

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC8584

Date ISDS Prepared/Updated: 19-Jun-2014

Date ISDS Approved/Disclosed: 22-Jun-2014

I. BASIC INFORMATION

A. Basic Project Data

Country:	Peru	Project ID:	P148932
Project Name:	Sustainable Forest Management in Atalaya, Ucayali. (P148932)		
Task Team Leader:	Gerardo Segura Warnholtz		
Estimated Appraisal Date:	15-May-2015	Estimated Board Date:	28-Aug-2015
Managing Unit:	GENDR	Lending Instrument:	Investment Project Financing
Sector(s):	Forestry (100%)		
Theme(s):	Land administration and management (50%), Climate change (25%), Indigenous peoples (25%)		
Financing (In USD Million)			
Total Project Cost:	17.60	Total Bank Financing:	0.00
Financing Gap:	5.00		
Financing Source			Amount
Borrower			0.00
Strategic Climate Fund Grant			12.60
Total			12.60
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The High Level Objective of Peru's Forest Investment Plan (PIP), which is expected to generate a transformative impact within the next 10-15 years, is to reduce greenhouse gas (GHG) emissions produced by deforestation and forest degradation, and enhance carbon reserves in sustainable forest landscapes, thereby helping to reach the national target of "Declining net emissions to equivalent to zero in the category of Land Use, Land-Use Change and Forestry by . 2021". To achieve this objective the PIP is expected to generate two types of co-benefits: (i) reduce poverty of indigenous

communities and other local populations, under a gender equality approach, by increasing income form management of sustainable forest landscapes and productive agroforestry mosaics; and (ii) reduce the loss of biodiversity and maintenance of forest ecosystem services.

The Project Development Objective is to improve the capacity of forest communities and government agencies to manage forest resources sustainably, strengthen forest tenure rights and enhance forest governance leading to reduce GHG emissions from deforestation and forest degradation in the Atalaya Province.

C. Project Description

Project Objectives:

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The Project Development Objective is to improve the capacity of forest communities and government agencies to manage forest resources sustainably, strengthen forest tenure rights and enhance forest governance leading to reduce GHG emissions from deforestation and forest degradation in the Atalaya Province

Project Description:

Component 1. Strengthening of forest tenure/use rights and forestland use planning (US\$2.0M grant; US\$2.6M loan) . The objective of this component is to work with national (e.g. Ministry of Agriculture [MINAGRI], Property Registry Agency [SUNARP]) and sub-regional governments (e.g. Regional and Municipal land regularization and forestry agencies), indigenous and other forest dependent communities and their organizations to: (i) support local efforts to secure forest land ownership and use rights (e.g. community “reconocimiento”, registration, land titling, legal demarcation, regularization, and allocation of additional forest lands to indigenous communities); and (ii) conduct a broad and inclusive land use zoning and planning process aimed at building a low carbon emissions strategy at landscape scale. These interventions would also contribute to create the necessary institutional capacities to make land use planning processes inclusive, operational, and foster sustainable forest management leading to reduce deforestation and forest degradation rates in Atalaya’s productive landscapes.

Component 2. Support forest governance and law enforcement (US\$1.0M 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 Supervisory Body for Forest and Wildlife Resources [OSINFOR]) and other local government agencies in improving forest law enforcement and governance through: (i)

Strengthening sub-national government agencies in-charge of forest law enforcement and streamlining regulatory approval processes for forest management plans, annual harvesting operational plans, and forest and transportation permits; (ii) strengthen the operation and coordination of the community forestry units within OSINFOR and the Forestry Executive Direction of Atalaya; (iii) strengthen the capacity and local governance practices of indigenous federations/ organizations (e.g. Federación de Comunidades Nativas de la Provincia de Atalaya [FECONAPA], Coordinadora Regional de los Pueblos Indígenas de AIDSESEP en Atalaya [CORPIAA], its federations, the Union Regional de los Pueblos Indígenas de la Amozonía de la Provincia de Atalaya [URPIA]), and OIRA (Regional Indigenous Organization of Atalaya - Organización Indígena Regional de Atalaya) to understand conventional forest control administrative and regulatory processes; (iv) Through Veedurías Forestales Comunitarias and other community-based institutions, support strategic and fair alliances between indigenous community and private forestry industry to ensure sound environment practices, fair forest products benefit sharing and prevent illegal logging; and (v) sponsor a landscape-based forest stakeholder dialogue through existing local institutions and participation platforms (e.g. Mesa Indígena REDD+ of Atalaya and the Forest and Wildlife Management Committees) to ensure government and civil society transparency and accountability.

