period of both projects is likely to coincide, and so this proposed project will endeavor to include key tools developed through the *Ecosystem Resilience* project, and will share all relevant outcomes and outputs with the aforementioned project. All PA management activities to be implemented in this project will take into account the PA climate change vulnerability analysis, which is also guiding the interventions of the Project on Ecosystem Resilience (5152).

The project will build on the results of the completed PIMA, GPAN and PRONANP projects previously funded by the GEF in support of Peru's protected areas by utilizing the financial mechanisms, management tools and policy frameworks that were established through these projects to contribute to the long-term financial sustainability of the entire system of protected areas in the Peruvian Amazon.

There are several other ongoing non-GEF initiatives related to decreasing deforestation in the Peruvian Amazon and promoting activities designed to reduce emissions from forest loss. Peru was accepted last year into the pipeline of the Forest Carbon Partnership Facility (FCPF) Carbon Fund, and is now in the full design phase of a jurisdictional REDD program. The REDD program will be focused on productive lands in San Martin and/or Ucayali. Peru had a national forest investment plan approved by the World Bank's Forest Investment Program (FIP) in 2013 and is currently designing several projects under this framework to address drivers of deforestation through integrated landscape management. WWF will be the executing agency for a complimentary program funded by the FIP's Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) that will be focused explicitly on working with Indigenous Peoples organizations in the Amazon to clarify and improve indigenous land rights and security, as well as advance community forest management models. The inter-institutional landscape coordination roundtable mentioned above will also serve to articulate this project with these initiatives.

**B.1 Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? For biodiversity related projects, please reference the Aichi Targets that the project will contribute to achieving. (yes ☐ /no ☐ ). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:**

This initiative ties in with, and contributes to the implementation of the National Biodiversity Strategy to 2021 and its Action Plan 2014-2018 (EPANDB) approved by Supreme Decree No. 009-2014-MINAM; in particular with the strategic objective number 1 "improving the state of biodiversity and maintaining the integrity of the ecosystem services it provides", which notes that the conservation state of biodiversity should be improved, that the supply of goods and services for human wellbeing provided by Protected Natural Areas should be maintained.



The scope of this project includes two wetlands of international importance or Ramsar sites: Pacaya Samiria National Reserve and Ponds Arrevisatadas, located inside the Tabaconas Namballe National Sanctuary.

The project will contribute the meeting of Aichi Goals number 11, 14 and 15 of CBD and with the United Nations Framework Convention on Climate Change - UNFCCC, avoiding deforestation and forest degradation in Peru's Amazonian protected natural areas and as a consequence avoiding future emissions of greenhouse gases.

The project is consistent with Government of Peru strategies for conservation. The overarching *National Strategy on Forests and Climate Change* of the government of Peru aims to “contribute to reduce losses of forest and GHG emissions, and improve resilience and welfare of the inhabitants of forest landscapes.” The Strategy lays out a series of recommended strategic actions, including consolidation of the national system of protected areas, in order to achieve its goals. At the UNFCCC CoP in Lima, the Joint Declaration of Intent between the Government of the Republic of Peru, the Government of the Kingdom of Norway and the Government of the Federal Republic of Germany on “Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+) and promote sustainable development in Peru” was announced which also encompasses conservation of Peru’s natural protected areas.

**Child Project Concept Note**  
**Regional CAPACITY BUILDING & REGIONAL COORDINATION FOR AMAZON SUSTAINABLE**  
**LANDSCAPE PROGRAM -**

**PART I: PROJECT INFORMATION<sup>47</sup>**

Project Title:	<b>CAPACITY BUILDING &amp; REGIONAL COORDINATION FOR AMAZON SUSTAINABLE LANDSCAPE PROGRAM</b>
Country(ies):	Regional
GEF Agency(ies):	WBG
Other Executing Partner(s):	UNDP, WWF, Governments
GEF Focal Area(s):	Multi-focal Areas, Global Biodiversity Set-Aside

**A. Focal Area Strategy Framework and Other Program Strategies<sup>48</sup>:**

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
SFM-4 Program 9 Outcome 6: Improved collaboration between countries and across sectors on the implementation of SFM	GEFTF	4,118,807	10,000,000
Global set aside grant	GEFTF	881,193	5,000,000
Total Project Cost		5,000,000	15,000,000

Cofinancing will be determined during project preparation.

