



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 23-May-2017 | Report No: PIDISDSC21787



**BASIC INFORMATION**

**A. Basic Project Data**

Country Peru	Project ID P163023	Parent Project ID (if any)	Project Name Integrated Forest Landscape Management Project in Atalaya, Ucayali (P163023)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Oct 30, 2017	Estimated Board Date Feb 15, 2018	Practice Area (Lead) Environment & Natural Resources
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance	Implementing Agency Ministry of Environment and Natural Resources	

**Proposed Development Objective(s)**

The project objective is to improve management, tenure security, and governance of forests by communities and government agencies in the Atalaya province of the Ucayali region.

**Financing (in USD Million)**

Financing Source	Amount
Borrower	5.00
Strategic Climate Fund Credit	6.40
Strategic Climate Fund Grant	5.80
<b>Total Project Cost</b>	<b>17.20</b>

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)



## **B. Introduction and Context**

### Country Context

Over the past decade, Peru has made great strides in its development. These achievements include significant growth, low inflation, macroeconomic stability, reduction of external debt and poverty, and significant progress in social and development indicators. Prudent macroeconomic policies and a favorable external environment enabled an annual growth rate of close to 6% during the last ten years and 4.7% over the last two decades. This solid economic performance allowed income per capita to triple over the past fifteen years. Between 2004 and 2015, moderate poverty fell by more than half, from 58% to 22%, while extreme poverty fell from 16% to 4%. In addition, the middle class grew by 18 percentage points outnumbering the poor in 2013, due in particular to higher labor income.

Peru is the third largest country in South America and it is divided into three large geographical regions: the coastal plains, the Andes and the Amazon, which covers nearly 61% of the country. Largely due to the flora and fauna found in the Amazon region, Peru is considered one of the most mega diverse countries in the world. This high biodiversity, which ranks second in South America and ninth in the World, is threatened by high deforestation rates, unsound forestry practices, and illegal logging. These degradation trends are particularly important in Peru's Amazon region, which contains 73 million ha (94% of Peru's total forest area) of still well conserved tropical forests. Increasing pressure on forests and forest-related resources over the last few decades has resulted in growing social conflicts, as forests are often a primary source of revenue and income for forest dwellers that are experiencing growing competition for forest resources and lands from agriculture and grazing. The exploitation of other non-renewable resources also found in the Amazon – mainly gold, oil and gas – that significantly contribute to Peru's national GDP, are another source of deforestation threats, with extractive practices often dramatically encroaching on forest ecosystems. This situation is compounded by road construction in the region, as well as the limited capacity of communities and private industries to conduct sustainable forestry practices, and national and local government agencies to enforce regulations and promote more renewable forest uses. In addition, indirect causes of deforestation include increasing migration and population growth in the Amazon, as well as a lack of land use planning.

### Sectoral and Institutional Context

According to official sources, 80.1% of the country's total area is suitable for forestry uses (or should be under conservation), while only 5.9% is suitable for agriculture and 13.9% suitable for livestock-grazing activities. The sector encompasses a wide range of subsistence and productive activities, including timber logging from native forests and commercial plantations, and extraction of a variety of non-timber forest products, including wildlife. Despite its economic relevance, the forest sector only contributes to 1.1% of country's GDP and receives less than 0.01% of direct foreign investment. In addition, over half of national GHG emissions come from land use change (predominantly deforestation) and Peru's Nationally Determined



Contribution (NDC)<sup>1</sup> sets a target of a 30% reduction in emissions from a projected Business-As-Usual scenario by 2030. Forests offer a significant opportunity to support economic diversification and poverty reduction, and forest-smart interventions can play a key role in addressing climate change and contributing to Peru's green growth agenda.

The project area lies within the Atalaya Province, in the Ucayali region of the east central Peruvian Amazon. Atalaya is one of the most important productive forestry regions of the country, with 3.98 million hectares of forests, of which almost 3 million are relatively well-conserved tropical forests. Around 64% of Atalaya's population of about 47,000, are indigenous peoples, mainly from three Amazonian ethnic groups, Ashaninka, Yine and Asheninca, settled in approximately 50 communities that cover more than one million hectares of forest, many of which are living in conditions of extreme poverty. Social indicators for Amazonian indigenous peoples are the lowest in the country, with high levels of chronic malnutrition, limited access to education and primary health care, and disproportionate levels of maternal and infant mortality.