Component 3. Sustainable community-based forest management (CBFM) (US\$1.0M grant; US \$2.2M loan). To strengthen the technical and managerial capacities of indigenous communities to improve sustainable forest management practices; promote and assist in the identification of new market opportunities and establishment of productive alliances with “anchor” private sector enterprises, leading to develop value chains for their timber and non-timber forest products; and reduce the negative environmental impact of productive forestry activities along the supply chain of forest products. The component will focus on supporting: (i) small scale community-based commercial forestry operations based on sound sustainability principles; (ii) productive strategic alliances between community enterprises and private forest companies; and (iii) best management practices and third-party certification in community forestry operations (e.g. low impact logging, improved logging road construction, reduced-emissions timber processing).

Component 4. Project management, monitoring and evaluation (US\$1.8M grant). This component will support MINAM’s capacity for the technical execution and administration of project proceeds, including: (i)) establishing of a Project Implementation Unit (PIU) based in Atalaya, and to include a Project coordinator and a 4-6 technical/fiduciary team; (ii) designing and implementing a Stakeholder Involvement Plan (PIA), to include a differentiated approach for indigenous peoples, a communications campaign, and will be consistent with Peru’s new consultation laws and regulations; (iii) performs fiduciary and safeguard responsibilities; and (iv) establishes a robust monitoring and evaluation strategy, consistent and possibly nested within other monitoring systems currently being designed by MINAM (e.g. MRV for REDD+, and other systems to assess LULUCF).

D. 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, with a physiography that is in transition between high hills, low hills and alluvial plains that are mostly covered by primary tropical forests rich in high commercial value forest 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 50 indigenous communities.

In terms of social capital, the province of Atalaya has a total population of 47,285 (INE 2009). This includes a large rural population (34,662 or 68%) and a smaller urban population (12,663 or 32%). The indigenous population is estimated at 28,117 or 62% of the total population and they will be the main beneficiaries for this Project. They represent three Amazonian indigenous peoples (Asheninka, Yine and Asheninca) and live in approximately 50 communities that include more than one million hectares of forests. Indigenous peoples are represented by a network of regional indigenous organizations such as OIRA (Regional Indigenous Organization of Atalaya - Organización Indígena Regional de Atalaya), URPIA (Regional Union of Indigenous Peoples of Atalaya - Unión Regional de Pueblos Indígenas de Atalaya) and are also members of the national organization, AIDSESP (Asociación Interétnica para el Desarrollo de la Selva del Perú - Inter-Ethnic Association for Forest Development in Peru). Other important stakeholders that have been identified include: i) Ribereño communities (traditional Amazonian communities that are of indigenous descent but do not currently self-identify as indigenous); ii) Colonos (people from the Andes that have continuously migrated to the Amazon since the 60s and 70s looking for agricultural land); iii) forest concessionaires and producers; iv) agricultural producers and traders; v) sub-national governments. Forest concessionaires and agricultural producers are also represented by several regional organizations such as ABACO (Forest Concessionaires' Association of Atalaya - Asociación de Concesionarios Forestales de Atalaya), APFA (Forest Producers' Association of Atalaya - Asociación de Productores Forestales de Atalaya) and APAAU (Agroforestry Producers' Association of Upper Ucayali - Asociación de Productores Agroforestales de Alto Ucayali).

E. Borrowers Institutional Capacity for Safeguard Policies

Responsibility for safeguard compliance including screening and implementation of the safeguard instruments will rest with the Ministry of Environment's National Forest Conservation Program (PNCB). The PNCB team has significant experience in forest management but will need to be strengthened in order to provide adequate supervision for the implementation of the measures outlined in the safeguard instruments (ESMF, RF) as well as the particular activities related to Indigenous peoples that will be mainstreamed into the project design and the Project's OM. The PNCB team will need to identify dedicated staff or appoint staff and/or consultants that have adequate capacity or that will receive specific training so that they can undertake safeguard screening, scoping and general safeguard policy compliance throughout Project implementation. Training needs and mechanisms to ensure safeguard compliance will be identified during project preparation and will be carried out once the Project is approved and the safeguards team is identified.