**B. CHILD PROJECT DESCRIPTION SUMMARY**

<b>Project Objective:</b> To improve national and regional coordination on efforts to maintain forest resources, protect biodiversity, enhance forest management and restore forest ecosystems amongst countries and stakeholders				
Project Components	Financing Type <sup>49</sup>	Project Outcomes	(in \$)	
			GEF Project Financing	Co-financing
1. Knowledge management and Capacity building	TA	<p>Outcome 1.1: Knowledge platform and processes developed to improve analysis of best practices, efficiency and innovation on maintaining forest resources, sustainable landscapes, protecting biodiversity, particularly illegally traded endangered species, enhancing forest management and restoring forest ecosystems.</p> <p><i>Indicator and targets:</i>            +Increased uptake of lessons and cutting-edge knowledge generated across the portfolio of interventions:            +- Number of regional and south-south exchanges that address sustainable integrated landscape development;</p>	3,500,000	5,000,000

<sup>47</sup> This Concept Note is intended to convey whatever preliminary information exists at this stage on a child project and that is indicative of how it will contribute to the overall Program.

<sup>48</sup> When completing Table A, refer to the Program Results Framework, which is already mapped to the relevant [Focal Area Results Framework](#) in the [GEF-6 Programming Directions](#).

<sup>49</sup> Financing type can be either investment or technical assistance.

		+Improved capacity of key stakeholders to maintain forest resources, protect biodiversity, particularly illegally traded endangered species, enhance forest management and restore forest ecosystems		
2. Program Coordination and Communication	TA	<p>Outcome 1: Improved coordination amongst countries, stakeholders and donors</p> <p>Outcome 2: Program monitoring system successfully developed and supporting implementation of child projects;</p> <p><i>Indicators and targets:</i></p> <p>+Program monitoring system of child projects achievements successfully implemented</p> <p>+Increased effectiveness of project investments within the Program and across donors</p> <p>+Effective communication of the Program's impact to all audiences</p>	1,500,000	10,000,000
Subtotal			5,000,000	15,000,000
Project Management Cost (PMC) <sup>50</sup> GEFTF				
<b>Total Project Cost</b>			5,000,000	15,000,000

For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust

### C. CO-FINANCING FOR THE PROJECT BY SOURCE, BY TYPE AND BY NAME

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
GEF Agency	World Bank	Grant/In kind	15,000,000
Donor Agencies	To be determined	Unknown	TBD
Private Sector	To be determined	Unknown	TBD
<b>Total Co-financing</b>			

Cofinancing will be determined during project preparation.

### D. TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS<sup>a)</sup>

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) <sup>b)</sup>	Total (c)=a+b
World Bank	GEFTF	Regional	Multi-focal Areas	SFM Amazon	4,118,807	370,693	4,489,500
World Bank	GETF	Regional	Global Biodiversity set aside		881,193	79,307	960,500
<b>Total GEF Resources</b>					5,000,000	450,000	5,450,000

d) No need to fill this table if it is a single Agency, single Trust Fund, single focal area and single country project.

<sup>50</sup> For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

- e) Refer to the [Fee Policy for GEF Partner Agencies](#).