The classification of land use in Atalaya includes: (i) indigenous peoples territories totaling 1.46 million hectares, with some IPs still awaiting land allocation, regularization and/or titling; (ii) forty-six forest concessions under Permanent Production Forest areas, granted by the government to the private sector since 2001, and totaling 320,000 hectares (70% currently inactive or under inspection for lack of compliance with forestry laws and regulations); (iii) 6,000 hectares under irregular land holdings by 1,200 small and mid-size peasants and forest dwellers called "rivereños" and "colonos," most of them with unrecognized land rights; and (iv) three protected areas (El Sira Communal Reserve, Otishi National Park and Alto Purus National Park) that also contain large blocks of undisturbed forests totaling about 760,000 hectares.

Atalaya faces others challenges in moving towards a more sustainable and climate-smart forest landscape, including: (i) IPs' and other forest dwellers' limited capacity and knowledge of how to sustainably manage their commonly owned forest resources (e.g., limited technical capacities to prepare and implement forest management plans, understand conventional forest management, administrative and regulatory processes, as well as limited knowledge of local markets place and negotiation of logging contracts with third parties); (ii) a lack of institutional capacity by both community institutions, producers associations and national/local governments to enforce land tenure rights and sustainable forest management (SFM) rules and regulations that are needed to ensure a fair articulation of indigenous communities to Peru's mainstream market economy; and (iii) the threat of large infrastructure projects, such as the new highway that connects Atalaya with Puerto Ocopa and Lima, which is expected to trigger a wave of illegal colonization by agricultural/grazing peasants from the Andes, and cause illegal logging, deforestation and forest degradation.

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<sup>1</sup> Intended Nationally Determined Contributions under the UNFCCC, mitigation and adaptation commitments defined prior to the 2015 COP in Paris and intended to contribute to the global mitigation efforts of global warming below 2 degrees, [http://unfccc.int/focus/indc\\_portal/items/8766.php](http://unfccc.int/focus/indc_portal/items/8766.php)



## Relationship to CPF

The activities to be supported under the proposed project are aligned with Peru's FY17-21 Country Partnership Framework (CPF), in particular Objective 8 on strengthening management of natural resources under the Natural Resources and Climate Change Pillar (Pillar III). This Objective recognizes the need to decrease the annual rate of deforestation and forest degradation in the Amazon region, as well as the importance of land tenure and sustainable use of forests and biodiversity. The CPF acknowledges not only the costs of land and forest degradation, but also the importance of forests as an essential source of income and livelihood, as well as forests important role in mitigating and adapting to climate change. The FIP operation is also aligned with the Bank's Climate Change Action Plan and the Bank's Forest Action Plan for FY16-20. FIP project activities are fully consistent with the focus areas of the Bank's Forest Action Plan, namely sustainable forest management and forest-smart interventions in other sectors. These focus areas aim to strengthen the foundations for positive forest outcomes, including climate change and resilience, rights and participation, and institutions and governance.

### C. Proposed Development Objective(s)

The project objective is to improve management, tenure security, and governance of forests by communities and government agencies in the Atalaya province of the Ucayali region.

#### Key Results (From PCN)

The following key results are expected:

- Forest area managed according to approved management plans (number of ha)
- Target population of forest communities with use or ownership rights registered<sup>2</sup> (number of people)
- Forest community households that have adopted sustainable forest landscape practices (number of households)
- Proportion of the population by household in target communities reporting at least X%<sup>3</sup> increase in well-being or household/livelihood assets will be at least 50%;<sup>4</sup>
- Communities involved in planning/implementation/evaluation of sub-projects (Yes/No)
- Percentage of female beneficiaries at least 40%.

### D. Concept Description

**Component 1. Strengthening forest tenure rights (US\$1.8M loan).**<sup>5</sup> The objective of this component is to work with national government agencies (e.g., Ministry of Agriculture and Irrigation [MINAGRI], Property Registry Agency [SUNARP]), sub-regional government agencies (e.g., Regional and Municipal land

<sup>2</sup> Examples include: (i) land holdings registered, demarcated and titled; (ii) forest management permits granted; (iii) participatory territorial zoning plans registered.