F. Environmental and Social Safeguards Specialists on the Team

Raul Tolmos (GENDR)

Kristyna Bishop (GURDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	This project is classified as Category B given that the proposed investments are not likely to result in significant negative impacts on human populations and/or environmentally important

		<p>areas. The project is likely to result in positive impacts for forest conservation. 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 processes of environmental degradation and natural resources 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 lines of activities to be supported by this project. . This ESMF will include environmental and social aspects related to community forestry in the Peruvian Amazon region as well as critical natural habitats sustained by these forests. This EMSF will guide the preparation of the Operational Manual where specific operational procedures will be established to screen, assess, mitigate and monitor environmental and social impacts. The EMSF will be consulted and disclosed prior to appraisal.</p>
Natural Habitats OP/BP 4.04	Yes	<p>This policy is triggered given that the project activities are directed towards forestry management and conservation, including biodiversity values (use and non-use) to ensure that all projects proposed for DGM financing take into account the conservation of biodiversity and critical natural habitats, as well as the numerous environmental and ecosystem services that natural habitats in the Peruvian Amazon region provide in the larger context. The ESMF will address issues related to natural habitats (e.g. flora and fauna), ecosystem services (e.g. hydrological services) and potential impacts of the proposed projects. Specifically, the ESMF will have appropriate screening criteria to ensure that impacts on natural and critical natural habitats are properly evaluated. In addition, the ESMF will make clear that no project activities which involve the significant conversion of natural habitats will be financed.</p>

Forests OP/BP 4.36	Yes	This policy was triggered given that project activities area likely to have positive impacts on forest management in indigenous lands and territories as a result of implementing community forestry activities (reducing deforestation and forest degradation).. However, due to the nature of some interventions, some investments may represent risks to forest, environmental resources (e.g. biodiversity), health and safety. Screening mechanisms will be incorporated into the ESMF to ensure that any small scale impacts on forests and forest dwellers will be mitigated through measures defined as part of the broader approach on natural habitats.
Pest Management OP 4.09	TBD	This policy could be triggered depending on the final scope and nature of the community forestry sub-projects. Reforestation activities, for instance, could trigger this policy depending on the methods selected to manage pests. The ESMF will include screening mechanism to evaluate the likely use of pesticides and, if used, will include measures to mitigate associated environmental impacts on health and natural habitats.
Physical Cultural Resources OP/ BP 4.11	TBD	This policy should remain as TBD until the final location of interventions is identified. Though it is not anticipated that the project will have negative impacts on any sites with presence of cultural physical resources, however this policy will be triggered if investments which may affect physical cultural resources are eligible for financing. If triggered, the ESMF will include provisions regarding how to protect known PCR and how to address chance finds. If such investments that might affect PCR 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.
Indigenous Peoples OP/BP 4.10	Yes	This policy is being triggered as there are indigenous peoples that meet the four criteria in the Project area. Given that indigenous peoples represent the majority in Atalaya, they will be the main beneficiaries for project activities and investments. As a result, the Project design and

		OM 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 the beneficiary communities, social organizations and decision making processes and recommendations for any adaptations required (language, format, timeline) during implementation
Involuntary Resettlement OP/BP 4.12	Yes	This policy is being triggered as it is anticipated that there may be third party interests in some of the lands that might be titled using Project resources. A land tenure study and social assessment will be undertaken during preparation in order to provide more information regarding the nature and scope of these overlaps as well as provide inputs for the preparation of the Resettlement Framework. When possible, land titling that requires acquisition of land or physical resettlement will be avoided and the team will discuss the possibility of making outstanding land tenure conflicts an exclusion criteria. In terms of the sustainable management activities that will be financed by the Project, it is also anticipated that there might be negative impacts on livelihoods as a result of enforcement of existing regulations or improving current land use practices. The potential scale and scope of these negative impacts will also be explored in the land tenure study and social assessment and measures to minimize or mitigate any impacts will be included in the Resettlement Framework and ESMF
Safety of Dams OP/BP 4.37	No	This safeguard policy was not triggered because the project will not support the construction or rehabilitation of dams nor will it support other investments which rely on existing dams.
Projects on International Waterways OP/BP 7.50	No	This safeguard policy was not triggered because the project will not support activities which affect international waterways
Projects in Disputed Areas OP/BP 7.60	No	This safeguard policy was not triggered because the project will not support activities in disputed areas.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 03-Mar-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage 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 the 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 community support for the Project design and activities and to ensure that their inputs are incorporated prior to appraisal. Results of the land tenure study and the social assessment will also be mainstreamed in the Project OM and provide key inputs for the safeguard capacity building training.

IV. APPROVALS

Task Team Leader:	Name: Gerardo Segura Warnholtz	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Glenn S. Morgan (RSA)	Date: 21-Jun-2014
Sector Manager:	Name: Laurent Msellati (SM)	Date: 22-Jun-2014

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.