## **PART II: PROJECT JUSTIFICATION**

**A.1. PROJECT DESCRIPTION. BRIEFLY DESCRIBE: 1) THE GLOBAL ENVIRONMENTAL AND/OR ADAPTATION PROBLEMS, ROOT CAUSES AND BARRIERS THAT NEED TO BE ADDRESSED; 2) THE BASELINE SCENARIO OR ANY ASSOCIATED BASELINE PROJECTS, 3) THE PROPOSED ALTERNATIVE SCENARIO, WITH A BRIEF DESCRIPTION OF EXPECTED OUTCOMES AND COMPONENTS OF THE PROJECT, 4) INCREMENTAL/ADDITIONAL COST REASONING AND EXPECTED CONTRIBUTIONS FROM THE BASELINE, THE GEFTF, LDCF, SCCF, AND CO-FINANCING; 5) GLOBAL ENVIRONMENTAL BENEFITS (GEFTF) AND/OR ADAPTATION BENEFITS (LDCF/SCCF); AND 6) INNOVATION, SUSTAINABILITY AND POTENTIAL FOR SCALING UP.**

### **1) THE GLOBAL ENVIRONMENTAL PROBLEM, ROOT CAUSES AND BARRIERS THAT NEED TO BE ADDRESSED**

The majority of the Amazon forests is contained within Brazil, with 60% of the rainforest, followed by Peru with 13%, Colombia with 10%, and with minor amounts in Venezuela, Ecuador, Bolivia, Guyana, Suriname and French Guiana. Countries of the Amazon Basin recognize the urgent need to step up the funding levels and regional cooperation to reduce deforestation rates and safeguard Amazon forests and biodiversity.. To address the on-going threats to Amazon ecosystems, a more ambitious approach is required. New levels of investments and cooperation are needed between development partners (ie. public and private, federal and local) that bring biodiversity conservation, forest management, rural development and poverty reduction together.

Brazil, Peru and Colombia individually face continued threats to their Amazon biodiversity and ecosystem health and at the same time can generate scalable results in terms of forest conservation and furthermore would benefit greatly from incentives to tackle these drivers nationally and regionally. In order to have a significant impact in reducing deforestation and promote efficient land use in the Amazon region, the Amazon Sustainable Landscape Program was designed to address key issues across the complex set of drivers of deforestation and barriers for sustainable land use. The major barriers to achieving environmentally, economic and socially sustainable development of the Amazon Biome include: shortcomings in national policy and legal frameworks for land and natural resources access and utilization, inefficient enforcement of these regulatory frameworks at the national level, limited collaboration and learning from best practices across borders, inappropriate technical capacity and incentives for responsible resource utilization.

The goal of the Program is to protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover. Global environmental benefits will be considered from a more holistic perspective as the Program will help secure the Amazon basin's function in maintaining climatic and ecosystem stability nationally, regionally, and globally while sustaining these benefits over the medium to long-term.

The above-referenced barriers will be addressed through the four interrelated components of the Program: 1) Integrated Amazon Protected Areas; 2) Integrated Landscape Management; 3) Policies for Protected and Productive Landscapes and; 4) Capacity Building and Regional Cooperations. The individual country projects under the Program will contribute to the first three components while this child project will support the fourth component.

### **2) BASELINE SCENARIO**

Over the past decade, national governments have made progress in the sustainable management of protected areas and the productive landscape surrounding these areas, as well as land-use policies. These actions have dramatically slowed the rate of deforestation in the Amazon. But significant threats remain. This project builds on the work in the Amazon by governments and other players, including among others, OCTA, WWF, Moore foundation, bilateral donors, and multilaterals and the GEF through the Amazon Signature program.

### 3) ALTERNATIVE SCENARIO

Conservation of Amazon forests requires investments to address the national agenda and at the same time promote collaboration amongst government and stakeholders. Without the collaborative work of neighboring countries to tackle common threats and to take advantage of the opportunities, it would be difficult to secure the maintenance of the forest cover and flow of ecosystems services in the long term.

The goal of this Child Project is to improve national and regional inter-agency coordination of efforts to maintain forest resources, protect biodiversity, , enhance forest management and restore forest ecosystems. This will be accomplished through knowledge and technology exchange amongst countries and stakeholders and through a Program monitoring and communications reporting system.

The key outcomes /performance indicators for this Project are:

- KP1 +Increased uptake of lessons and cutting-edge knowledge generated across the portfolio of interventions:
- KP2 +Improved capacity of key stakeholders to maintain forest resources, protect biodiversity, particularly illegally traded endangered species, enhance forest management and restore forest ecosystems
- KP3 - Program monitoring system successfully developed and supporting implementation of child projects.

