

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.: PIDISDSC15322

Date Prepared/Updated: 17-Dec-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Peru	Project ID:	P155902
		Parent Project ID (if any):	
Project Name:	National Program for Innovation in Fisheries and Aquaculture (P155902)		
Region:	LATIN AMERICA AND CARIBBEAN		
Estimated Appraisal Date:	04-Oct-2016	Estimated Board Date:	23-Feb-2017
Practice Area (Lead):	Environment & Natural Resources	Lending Instrument:	Investment Project Financing
Borrower(s):	Ministerio de Economia y Finanzas		
Implementing Agency:	Ministerio de la Produccion - PRODUCE		
Financing (in USD Million)			
Financing Source			Amount
Borrower			80.90
International Bank for Reconstruction and Development			40.00
Financing Gap			0.00
Total Project Cost			120.90
Environmental Category:	B - Partial Assessment		
Concept Review Decision:	Track I - The review did authorize the preparation to continue		
Is this a Repeater project?	No		
Other Decision (as needed):			

B. Introduction and Context

Country Context

Over the past two decades, Peru has made significant advances in accelerating growth, reducing poverty, and promoting social development. Peru's three-pillared macroeconomic framework (which combines a flexible exchange rate, inflation targeting, and fiscal prudence) has contributed to a long period of relative macroeconomic stability. From 2000 to 2014, growth averaged 5.3 percent per year, despite a weak external environment and a financial crisis in 2009 during which the economy continued to expand. Employment growth and associated income gains achieved during a period of relative price stability, combined with the implementation of targeted social assistance programs, have helped to reduce the share of Peruvians living in moderate poverty from nearly 60 percent in 2004 to around 22.7 percent in 2014. During the same period, the share of those living in extreme poverty fell from 16 percent to 4.3 percent.

Sound macroeconomic management has created the fiscal space needed for countercyclical policies to soften the impacts of occasional slowdowns, such as the one that occurred recently. In 2015, sluggish global demand and low prices for Peru's commodities have put pressure on exports, which have contracted sharply during the first half of the year. Meanwhile, episodes of political instability and ongoing violent protests against large-scale mining projects have created some uncertainty, leading to a fall in private investment. The Government has put in place aggressive countercyclical fiscal policies and stimulus packages to boost growth.

Despite the recent gains in growth and poverty reduction, income disparities within the country remain pronounced, particularly between rural and urban areas. In 2014, the national poverty rate stood at nearly 23 percent, but in rural areas it was considerably higher—around 46 percent. Poverty is especially concentrated in highland rural areas (just above 50 percent in 2014). The Government has launched an ambitious development agenda designed to accelerate growth and improve equity by boosting productivity and eliminating social disparities. During 2015, known as “the year of productive diversification and strengthening of education,” a number of programs and projects are being launched to encourage innovation and productive diversification, with the goal of creating new engines of growth in sectors such as fisheries and aquaculture, creative industries, and forestry.

Sectoral and Institutional Context

Peru ranks among the top fish producing countries in the world, thanks to its location adjacent to the Humboldt Current Large Marine Ecosystem (HCLME). About 18-20 percent of the global fish catch derives from the HCLME and comprises mainly small pelagic species, especially anchoveta. The highly productive HCLME supports other important fishery resources, along with a large population of marine mammals and a vast seabird population. Due to its extremely large size and abundant biodiversity, the HCLME is of global importance.

The Peruvian anchoveta fishery—the world's largest fishery by volume—is of significance to the national economy. Over 95 percent of the Peruvian anchoveta catch is processed into fish meal and fish oil and exported. In 2012, the value of anchoveta exports hit an all-time high of US\$3.3 billion and accounted for 11.4 percent of total exports; over the past decade, anchoveta exports have accounted for around 7 percent on average of total exports. In recent years, the government of Peru has introduced a number of regulatory measures designed to ensure the sustainability of the anchoveta industry, and it continues to invest significant resources in bi-annual stock assessments and other monitoring activities.

While the attention directed to the industrial anchoveta fishery seems to be paying dividends, relatively little attention has been directed to other, predominantly artisanal marine capture

fisheries and to the nascent marine and fresh-water aquaculture sub-sectors, where there are significant opportunities for improvement. Artisanal fishing accounted for only 13.6 percent of total landings in 2012, but it provides jobs for large numbers of people, invigorates local economies, and supplies about 80 percent of the fresh fish and seafood consumed in the domestic market. According to the First National Census of Artisanal Fisheries (carried out in 2012), artisanal capture fisheries provide employment for 12,400 ship owners and 44,000 fishermen. When post-harvest activities such as processing, storage, and wholesale and retail distribution are included, the total employment number swells to around 221,000 people, including large numbers of women. Women play an especially important role in post-harvest activities, including processing and retail distribution.

