



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 01-Jun-2018 | Report No: PIDISDSA23579



**BASIC INFORMATION**

**A. Basic Project Data**

Country Peru	Project ID P163023	Project Name Integrated Forest Landscape Management Project in Atalaya, Ucayali	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 11-Jun-2018	Estimated Board Date 18-Sep-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 strengthen sustainable forest landscape management and use by forest dependent communities and enterprises in the Raimondi, Sepahua and Tahuanía districts of the Atalaya province.

Components

Institutional Strengthening for Forest Landscape Management and Conservation  
Strengthening sustainable forest landscape management and use  
Project Management, Monitoring and Evaluation

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	12.20
<b>Total Financing</b>	12.20
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	12.20
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Strategic Climate Fund Credit	6.40
Strategic Climate Fund Grant	5.80

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

**B. Introduction and Context**

Country Context

1. 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 double over the last ten 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, real income per capita of the poorest 40% grew at an average of 6.8%, above the 4.4% national average. Despite these gains, social indicators for Amazonian indigenous peoples remain 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.

2. 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 alone 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. On average, nearly 120,000 hectares of forest cover were lost annually between 2001 and 2014. Forty-five percent (45%) of this deforestation has taken place on lands with no legal status. 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. In fact, land use change for crop expansion, particularly in small- and medium-sized crops, is the primary cause of deforestation in the Peruvian Amazon. The departments with the greatest cumulative loss of forest cover in the period 2000-2011 were San Martin (277,333 hectares), Loreto (219,671 hectares) and Ucayali (177,630 hectares) (MINAM, 2014). The exploitation of other non-renewable resources also found in the Amazon – mainly gold, oil and gas – that contribute to Peru’s national GDP, are another source of deforestation, 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

3. **Forest Sector.** According to official sources, 80.1% of the country's total area is suitable for forestry uses, while only 5.9% is suitable for agriculture and 13.9% suitable for livestock-grazing activities. The forest 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 1.1% to the country's GDP (MINAM, 2013) and receives less than 0.01% of direct foreign investment (MINAM, 2013) and contributes to only 0.3% of national employment (FAO, 2011). Development of the forestry sector falls far short of its potential in terms of surface area. Peru is in fact a net importer of forest products, given low levels of industrialization and value added. The area under commercial plantation is still very low, and less than half of the exploitable forest area is under operating concession. This data, however, does not consider the thousands of people living in rural areas who depend on forests for their livelihoods. For example, although data on rural population exists, the degree of dependence of these populations on forest resources is unknown. In addition, the Ministry of Agriculture notes that while the forestry sector currently represents only around 1% of GDP, it is considered that this share will rise to around 8% over the next ten years.

4. 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. In addition to Peru's NDC, the National Strategy on Forests and Climate Change, approved in 2016, defines a long-term vision for mitigating climate change impacts in the forest sector. This strategy presents lines of action to reduce deforestation and forest degradation, as well as increase carbon stocks and improve sustainable forest management.

5. **Institutional Context.** The country's environmental institutions have been strengthened through the adoption of the General Environment Act of 2005 and subsequent creation of the Ministry of Environment (MINAM), responsible for the design, implementation and supervision of national environment policies, and their compliance at the national, regional and local levels, as well as the creation of the Peruvian National Protected Areas Service (SERNANP) and the Agency for Environmental Assessment and Enforcement (OEFA) in 2008. The Ministry of Environment coordinates these agencies, primarily through Regional and Municipal Environmental Commissions, which serve as a forum for dialogue and coordination among State entities and civil society for addressing environmental issues of regional or municipal concern.