The Child Project will be developed during preparation along two components:

#### Component 1. Knowledge management and Capacity building

This component aims to increase collaboration in learning and capacity building between the Amazon countries and agencies involved the Program on best practices to maintain forest resources, protect biodiversity, , enhance forest management and restore forest ecosystems. The results of this collaboration, be it in research, monitoring, assessments, has the potential to guide where a country wishes to scale up certain interventions based on the success in another part of the country or in another country.

This component will promote innovation across technology, finance and governance pillars to reduce deforestation and build sustainable landscapes. From a mainstreaming perspective, this component is expected to play a significant role in ensuring that key productive sectors work together towards a common objective to reduce deforestation and build productive and protected landscapes in the Amazon. Embedding this “work together” premise of the involvement of three countries can be expected to trigger positive synergies in favor of achieving long-term sustainability. This component will increase capacity, and strengthening organizations dealing with biodiversity conservation, deforestation issues and sustainable landscapes in Brazil, Colombia and Peru.

Preliminary interventions discussed among the countries child projects have been identified and will be further developed during preparation. They include:

- i) Policy, legal and regulatory frameworks. Participating countries may exchange best practices towards improved effectiveness of legal frameworks and policies to address deforestation;
- ii) Collaboration in managing bordering PAs;
- iii) Collaboration in addressing threats imposed by illegal gold mining or logging or trafficking of illegal species;
- iv) Development of learning platforms in priority thematic areas. Preliminary themes include: biodiversity research and conservation, monitoring deforestation, climate change, forestry, and agricultural and infrastructure development, technology transfer to farmers and ranchers, best practices to reduce

deforestation, sustainable productive landscapes and, economic and institutional instruments. Thematic areas will be determined during preparation. The learning will be done through South-South cooperation amongst the three countries. This capacity building will integrate the participation of representatives from local communities, state and federal levels;

- v) Capacity building for regional collaboration and cooperation will focus on strategies to address drivers of deforestation and unsustainable use of natural resources in the Amazon basin focusing;

#### Component 2: Program Coordination and Communication

This component aims to improve coordination among the executing agencies and institutions involved in Program and develop a reporting system for all the child projects. This will also help in the learning uptake and adaptive management of each child project and strengthen the interventions on building productive and protected landscapes in the Amazon region. This will include, preparing Program implementation progress and Program-level reporting, mid-term evaluation, final Program completion and the achievement of Program-level higher impact on the global environment.

This coordination will benefit from funding from this component and will aim at promoting the landscape management of forests and ecosystems beyond borders and/or test solutions to shared threats to maintain healthy ecosystems or conserving biodiversity.

This component will maintain extensive and continued stakeholder consultations among the implementers of each child project under the Program. This will also include coordinating activities with on-going GEF projects related to the Program, and with investments and initiatives funded by other donors.

#### **A.4. Coordination. Outline the coordination with other relevant GEF-financed and other initiatives:**

During project preparation, this child project will be designed in close consultation with the governments of the child projects and the implementing agencies through the Program Steering Committee (PSC). The child project is expected to complement the national projects and maximize the efficiency of the broader Program as well as to provide opportunities for south-south learning, foster cooperation, use M&E tools and geospatial services, apply best practices and peer review and develop portfolio-wide training and communication strategies.

The Program Steering Committee (PSC), chaired by the World Bank, as lead agency of the Program and comprising one-program focal point from each country, the Global Environmental Facility Secretariat, and relevant Implementing Agencies (UNDP & WWF-US) will act as an advisory mechanism to prioritize activities. The main role of the PSC is to provide a coordination forum and a monitoring platform during the implementation phase of the Program. It will also provide an overall, high-level, coordination of the technical alignment and synergy between the Program's components. It will meet virtually every quarter to track progress and provide opportunities for cross-fertilization; it will meet face-to-face once a year in a different project site to increase uptake of lessons and build synergies.