The importance of fisheries and aquaculture in Peru extends well beyond purely economic considerations. In a country in which non-negligible portions of the population suffer from hunger and malnutrition, fisheries and aquaculture could also make a significant contribution to improved nutrition, especially among the poor. In 2014, 14.6 percent of children under the age of 5 were undernourished, and the rate was much higher in rural areas (28.8 percent overall in rural areas, and 34 percent among the lowest two income quintiles in rural areas). A Comer Pescado, a program initiated in 2011 by PRODUCE, is attempting to boost fish consumption in regions where the consumption of fish has traditionally been low. By 2016, the program is expected to reach 500,000 people, mainly in Andean communities. At a time when demand for fish and other seafood products is rising rapidly, considerable scope exists to make better use of currently overexploited marine capture fisheries and especially to exploit vast opportunities in marine and fresh-water aquaculture.

Against this background, the Government of Peru is seeking to expand and diversify the fisheries sector, with the goal of complementing the large-scale, low-value anchoveta fishery with a diverse set of extractive and productive activities involving both wild and farmed species that can generate high-value products, provide employment, stimulate growth, and help meet rapidly growing domestic and international demand for fish and seafood products. While innovation is clearly needed to drive future growth, the challenges facing marine capture fisheries and aquaculture are not the same, so different strategies will be needed to unlock their respective potentials.

In the case of marine capture fisheries other than anchoveta, the principal challenge will be to ensure the sustainability of wild fish stocks in the face of increased fishing effort. Currently, the main species targeted by larger commercial vessels—hake—is over-exploited, as are most of the numerous near-shore species targeted by artisanal fleets. It is difficult to form a precise picture of the current state of many marine fisheries, however, because data on stock status are limited, regulatory oversight and enforcement is lacking, and compliance with regulations is poor. With innovative management practices that empower local communities and provide incentives to preserve the health of the resource, these fisheries could be rebuilt to the point where they could generate as much value to the economy as the anchoveta industry currently does. Sustainable development of the marine capture fisheries other than anchoveta would also contribute significantly to improving the livelihoods of coastal communities, which include some of the most marginalized members of society.

In the case of aquaculture, the principal challenge will be to improve productivity and production while avoiding adverse environmental impacts. Currently, about three quarters of the value from

aquaculture derives from shellfish (mainly sea scallops) and marine shrimp produced in the Coastal region. Development of marine finfish culture will require significant investments in new technology, along with regulatory reforms. Inland aquaculture is dominated by trout production, which takes place in the Andean region. Production of tilapia, which dominates fish culture in many other parts of Latin America, shows great potential particularly among small scale producers, but tilapia is produced and consumed on a limited scale at present in Peru. Cultivation of indigenous species (paco, gamitana, doncella, paiche, sábalo) is on the increase in the Amazonian region, but the development of economically sustainable production systems will require large investments. Demand in the domestic market remains unstable, and the infrastructure and logistics needed for exports is still underdeveloped.

A final underdeveloped fishery resource relates to indigenous freshwater species. Collection of ornamental species in the Amazon region for export to the aquarium trade has grown rapidly in recent years. Because the trade is largely unregulated, some species are threatened with extinction, which in addition to impacting global biodiversity would also impose economic hardship on the communities that currently derive income from their sale. Research is needed to help local collectors switch to breeding these high value species, relieving pressure on the environment and offering a source of higher and more stable income.

The Government's long-term vision for the development of the fisheries sector thus includes two parallel goals. The first goal is to reorient marine capture fisheries by increasing the relative importance of species other than anchoveta while ensuring the sustainability of wild fish stocks. The second goal is to expand the aquaculture sector, both marine and freshwater, by encouraging investment throughout the value chain in ways that will increase incomes, generate employment, and improve nutritional outcomes. These goals will not be achieved easily or quickly; they will be achieved only through policy reforms, institutional changes, and supporting investments sustained over an extended period.