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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)



6. Regional governments (GORE) are responsible for managing forest resources, issuing permits, and providing technical assistance to forest users, including indigenous peoples and small forest users. The GORE, which have political and administrative autonomy, organize and lead regional public management in order to contribute to regional sustainable development. The GORE have established Regional Environmental Authorities (ARA), with the same functions as MINAM at the regional level and to provide support to SERNANP, the National Forest and Wildlife Service (SERFOR), and the Forest and Wildlife Resources Supervisory Agency (OSINFOR). The assumption of responsibilities by subnational and local bodies has yielded uneven results, depending on regional and local capacities and resources. Some regional governments have been very proactive in developing environmental and territorial governance tools, while others have lagged behind and require support in strengthening their technical and financing capacities. In particular, some require support in ensuring that unauthorized expansion of production sector activities into environmentally valuable forest lands is prevented, as well as in strengthening enforcement of compliance with the provision of land use classification and territorial planning. About 30% of ARA staff are financed with external resources, and on average, one ARA staff member manages 37.8 km<sup>2</sup> of forest resources and wildlife. The 2014 Forest Law established Forest Community Monitoring and Oversight Committees (CVCFC). However, these committees are not provided with funding under the law, and the cost of performing monitoring can be quite substantial for a community member, requiring approximately 32 days of work per CVCFC member annually.

7. Limitations are also evident in the institutional framework at community level, where producers often 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. Existing governance and participation mechanisms are also often inadequate to guarantee the effective and equitable representation and participation in decision-making of different stakeholder groups, especially traditionally marginalized sectors such as indigenous groups, the poor and women.

8. **Peru's Forest Investment Program (FIP) and Forest Investment Plan (PIP).** The Forest Investment Program (FIP) provides funding to support developing country efforts in reducing deforestation and forest degradation and to promote sustainable forest management that leads to emissions reductions and enhancement of forest carbon stocks (REDD+). Peru was selected by the FIP Sub-committee as one of the first eight pilot countries to initiate its program in 2010. Peru began preparing its Forest Investment Plan (PIP) in 2011, with both the World Bank and the Inter-American Development Bank (IDB) as joint delivery partners. The FIP Sub-Committee approved Peru's PIP in October 2013, with a total funding envelope of US\$50 million (US\$26.8 million in grant funding and US\$23.2 million in loan financing). Peru's PIP is expected to strengthen enabling conditions (governance, innovation in sustainable forest management, and land titling) to foster investments that reduce pressures on forests and restore degraded areas, as well as activities that promote the forest sector's competitiveness. Three geographic intervention areas were prioritized, Atalaya, Tarapoto–Yurimaguas, and Puerto Maldonado–Iñapari, areas where the PIP is expected to have the greatest impact on reducing emissions and producing the most important social and environmental co-benefits. The three areas are also representative of deforestation and forest degradation dynamics in the Peruvian Amazon and are expected to serve as pilot areas for climate-smart landscape models that can be replicated in other parts of the Peruvian Amazon.



9. Peru's PIP includes four complementary projects, three supporting coordinated geographic interventions in Atalaya, Tarapoto–Yurimaguas, and Puerto Maldonado–Iñapari, as well as a national forest governance project. The three geographic interventions aim to address titling and registration of property rights, improve forest governance, and strengthen community forest management targeted at enhancing the value of environmental assets of forest and degraded areas. The Government of Peru has selected the Bank to support the preparation and implementation of the Integrated Forest Landscape Management Project in Atalaya, Ucayali, while IDB is responsible for the other three projects. The three IDB projects support: (i) integrated forest landscape management along the main route between Tarapoto and Yurimaguas in the San Martín and Loreto regions (US\$ 12.7 million); (ii) integrated landscape management along the main route between Puerto Maldonado and Iñapari and in the Amarakaeri Communal Reserve and beneficiary communities in the Madre de Dios (US\$12.37 million); and (iii) strengthening national forest governance and innovation (US\$ 12.46 million). Part of the grant allocation for the World Bank supported-project includes a Project Preparation Grant of US\$400,000.00, which is country executed and has supported project design and the definition of project implementation arrangements.

10. The FIP also includes a special initiative, the Dedicated Grant Mechanism (DGM), to promote involvement and participation of Indigenous Peoples (IPs) in FIP and other related processes. For Peru, the FIP Sub-committee approved a US\$5.5 million grant for the Saweto DGM, for which local IPs invited the Bank as their delivery partner for project design and implementation. This project became effective in November 2015 and is supporting IPs in selected communities in the Peruvian Amazon region in their efforts to improve their sustainable forest management practices. Through investments in native land titling, indigenous forest management, and governance, the project aims to benefit approximately 2,250 native communities in targeted regions in the Amazon, of which approximately 50% are expected to be women. The FIP Forest Landscape Management Project in Atalaya will coordinate closely with the DGM as well as the other projects under the PIP. to share data, results and experience where relevant, and will contribute to distilling results and lessons learned at the broader FIP program level to help achieve the overall goals of Peru's Forest Investment Plan.