<sup>3</sup> To be determined during baseline study.

<sup>4</sup> Measurements to be disaggregated by gender.

<sup>5</sup> Amounts assigned to each component and source of funding are preliminary and will be revised/adjusted during preparation.



regularization and forestry agencies), and indigenous and other forest dependent community organizations to support local efforts to secure forest land ownership and use (e.g., forest concessions). In particular, this component will support the registering of indigenous peoples located in selected communities, in the National Registry of Native Communities, through the provision of technical and legal assistance and financing of related operating costs of the indigenous peoples community organizations. Recognition of a native community in the National Registry of Native Communities as a legal entity is a prerequisite for initiating the land titling process. The component will also finance the demarcation and titling process, which establishes the geographic location and physical boundary for native communities' land and formally registers title for native communities. This will be carried out through the provision of technical and legal assistance to indigenous communities, and financing of operating costs of the indigenous community organizations and operating costs required by the regional agricultural offices (*Direcciones Regionales de Agricultura*, DRAs) to carry out land titling activities.

**Component 2. Community forest landscape management (CBFM) (US\$3.8M grant; US\$1.2M loan).** This component aims to promote the adoption of forest landscape measures, by providing small-scale grants at the community level that contribute to sustainable forest management, food security and income generation. Communities will prioritize investments, such as agroforestry, silviculture, and other landscape management measures, based on a fixed budget. Within a plan of action, community members will decide on the allocation of investments to groups of households, using rules that limit the funding for any one household. At least 50% of the households in a community should participate, and community members will use a toolkit with best practices to ensure that those investments selected are the most appropriate to sustainably manage their forest resources. Project-financed grants are expected to require a match of 20% in beneficiary contributions, which may be in cash or in-kind.

**Component 3. Forest governance and institutional support (US\$2.0M grant; US\$1.6M loan).** This component will support current efforts of the Peruvian government to decentralize key forest sector activities by assisting regional and sub-regional forest authorities (e.g., Ucayali Regional Environmental Authority [ARAU], Executive Forestry Agency of Atalaya [*Direccion Ejecutiva Forestal de Atalaya*]), and other local government agencies in improving forest governance. It will also provide facilitation services and technical and institutional support for forest communities to plan, implement and manage forest landscape investments.

**Sub-component 3.1 Strengthening Forest Governance.** This subcomponent will provide technical assistance in: (i) strengthening sub-national government agencies responsible for forest law enforcement and streamlining regulatory approval processes for forest management plans, annual harvesting operational plans, and forest and transportation permits. For example, support will be provided in preparing management plans for permanent production forests, as well as forest certification using standards as stipulated in the Forest and Wildlife Law; (ii) strengthening the operation and coordination of the community forestry units responsible for oversight and surveillance within the Forest and Wildlife Resources Supervisory Body (OSINFOR) and the Forestry Executive Direction of Atalaya; and (iii) sponsoring a landscape-based forest stakeholder dialogue through local institutions (e.g., *Mesa Indígena REDD+* of Atalaya and others) to support government and civil society knowledge-sharing.



**Sub-component 3.2 Facilitation support and technical advice.** This sub-component includes financing for participatory planning and implementation support of community sub-project investment plans. Locally-based NGOs and national NGOs, with a track record in similar activities will be contracted to facilitate participatory planning and resource assessments and assist communities in the preparation and implementation of forest landscape investments (funded under Component 2). These organizations will also help build the technical and administrative capacities of communities to implement and manage their investments and plans. The contracted agencies/NGOs will coordinate with local government, other NGOs, and other supporting organizations to provide these services as needed. The project will also work with indigenous federations and community-based agencies, such as *Federación de Comunidades Nativas de la Provincia de Atalaya* (FECONAPA), *Coordinadora Regional de los Pueblos Indígenas de AIDSESP en Atalaya* (CORPIAA), and *Veedurías Forestales Comunitarias* and other community-based institutions to support and engage with communities. The community implementation support provided will include guidance on market development and access, and alliances with the private sector. In addition, this component will seek to address gender and social inclusion issues, in which community support and training methods will take into account the preferred methods of learning of women and other groups (including the elderly and children, among others).