In this context, the National Program for Innovation in Fisheries and Aquaculture is conceived as the initial phase of a multi-phased effort to build a larger, more diversified, more productive, and environmentally sustainable fisheries and aquaculture sector. The Program will be led by the Vice Ministry of Fisheries within the Ministry of Production (PRODUCE), which holds the overall mandate for developing and managing the fisheries and aquaculture sectors. Consistent with the objectives of the Government's Productive Diversification Plan, the vision of PRODUCE's Multiannual Strategic Sector Plan (PESEM) is a diversified, productive, innovative, and environmentally sustainable fisheries sector, one comprising vibrant and competitive value chains in which value adding activities are carried out by a diverse set of actors including individuals, producer organizations and cooperatives, small and medium-scale enterprises, industrial firms, and conglomerates. A central theme of the Program is to support the Government's strategy to transition from a sector that currently is focused primarily on industrial exploitation of a single species—anchoveta—to a sector that will be larger, more diversified, and increasingly reliant on productive activities (aquaculture) as opposed to extractive activities (capture fisheries).

Transforming Peru's fisheries and aquaculture sector is an ambitious undertaking that will require sustained effort at a large scale on multiple fronts. Rather than attempting to achieve all of its objectives through a single program or project, PRODUCE pragmatically has decided to use an array of focused initiatives, to be supported with different sources of financing. As part of this strategy, the National Program for Innovation in Fisheries and Aquaculture is intended to focus on

promoting innovation and strengthening institutional capacity to support innovation in artisanal marine capture fisheries and aquaculture. Focusing separately on artisanal fisheries and aquaculture makes sense, because the management strategies appropriate for artisanal fisheries and aquaculture differ from those needed for the industrial fishery, and the capture technologies used by smaller vessels are of limited relevance to the industrial fleet.

By design, the Project is not intended to play a major role in the parallel effort being pursued by the Government to improve the management of industrial marine capture fisheries, which involves a different set of activities (industrial fishing of pelagics, primarily anchoveta), targets a different set of actors (the industrial fishing fleet, fish meal and fish oil manufacturers, fish meal and fish oil exporters), and requires a different set of instruments (policies relating to industrial fishing practices, catch quotas, industrial manufacturing processes, export regulations, etc.). It should be noted, however, that the activities to be pursued under Component 3 to strengthen institutional capacity within PRODUCE and other public agencies will benefit the entire sector, including both artisanal and industrial fisheries.

Relationship to CAS/CPS/CPF

The Project is consistent with the FY12-FY16 Peru Country Partnership Strategy (CPS, Report No. 66187-PE), discussed by the Executive Directors on February 1, 2012. The Project will support two key challenges outlined in the CPS: (a) boost productivity and address environmental challenges as the basis for sustainable development; and (b) explore cooperation options to address environmental vulnerabilities and the impact of climate change. The Project will also support another CPS pillar by contributing to the reduction of chronic malnutrition, particularly in rural areas. The Project will contribute to both of the twin goals: it will help to reduce extreme poverty by providing new sources of employment and income for poor fishers and aquaculture producers, and it will promote shared prosperity by targeting contributing to increased competitiveness and sustainability of a dynamic sector that supports the livelihoods of a wide range of actors at all stages of the value chain.

C. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective is to strengthen capacity in delivery of innovations in the fisheries and aquaculture value chains.

Key Results (From PCN)

Two key results will be used to monitor the success of the proposed Project:

- (i) Increased supply of validated innovations that can improve performance in the fisheries and aquaculture value chains.
- (ii) Increased access by beneficiaries to validated innovations that can improve performance in the fisheries and aquaculture value chains.

D. Concept Description

Component 1: Promoting innovation in the fisheries sub-sector (US \$30 million, including US\$15 million from IBRD)

Component 1 will promote innovation in the fisheries sub-sector. It will support strategic and applied research, piloting of promising fisheries management systems and capture methods,

scaling up of fisheries management systems and capture methods whose effectiveness has been validated through pilots, knowledge generation and transfer, and capacity building. With the goal of increasing the productivity and the enhancing sustainability of fisheries activities, Component 1 will focus on: (i) promoting sustainable management of selected capture fisheries (focusing especially species other than anchoveta that have received relatively little attention up until now); (ii) developing and strengthening capacity for innovation throughout the fisheries value chain; (iii) piloting and/or scaling up practices and technologies that can improve the profitability and enhance the sustainability of fisheries activities; and (v) expanding market opportunities for existing and new fisheries products.