11. The project area lies within three districts (Raimondi, Tahuania, and Sepahua) of 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. Most (over 90%) of the area in the three project districts is covered with forest. The construction 70 years ago of the Federico Basadre highway, linking Lima to Pucallpa (Ucayali's capital city), made it possible to reach forests in central and northern Ucayali and also triggered agricultural practices, primarily by migrants, in areas along the highway that are not adequately supervised. Today, with over 769,000 ha of deforested land, Ucayali is the fifth most deforested region of Peru. Deforestation is caused by a number of inter-related factors, including agricultural expansion, migration, and illegal logging. Over half (66%) of indigenous communities with extraction permits in the project area have been fined for forest violations. Further, what occurred in Pucallpa also appears to be happening in Atalaya province, with the construction of a highway linking Atalaya to Puerto Ocopa, making it unnecessary to transport timber to Pucallpa by river.

12. 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 whom 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. However, those areas pertaining to indigenous peoples do have the lowest levels of deforestation.

13. The classification of land use in the Atalaya province 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 “riverños” and “colonos,” most of them with unrecognized land rights; and (iv) a very small proportion of buffer zones of three protected areas (El Sira Communal Reserve, Otishi National Park and Alto Purus National Park); and (iv) protected areas that also contain large blocks of undisturbed forests totaling about 760,000 hectares.

14. 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 downside risk 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.

15. To better manage the range of challenges, including those associated with climate variability and change, transformation of land management at both community and government agency levels is required. Adoption of sustainable forest landscape management strategies and practices (e.g., silviculture, agroforestry, among others) will help communities address these issues, including recovery of degraded areas and fostering a low carbon development trajectory. These management strategies can improve local livelihoods and food security, and restore productive natural resources. As part of a broader FIP program of support and through the project’s coordination with the other, complementary FIP-financed projects, the project can have an even greater transformative effect, which, if successful, can be converted into public policy on the Amazon and even at nation-wide scale.

### **C. Proposed Development Objective(s)**

Development Objective(s) (From PAD)

16. The project objective is to strengthen sustainable forest landscape management and use by forest dependent communities and enterprises in the Raimondi, Sepahua and Tahuanía districts of the Atalaya province.



Key Results

17. The following key results are expected:

- Land area under sustainable landscape management practices (ha) (Corporate results indicator) **(Target: 380,500 ha)**
- Communities with land use or ownership rights registered (number of people). **(Target: 23 communities)**
- Land users adopting sustainable land management practices as a result of the project (of which female). Includes beneficiaries who receive general technical assistance and capacity building, as well as those beneficiaries who participate in the incentive grant program. **(Target: 2,300 households)**
- Share of target beneficiaries satisfied with their participation in forest and land-use interventions (Percentage) (of which female) (Core) Indicator will measure project beneficiaries considered “satisfied” according to criteria detailed in Operations Manual and measured by survey taken at project outset (baseline), mid-term, and closure. **(Target: 75%)**
- Index for forest entrepreneurship. This indicator measures the percentage of beneficiaries who move from one level of business development to the next. The index is expected to be comprised of the following dimensions: (i) establishment and organization of forest enterprise, (ii) number of value chains, (iii) number of products sold on the market, and (iv) production volume. **(Target: 60%)**

#### D. Project Description

18. **Component 1. Institutional Strengthening for Forest Landscape Management and Conservation (US\$2.78 million in FIP Grant financing)**

19. **Sub-component 1.1. Provision of land tenure rights and promotion of community-level land-use planning.** The objective of this sub-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 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 the three districts, in the National Registry of Native Communities, through the provision of technical and legal assistance to native communities. 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, by covering the costs charged by the respective entities (e.g., regional agricultural offices) to carry out these processes.