**Component 4. Project management, monitoring and evaluation (US\$1.8M loan).** This component will finance the operating costs of a regional Project Implementation Unit (PIU) in Ucayali to carry out project oversight and management functions. This unit will support project coordination, social and environmental safeguard management, reporting, and monitoring and evaluation. This regional PIU will coordinate with MINAM, the project's implementing agency, which has responsibility for general oversight of the four FIP projects, including monitoring and reporting of overall program results to the FIP Subcommittee. MINAM will also have primary responsibility for the project's procurement and financial management.

## SAFEGUARDS

### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project is located in Atalaya Province, Department of Ucayali, in the Peruvian Amazon. The area is located at the boundary between the Highland and Lowland Rainforest areas, comprising the upper Ucayali river basin and the lower Urubamba river basin respectively, and is mostly covered by primary tropical forests rich in high commercial value species. The project area is considered a biodiversity hotspot, but is threatened by high rates of deforestation, the advancing agricultural frontier and the potential for social conflict over uncertain land rights and use of natural resources. The Department of Ucayali, and its capital Pucallpa, is also Peru's main sawn wood producing area and there are large forest concessions and 336 indigenous communities.

The province of Atalaya has a total population of 47,285, which is primarily rural (68%). The indigenous population (the primary project beneficiaries) is estimated at 28,117 (62%). This population represents the following indigenous groups: the Ashéninka, Yine, Asháninka, Shipibo-Conibo, Amahuaca, and Yaminahua, that live in approximately 336 communities



covering more than one million hectares of forest. Indigenous peoples are represented by a network of regional indigenous organizations, including Regional Indigenous Organization of Atalaya (OIRA), Regional Union of Indigenous Peoples of Atalaya (URPIA), and Interethnic Association for Forest Development in Peru (AIDSESP). Other important stakeholders in the province include: (i) ribereño communities (traditional Amazonian communities of indigenous descent, but who do not identify themselves as indigenous); (ii) colonos (people from the Andean region that have migrated to the Amazon region in search of agricultural lands); (iii) forest concessionaires and producers; and (iv) sub-national governments.

**B. Borrower’s Institutional Capacity for Safeguard Policies**

MINAM's National Program of Forest Conservation for Climate Change Mitigation will have primary responsibility for safeguard oversight during project implementation. A regional PIU, responsible for the project's day-to-day administration, will carry out safeguard screening, scoping, impact assessment, and mitigation, and will include technical staff with social and environmental backgrounds and experience in the project areas. This team will need to be strengthened in order to provide adequate supervision for the implementation of measures outlined in the ESMF, as well as the particular activities related to Indigenous Peoples. Training needs and the mechanisms to ensure safeguard compliance will be identified during project preparation.

**C. Environmental and Social Safeguards Specialists on the Team**

Raul Tolmos, Carlos Tomas Perez-Brito

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project is classified as Category B given that the proposed investments (e.g., agroforestry, silviculture, and other landscape management measures) are not likely to result in significant negative impacts on human populations and / or environmentally important areas. The project is likely to result in positive impacts for forest conservation. Further, any TA work related to land administration, land use and enforcement will incorporate relevant safeguard principles and best practices regarding enforcement activities. Operational Policy on Environmental Assessment (OP 4.01) is triggered given that investments, although small in nature, will be carried out in the Peruvian Amazon region, a sensitive biodiversity hotspot already experiencing environmental degradation and natural resource depletion. An Environmental and Social Management Framework (ESMF) will be prepared as required by OP/BP 4.01 in order to screen, identify, avoid and mitigate the potential negative environmental and