Subcomponent 1.1. Fisheries research and development

Subcomponent 1.1 will finance basic and applied research to benefit the fisheries sub-sector, with the goal of identifying and evaluating innovations that have the potential to improve performance throughout the fisheries value chain. It will support sub-projects to be implemented by one or more beneficiaries for the purpose of identifying and evaluating innovations with potential to contribute to the profitable and sustainable use of fisheries resources. Activities to be supported will include, among others: the identification and evaluation of improved practices for sustainably and equitably managing fisheries resources; the identification and evaluation of improved practices and technologies for harvesting, processing, transporting, storing, and/or distributing existing and new fisheries products; the identification and evaluation of improved practices and technologies for ensuring the safety and traceability of fish and seafood products; and the identification and evaluation of improved practices and technologies for monitoring the status of fisheries resources.

Subcomponent 1.2. Fisheries extension and knowledge transfer

Subcomponent 1.2 will promote extension and knowledge transfer to benefit the fisheries sub-sector, with the goal of piloting, validating, and/or scaling up innovative management practices and productive technologies that have the potential to improve performance throughout the fisheries value chain. It will support sub-projects to be implemented by one or more beneficiaries for the purpose of accelerating the introduction and uptake of promising innovations with potential to contribute to the profitable and sustainable use of fisheries resources. Activities to be supported will include, among others: piloting innovative fisheries management practices with potential to contribute to the sustainable intensification of common fisheries resources (for example, conferring territorial user rights for near-shore fisheries, introducing coastal zoning management schemes); scaling up the use of innovative management practices whose effectiveness has been validated through pilots; piloting innovative technologies with potential to add value to existing capture fisheries by increasing production and/or reducing waste; scaling up the use of innovative technologies whose effectiveness has been validated through pilots; and strengthening capacity to transfer knowledge in these areas.

Component 2: Promoting innovation in the aquaculture sub-sector (US \$50 million, including US \$20 million from IBRD)

Component 2 will promote innovation in the aquaculture sub-sector. It will support strategic and applied research, piloting of promising aquaculture production technologies, scaling up of

technologies whose effectiveness has been validated through pilots, knowledge generation and transfer, and capacity building. With the goal of increasing the productivity, profitability, and competitiveness of the aquaculture sub-sector, Component 2 will focus on: (i) promoting innovation in aquaculture systems; (ii) developing and strengthening capacity for innovation throughout the aquaculture value chain; (iii) strengthening and expanding aquaculture extension and technology transfer services; and (iv) expanding market opportunities for existing and new aquaculture products.

Subcomponent 2.1. Aquaculture research and development

Subcomponent 2.1 will promote basic and applied research to benefit the aquaculture sub-sector, with the goal of identifying and evaluating innovations that have the potential to improve performance throughout the aquaculture value chain. It will support sub-projects to be implemented by one or more beneficiaries for the purpose of identifying and evaluating innovations with potential to contribute to the sustainable intensification of aquaculture production systems. Activities to be supported will include, among others: the identification and evaluation of improved practices and technologies for producing, harvesting, processing, transporting, storing, and/or distributing existing and new aquaculture products; the identification and evaluation of improved practices and technologies for sustainably managing the resource base on which aquaculture depends; and the identification and evaluation of improved practices and technologies for ensuring safety and traceability of aquaculture products. Areas likely to be targeted for investigation include, among others: the biology and economics of expanding aquaculture of local species, site selection for expanding marine and fresh water aquaculture, preventing conflicts with other users of land and water resources used for aquaculture, effluent pollution control, and assessment and management of risks associated with the introduction of non-native species.

Subcomponent 2.2. Aquaculture extension and knowledge transfer

Subcomponent 2.2 will promote extension and knowledge transfer to benefit the aquaculture sub-sector, with the goal of piloting, validating, and/or scaling up innovative management practices and productive technologies that have the potential to improve performance throughout the aquaculture value chain. It will support sub-projects to be implemented by one or more beneficiaries for the purpose of accelerating the introduction and uptake of promising innovations with potential to contribute to the sustainable intensification of aquaculture production systems. Activities to be supported will include, among others: piloting innovative production technologies with potential to contribute to the sustainable intensification of aquaculture systems; scaling up the use of innovative production technologies whose effectiveness has been validated through pilots; and strengthening capacity to transfer knowledge in these areas

Implementation arrangements: Competitive Grants Facility

Components 1 and 2 are designed to stimulate a dynamic marketplace for innovation, bringing together those in need of innovation (e.g., fishermen and their organizations, processors, wholesale and retail distributors, exporters, consumers) with those able to supply innovation.