20. **Sub-component 1.2. Strengthening enabling conditions for forest governance.** This sub-component aims to foster reduced forest-related crimes and illegal activities and to ensure compliance with



sustainable forest management practices, through improving information management, increasing institutional transparency and accountability across relevant institutions, and building the skills base and capacity of forest stakeholders around sustainability principles. Activities will support Regional Environmental Authority (*Autoridad Regional Ambiental*, ARA) personnel, responsible for law enforcement within forest areas, in improving the prevention, inspection, and detection of crimes and illegal activities in forested areas.

21. Support will be provided in strengthening the planning, operation, and coordination of the Community Control and Oversight Committees (*Comités de Vigilancia y Control Comunitario*) responsible for oversight and surveillance within the indigenous communities, in coordination with corresponding environmental and forestry authorities (Forest Resources Supervisory Agency (OSINFOR), ARA, Attorney General's Office for Environmental Matters (FEMA), National Forest Service (SERFOR), and others).

22. This sub-component will also foster citizen participation in the Municipal Environmental Commission (*Comisión Ambiental Municipal*, CAM) and Regional Environmental Commissions (*Comisión Ambiental Regional*, CAR) to develop a common vision for landscape management. This common vision is expected to contribute to more sustainable land-use decisions and also support the incorporation of this vision into native communities' life plans.<sup>2</sup> The project will encourage the participation of women, youth, and other vulnerable groups in these Commissions and planning exercises.

23. **Component 2. Strengthening sustainable forest landscape management and use (US\$8.22 million in FIP Grant and Credit financing, of which US\$6.4 million financed with FIP Credit and US\$1.82 million financed with FIP Grant)**

24. **Sub-component 2.1 Investing in forest landscapes.** This component aims to promote the development of forest landscape investments and businesses, by providing small-scale grants at the community level that contribute to sustainable forest management, food security, and income generation. Communities and community enterprises will prioritize investments, such as agroforestry, silviculture, ecotourism, and other landscape management measures. Community members will develop investment plans in accordance with criteria outlined in an incentive fund handbook, with technical and business development support provided by project-financed local technical advisors (see sub-component 2.2). This handbook incorporates a listing of best practices to ensure that the investments selected are the most appropriate to sustainably manage forest resources. Project-financed grants are expected to require a match of 20% in beneficiary contributions, which may be in cash or in-kind. In addition, this sub-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 others, e.g., single-sex groups, women-to-women exchanges.

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<sup>2</sup> Community life plans outline a community's development plans for a particular areas, including information on land-use patterns, hunting and fishing grounds, and areas of cultural importance, These layers of information are digitized and returned to communities, where they are used as strategic tools for developing sustainable resource management plans.



25. **Sub-component 2.2 Strengthening technical and business capacities of forest communities and enterprises to better manage forests.** Under this sub-component, local technical advisors will support communities in developing and strengthening investment plans, optimizing processes, and conducting seminars to share experiences with other communities. The sub-component also aims to support communities in organizing and developing forest enterprises and community associations, and provide guidance on accessing markets for their products (timber and non-timber), and alliances with the private sector, in an effort to improve the profitability.

26. **Component 3. Project management, monitoring and evaluation. (US\$1.20 in FIP Grant financing)** This component will finance the operating costs of a Project Implementation Unit (PIU) within MINAM's National Program of Forest Conservation for Climate Change Mitigation to carry out project oversight and management functions for Components 1 and 2. Support will be provided for procurement, financial management, coordination, social and environmental safeguard management, reporting, and monitoring and evaluation. The PIU will be responsible for coordinating with a FIP Steering Committee.

## E. Implementation

### Institutional and Implementation Arrangements

27. **FIP National Executive/Consultative Committee.** To guide the initial design of the PIP, the Government of Peru established a Consultative Committee comprised of the Ministry of Environment (MINAM), Ministry of Economy and Finance (MEF), Ministry of Agriculture and Irrigation (MINAGRI), the Interethnic Development Association of the Peruvian Rainforest (AIDSESP), and the National Amazonian Confederation of Peru (CONAP), the Ministry of Culture, and Interregional Amazonian Council (*Consejo Interregional Amazónico, CIAM*), representing the subnational governments of the Amazon. AIDSESP and CONAP are the country's largest IP federations representing more than 90% of IPs of the Peruvian Amazon region. This multi-sector/stakeholder committee has played a key role in ensuring the PIP was designed in a transparent, inclusive and participatory manner, both at the national and regional levels. Following the approval of the PIP, it was agreed that the Committee would continue as the main oversight body for the implementation of the four PIP sub-projects to provide higher-level government coordination.