		social impacts associated with project activities. This ESMF will include environmental and social aspects related to community forestry in the Peruvian Amazon region, as well as critical natural habits sustained by these forests. The ESMF will be consulted and disclosed prior to appraisal.
Natural Habitats OP/BP 4.04	Yes	This policy is triggered given that project activities support forest management and conservation, as well as the number environmental and ecosystem services that natural habitats in the Peruvian Amazon provide. The ESMF will address issues related to natural habitats and ecosystem services, and potential project impacts. Specifically, the ESMF will have appropriate screening criteria to ensure that impacts on natural habitats are properly evaluated. In addition, the ESMF will make clear that no project activities which involve significant conversion of natural habitats will be financed.
Forests OP/BP 4.36	Yes	This policy is triggered given that the project activities are likely to have positive impacts on forest management in indigenous lands and territories as a result of implementing community forestry activities (including reducing deforestation and forest degradation). However, screening mechanisms will be incorporated into the ESMF to ensure that any potential small scale impacts on forests and forest dwellers will be mitigated through measures defined as part of the broader approach on natural habitats. Further all activities supported, including TA activities, will follow the principles of the policy. In particular, small-scale and community forestry measures will follow applicable principles for sustainable forestry under the policy.
Pest Management OP 4.09	TBD	The triggering of this policy will depend on the final scope and nature of the community forestry sub-projects. Reforestation activities, for example, could trigger this policy depending on the methods selected to manage pests. The ESMF will include screening mechanisms to evaluate the likely use of pesticides and, if utilized, will include measures to mitigate associated environmental impacts on health and natural habitats.
Physical Cultural Resources OP/BP 4.11	TBD	The triggering of this policy will depend on the identification of project intervention locations. Although it is not anticipated that the project will have a negative impact on any sites with the presence of



		<p>physical cultural resources, including sites and areas of cultural and religious value to local communities, this policy would be triggered if investments, which might impact physical cultural resources, are eligible for financing. If triggered, the ESMF will include provisions regarding how to protect known physical cultural resources and how to address chance finds. If such investments that might affect physical cultural resources are not eligible for financing then this policy will not be triggered and the screening mechanism under the ESMF will be used to screen out such investment applications.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>This policy is triggered, as the project area includes indigenous peoples and indigenous peoples will be the main project beneficiaries. As such, the project will incorporate safeguard measures relating to OP 4.10 and there will be a process of free and informed consultation leading to broad community support for the project prior to Appraisal. A social assessment will be undertaken during preparation in order to clearly define beneficiary communities, social organizations, and decision-making processes, as well as to make recommendations for any adjustments needed (language, format, timeline) during implementation. An IPP, however, will not be undertaken, as the primary and direct beneficiaries of the project are indigenous peoples. In addition, while indigenous peoples comprise the majority of direct project beneficiaries, some investments (e.g., those supporting forest governance and institutional support) may not directly overwhelmingly benefit indigenous peoples. As such, safeguards will be in place in the ESMF to identify any potential impacts or risks to indigenous peoples from activities where they are not the sole or the overwhelming majority of direct beneficiaries, but where they are present or have collective attachment to the project area. Further, given the project investments will be carried out in isolated forest areas, the project will include protocols and procedures to protect indigenous peoples living in conditions of voluntary isolation or with sporadic contact with surrounding society.</p>
Involuntary Resettlement OP/BP 4.12	TBD	<p>While this policy is not anticipated to be triggered and investments are expected to be screened for any potential conflicts, a land tenure study and social assessment will be undertaken during preparation in</p>



		order to provide more information regarding any potential restrictions of access. Both the study and assessment will inform if project activities will lead to the involuntary taking of land resulting in relocation or loss of shelter; loss of assets or access to assets; loss of income sources or means of livelihood; or the involuntary restriction of access to legally designated parks and protected areas. The study and assessment are expected to be concluded by August 2017.
Safety of Dams OP/BP 4.37	No	This safeguard policy is not triggered because the project will not support the construction or rehabilitation of dams, nor will it support investments which rely on existing dams.
Projects on International Waterways OP/BP 7.50	No	This safeguard policy is not triggered because the project will not involve the use or potential pollution of international waterways.
Projects in Disputed Areas OP/BP 7.60	No	This safeguard policy is not triggered because the project will not support activities in disputed areas.

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Oct 16, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

A land tenure study and social assessment will be carried out during preparation in order to inform project design and the preparation of the ESMF and Resettlement Framework. These studies will be accompanied by a process of free, prior and informed consultation with the indigenous peoples in the project area in order to ensure their broad support for the project design and activities, and to ensure that their inputs are incorporated prior to Appraisal. In addition, the social assessment will have a specific focus on gender issues. Safeguard-related studies are expected to be completed by early October 2017, prior to the project's Appraisal.

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**APPROVAL**

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