To help ensure that the innovation activities implemented under the Project respond to market demand, many of the sub-projects to be supported under Components 1 and 2 will be financed

through a Competitive Grants Facility. The Competitive Grants Facility will provide resources for innovation sub-projects focusing on nationally or regionally prioritized topics in the areas of fisheries and aquaculture. Competitive grants will be awarded to individual organizations (for example, public or private research institutes, public or private universities, non-governmental organizations, private firms, producer organizations, trade associations), as well as to partnerships, strategic alliances, and consortia involving multiple organizations.

Sub-projects to be supported through competitive grants will, among others: (i) promote collaboration between productive agents (individuals and firms), research organizations, and service providers to stimulate the generation and exchange of technical knowledge, management practices, and market information; (ii) support the development of value chains and industrial clusters to increase the competitiveness of Peru's fisheries and aquaculture products in domestic and international markets; (iii) promote networks to increase flows of technical know-how and market information; (iv) support the introduction of innovative management practices and production technologies that boost productivity and production while enhancing the environmental and social sustainability of fisheries and aquaculture resources; and (v) raise awareness about and promote consumption of healthy and nutritious foods produced in the fisheries and aquaculture sub-sectors.

Competitive grant recipients will be required to cover a specified minimum percentage of the total sub-project costs, to be provided in cash or in kind. To encourage broad participation, the share of grant funding assigned to public agencies will be capped at a specified level.

The Competitive Grants Facility will be managed by a Competitive Grants Management Unit working under the direction of a broadly constituted Competitive Grants Oversight Committee. The Competitive Grants Oversight Committee, made up of both men and women, will include representatives from the public sector, the private sector, producer organizations, universities and research institutes, and/or non-governmental organizations, among others. The Competitive Grants Oversight Committee will be responsible for establishing priorities (to be aligned as appropriate with national, regional, and local development plans) as well as for monitoring the activities of the Competitive Grants Management Unit. The Competitive Grants Management Unit in turn will be responsible for day-to-day management activities, e.g., issuing calls for proposals, coordinating the evaluation of proposals, arranging the supervision of research and development sub-projects under implementation, and reviewing the results of completed sub-projects.

The Project will support the carrying out of awareness campaigns to publicize the availability of the funds available through the Competitive Grants Facility. The campaigns will target and provide capacity building for women organizations, to enable them to apply sub-projects. It will support also dissemination of information about the innovations produced through sub-projects supported by the competitive grants facilities.

Component 3: Strengthening institutions and policies in support of fisheries and aquaculture (US \$15 million, including US\$5 million from IBRD)

Component 3 will promote innovation in fisheries and aquaculture by supporting activities designed to strengthen capacity within the public agencies responsible for promoting innovation in the fisheries and aquaculture sub-sectors. With the goal of increasing the productivity of the

fisheries and aquaculture sub-sectors while safeguarding the sustainability of the resources on which these sub-sectors depend, Component 3 will focus on: (i) improving the capacity of PRODUCE and other agencies to carry out analytical activities whose outputs can inform the design of policies, strategies, programs, and projects of relevance to fisheries and aquaculture, as well as the drafting of related legislation, norms, and standards; and (ii) strengthening sanitary standards for fisheries and aquaculture throughout the country and improving capacity to implement these standards.

Subcomponent 3.1. Strengthening institutional capacity to support innovation

Subcomponent 3.1 will promote the strengthening of institutional capacity in support of innovation in fisheries and aquaculture. It will support a range of analytical, training, and advocacy activities designed to improve the capacity of PRODUCE to monitor systemic changes in the fisheries and aquaculture sectors, carry out analytical work to diagnose constraints and identify opportunities for improvement, contribute to the design of norms, standards, and legislation to support modernization; and build consensus among key actors around a shared vision for the future of the sector.