28. **Institutional arrangements for project implementation.** A Project Coordination Unit (PCU) within MINAM's National Program of Forest Conservation for Climate Change Mitigation, comprising existing MINAM staff and contracted technical assistance, will be responsible for project management and coordination functions. The PIU will prepare overall project work plans and budgets, update operational manuals, facilitate inter-ministerial coordination, and carry out project administration (e.g., financial management, procurement, specialist recruitment, monitoring, evaluation, and reporting). The Regional Environmental Authority will provide additional coordination, and technical and project management support at the local level. The PCU will contribute to the overall FIP program, including reporting project results, lessons learned, etc., into the broader FIP results framework, participation in programmatic knowledge management activities and annual reviews, etc.



**F. 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 (64%). 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. .

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

Raul Tolmos, Environmental Safeguards Specialist  
Carlos Tomas Perez-Brito, Social Safeguards Specialist

**SAFEGUARD 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 adverse impacts on human populations and / or environmentally important areas. The project is likely to result in positive impacts for forest conservation and sustainable use. 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, an environmentally sensitive biodiversity hotspot already experiencing environmental degradation and natural resource depletion. An Environmental and Social Management Framework (ESMF) has been prepared as required by OP/BP 4.01 to screen, identify, avoid and mitigate the potential negative environmental and social impacts associated with project activities. This ESMF includes environmental and social aspects related to community forestry in the Peruvian Amazon region, as well as critical natural habitats sustained by these forests. The ESMF guides the preparation of site-specific safeguards instruments during project implementation and includes an exclusionary list, a screening plan for activities to identify, avoid, and mitigate any potential negative environmental and social impacts associated with project activities. The ESMF considers the potential impact of activities, such as community forestry, silviculture, agro-forestry, sustainable management of forest landscapes, guidelines for sustainable exploitation of timber and non-timber products, value chain development, and access to markets. The ESMF provides the necessary recommendations to mitigate these potential impacts and measures and to ensure sound safeguards compliance during implementation. The ESMF was submitted for consultation to AIDSEP and CONAP (the two most important indigenous people confederations in the Peruvian Amazon region), DAR (an NGO), and the subnational government of Ucayali on December 11, 2017. Only DAR provided comments which were included in the ESMF. The ESMF has been disclosed on MINAM's website and the Bank's external website.

Performance Standards for Private Sector Activities OP/BP 4.03	No	
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 addresses issues related to natural habitats and ecosystem services, and



		<p>potential project impacts. Specifically, the ESMF has appropriate screening criteria to ensure that impacts on natural habitats and biodiversity are properly evaluated and mitigated. In addition, the ESMF clarifies that no project activities which involve significant conversion of natural habitats will be financed.</p>
Forests OP/BP 4.36	Yes	<p>This policy is triggered given that the project activities are likely to have positive impacts on forest management in indigenous groups' lands and territories as a result of implementing community forestry activities (including reducing deforestation and forest degradation). However, screening mechanisms have been 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. Small-scale and community forestry measures will follow applicable principles for sustainable forestry under the policy.</p>
Pest Management OP 4.09	Yes	<p>This policy is triggered as the project will finance forestry activities which might include the use of pesticides and fertilizers at tree nurseries. Reforestation activities could also trigger this policy depending on the methods selected to manage pests. The project will promote integrated pest management and the ESMF contains screening mechanisms to evaluate the use of pesticides, ensuring their responsible management and avoiding and mitigating associated environmental or health impacts. A stand-alone pest management plan is not needed.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>This policy is triggered on a precautionary basis, as project interventions are not anticipated to have a negative impact on any sites with the presence of physical cultural resources, including sites and areas of cultural and religious value to local communities. The ESMF includes provisions regarding how to protect known physical cultural resources and how to address chance finds.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>This policy is triggered for this project because the main community beneficiaries will be from the Raimondi, Sepahua and Tahunía districts of the Atalaya province that comprise primarily (80%) indigenous peoples (IPs). As IP are the project's</p>