Subcomponent 3.1 will support the following activities, among others:

- Introduction of a fisheries and aquaculture national monitoring and evaluation system to collect and disseminate performance data on fisheries and aquaculture
- Carrying out of analytical works to project demand for fisheries and aquaculture products, with the goal of identifying strategic priorities in the fisheries and agriculture sub-sectors
- Carrying out analytical works to assess the likely technical, economic, social, and environmental impacts of emerging technologies both in the short and long term
- Contribute to the drafting of policies, norms, and procedures of relevance to fisheries and aquaculture
- Evaluation of ongoing trends in fisheries and aquaculture, assessment of progress achieved against the Government's long term policy goals, and diagnosis of constraints
- Carrying out analytical works to understand the roles of women and men in fisheries and aquaculture value chains, to identify constraints and opportunities
- Conducting workshops, meetings, and similar events to facilitate discussion and consensus building for policy reforms and associated institutional changes

Subcomponent 3.2. Strengthening sanitary standards for fisheries and aquaculture

Subcomponent 3.2 will promote the strengthening of sanitary standards for fisheries and aquaculture, with the goal of safeguarding the safety of fisheries and aquaculture products and ensuring the traceability required to compete effectively in increasingly integrated global markets. It will provide support to SANIPES and other actors involved in the design, implementation, and enforcement of sanitary standards.

Subcomponent 3.2 will support the following activities, among others:

- Improving / developing national standards for fish inspection and quality, to ensure that Peruvian products meet international requirements, whether market domestically or exported. The

standards will serve as a tool for fish inspectors, but will also be translated into simpler language enabling all actors of the value chain have access and understand the requirements.

- Developing national standards for labelling of fisheries and aquaculture products to improve traceability and provide relevant and accurate information to actors throughout the value chain (including consumers).
- Formulating a National Policy for Fisheries and Aquaculture, based on the FAO Code of Conduct of Responsible Fisheries.
- Strengthening systems and methodologies for inspection and health control of the competent authority for fish inspection, to ensure that quality and safety requirements for both local and international markets are met throughout the entire fisheries and aquaculture value chain.
- Coordinating the establishment of a national system of laboratories with equipment and facilities adequate to comply with the fish inspection requirements established by the competent authority. This will likely require a combination of selectively strengthening capacity in the public sector and building up a system for accreditation of laboratories in the private sector.
- Putting in place an efficient information system for certifications and warnings of food safety issues related to fish products. This would include streamlining an information system to efficiently provide health certificates and other official document needed to ensure the safety of the fish products to be exported or sold at the local market. It will also be an efficient system for warning of unsafe products not to be consumed or harvested.

Component 4: Program management (US \$15 million, including US\$10 million from IBRD)

Component 4 will provide support to PRODUCE and other agencies to ensure successful implementation of the project activities, including administration, financial management, procurement, monitoring and evaluation, and safeguards compliance.

A small Project Implementation Unit (PIU) will be established within PRODUCE to implement PNIPA. The implementation unit will be led by a Program Coordinator and will include planning and budget specialists, fiduciary specialists, monitoring and evaluation specialists, safeguards compliance specialists, and associated support staff.

II. SAFEGUARDS

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

This Project will finance applied research and development activities, extension and knowledge transfer activities, and other analytical work in the fisheries and aquaculture sub-sectors, with a presence in many of Peru's highly diverse geographical regions: along the marine and coastal areas adjacent to the Humboldt Current Large Marine Ecosystem (including mangroves), in Andean lagoons and lakes, and in rivers and meanders in the Amazon region.

Because the Project will cover the entire national territory, it is expected that a potentially significant number of beneficiaries could be indigenous communities. This being is a demand-driven project, locations of Project-supported interventions cannot be known before appraisal. To address the potential need to prepare Indigenous Peoples Plans, the Borrower will prepare with support from the World Bank's Social Development Specialist an Indigenous Peoples Planning Framework.

B. Borrower's Institutional Capacity for Safeguard Policies

The Project implementation agency, the Vice-Ministry of Fisheries within the Ministry of Production

(PRODUCE), is not familiar with World Bank environment and social safeguard policies. Within PRODUCE, the General Directorate of Fisheries Sustainability (Dirección General de Sostenibilidad Pesquera) is responsible for promoting fisheries and aquaculture objectives, policies and strategies in a way that protects the environment and conserves natural resources, including sustainable use of biodiversity. The General Directorate of Fisheries Sustainability comprises two Directorates: (i) the Directorate of Climate Change Issues Coordination, and (ii) the Directorate of Environmental Information on Fisheries. The Directorate of Environmental Information on Fisheries includes a team of 36 professionals (including lawyers, fisheries specialists, biologists, and environmental engineers).

The Project implementation agency, the Vice-Ministry of Fisheries within the Ministry of Production (PRODUCE), lacks personnel with experience dealing with social development issues, including World Bank social safeguard policies.

The task team is discussing with the Vice-Ministry of Fisheries within the Ministry of Production (PRODUCE) the possibility of creating a socio-environmental unit within the Project implementation unit. The existence of such a unit would ensure that capacity exists to implement, supervise, and report on the application of applicable World Bank safeguard policies.

C. Environmental and Social Safeguards Specialists on the Team

Alonso Zarzar Casis (GSU04)

Raul Tolmos (GEN04)

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	OP/BP 4.01 will be triggered. The Project is tentatively classified "Category B." This category is justified by the fact that the applied research and development activities, the extension and knowledge transfer activities and the small infrastructure in aquaculture and fisheries sub-projects to be supported under the project are unlikely to cause significant and irreversible environmental impacts and risks that could jeopardize the natural environment. An Environmental and Social Management Framework (ESMF) will be prepared since the exact location of subprojects is not yet known. The ESMF, which will be subject to public consultations, will be approved by the Bank and publicly disclosed prior to project appraisal.
Natural Habitats OP/BP 4.04	Yes	OP/BP 4.04 will be triggered, because some of applied research and development activities and extension and knowledge transfer activities may involve interventions located in or near to critical natural habitats (e.g., national parks) that are home to sensitive species.
Forests OP/BP 4.36	Yes	OP/BP 4.36 will be triggered, because the Project

		might indirectly support expansion of aquaculture production in critical forest ecosystems in the coasts (e.g. mangroves) and the Amazon region.
Pest Management OP 4.09	Yes	OP/BP 4.09 will be triggered. Some of the applied research and development activities and extension and knowledge transfer activities could involve the use of pesticides and/or other potentially harmful chemicals (e.g., disinfectants, antibiotics, others).
Physical Cultural Resources OP/BP 4.11	Yes	OP/BP 4.11 will be triggered given the rich cultural heritage of Peru and the country-wide focus of the Project. Some of the applied research, innovation and development activities and extension and knowledge transfer activities could be undertaken in localities or locations in or adjacent to physical cultural resources. Measures for assessment and management of potential chance finds will be included in the ESMF.
Indigenous Peoples OP/BP 4.10	Yes	OP/BP 4.10 will be triggered, because the Project will be implemented in all rural regions of Peru, including the highlands and the Amazon basin, both of which are home to large populations of indigenous people. This being a demand-driven project, the intervention sites cannot be known in advance, so the Borrower will prepare with World Bank assistance an Indigenous Peoples Planning Framework (IPPF). The IPPF, which will be subject to public consultations, will be approved by the Bank and publicly disclosed prior to project appraisal.
Involuntary Resettlement OP/ BP 4.12	No	OP/BP 4.12 will not be triggered, because all subprojects to be supported under the Project will be demand driven and implemented within the property of the beneficiaries (e.g., producers, producer associations, community groups, firms). No involuntary taking of land is envisaged for Project activities.
Safety of Dams OP/BP 4.37	No	OP/BP 4.37 will not be triggered, because the Project will not support the construction or rehabilitation of dams, nor will it support other investments which rely on services of existing dams.
Projects on International Waterways OP/BP 7.50	Yes	OP/BP 7.50 will be triggered since some aquaculture production sub-projects might rely upon water sources in the Titicaca Lake (shared between Peru and Bolivia) and the Amazon region.
Projects in Disputed Areas OP/ BP 7.60	No	OP/BP 7.60 will not be triggered, because the Project will not finance activities in disputed areas as defined in the policy.

E. Safeguard Preparation Plan

1. Tentative target date for preparing the PAD Stage ISDS

15-Jan-2016

2. 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 PAD-stage ISDS.

Two safeguards-related studies are being undertaken as part of preparation.

Environmental and Social Management Framework (ESMF): A draft of the ESMF will be prepared by December 15 and submitted to the Bank for review. Public consultations are expected to take place in January 2016.

Indigenous Peoples Planning Framework (IPPF): A draft of the IPPF will be prepared by December 15 and submitted to the Bank for review. Public consultations are expected to take place in January 2016.

III. Contact point

World Bank

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V. Approval

Task Team Leader(s):	Name: Michael Morris	
Approved By		
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Practice Manager/ Manager:	Name: Raul Ivan Alfaro Pelico (PMGR)	Date: 18-Dec-2015
Country Director:	Name: Alberto Rodriguez (CD)	Date: 23-Sep-2016

1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.