direct and main beneficiaries, this project is an IP project. As such, the project has incorporated safeguard measures related to OP 4.10 and there has been a process of free and informed consultation to foster community support. An Indigenous Peoples Plan (IPP) was not prepared, however, since IPs constitute the primary and direct beneficiaries. Further, given that project investments will be carried out in isolated forest areas, the project includes protocols and procedures to protect indigenous peoples living in conditions of voluntary isolation or with sporadic contact with surrounding society.

Involuntary Resettlement OP/BP 4.12

No

no involuntary resettlement of population or restriction of access to natural resources will result from any activities financed by the project. The project also does not anticipate any land acquisition.

Safety of Dams OP/BP 4.37

No

This policy is not triggered as the project will neither 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

No

This policy is not triggered as the project will not finance activities involving the use or potential pollution of international waterways.

Projects in Disputed Areas OP/BP 7.60

No

This policy is not triggered as the project will not finance activities in disputed areas as defined in the policy.

## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

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 adverse impacts on human populations and / or environmentally important areas. The project is likely to result in positive impacts for forest conservation and sustainable use.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.



4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

To mitigate potential environmental and social impacts, MINAM has conducted an Environmental and Social Assessment. This assessment includes mitigation measures to address conflicts that may arise in particular regarding titling and demarcation.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders include small forest users and indigenous communities who use forest resources for their businesses and livelihoods in the Raimondi, Sepahua and Tahjuania districts of the Atalaya province. Small forest users are comprised of forest concessionaires with timer and non-timber forest enterprises, or small producers that maintain forests on their property. The majority of beneficiaries are indigenous. The project specifically seeks to support engagement of stakeholders and beneficiaries through the use of transparent information (including on safeguard policies), consultative processes, and feedback mechanisms to build ownership and contribute to the sustainability of project outcomes. Feedback mechanisms have been developed in project design to ensure transparency and continuous dialogue with stakeholders and beneficiaries. The specific elements of the framework for citizen engagement include (a) access to information and exchange platforms; (b) information campaigns on the project and call for proposals targeting indigenous peoples, civil society, academia, and local government; (c) community participation as a core feature of project investments; and (d) establishment of a feedback mechanism to process complaints, concerns, and questions from stakeholders. The protocol and mechanisms for these citizen engagement framework elements are detailed in the Project’s Operational Manual.

**B. Disclosure Requirements**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank  21-May-2018	Date of submission for disclosure  31-May-2018	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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**"In country" Disclosure**

Peru 31-May-2018  Comments	
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**Indigenous Peoples Development Plan/Framework**

Date of receipt by the Bank 21-May-2018	Date of submission for disclosure 31-May-2018
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**"In country" Disclosure**



**Pest Management Plan**

Was the document disclosed prior to appraisal?

Yes

Date of receipt by the Bank

21-May-2018

Date of submission for disclosure

31-May-2018

**"In country" Disclosure**

**If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

NA



**OP 4.09 - Pest Management**

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

No

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

NA

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.10 - Indigenous Peoples**

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

No

**OP/BP 4.36 - Forests**

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

Yes

Does the project design include satisfactory measures to overcome these constraints?

Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



### All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

### CONTACT POINT

#### World Bank

Angela G. Armstrong  
Sr Natural Resources Mgmt. Spec.

#### Borrower/Client/Recipient

Ministry of Economy and Finance  
Marcos Felix  
Sector Specialist  
mfelix@mef.gob.pe

#### Implementing Agencies

Ministry of Environment and Natural Resources  
César Calmet Delgado  
Executive Director  
ccalmet@minam.gob.pe



**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Angela G. Armstrong
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**Approved By**

Safeguards Advisor:		
Practice Manager/Manager:	Valerie Hickey	11-Jun-2018
Country Director:	Alberto Rodriguez	12-Jun-2018