

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC9465

Date ISDS Prepared/Updated: 11-Jun-2014

Date ISDS Approved/Disclosed: 09-Dec-2014

I. BASIC INFORMATION

A. Basic Project Data

Country:	Peru	Project ID:	P148499
Project Name:	Dedicated Grant Mechanism in Peru (P148499)		
Task Team Leader:	Kristyna Bishop		
Estimated Appraisal Date:	20-Feb-2015	Estimated Board Date:	30-Apr-2015
Managing Unit:	GENDR	Lending Instrument:	Investment Project Financing
Sector(s):	Forestry (100%)		
Theme(s):	Land administration and management (60%), Indigenous peoples (20%), Other social development (20%)		
Financing (In USD Million)			
Total Project Cost:	5.50	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
Strategic Climate Fund Grant			5.50
Total			5.50
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The Project Development Objective for the Global Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (Global DGM) is to, “strengthen the role of Indigenous Peoples and Local Communities (IPLCs) in the FIP and other REDD+ programs at local, national and global levels by supporting capacity building and demand-driven initiatives of IPLCs.”

The Project Development Objective for the Peru DGM is to increase land tenure security and

improve local capacity and governance to manage forest related resources in eight key areas in the Amazon region.

C. Project Description

The Dedicated Grant Mechanism (DGM) is a special initiative under the FIP. It was established at the request of IPLCs to support their participation in the FIP and other REDD+ strategies and programs. The basic design for the DGM was defined by representatives of IPLCs from all eight FIP pilot countries during a two year participatory design and consultation process. The final version of the basic DGM design and foundational documents such as the Framework Operational Guidelines (FOG) were endorsed by IPLC representatives in October 2011 and September 2013 respectively. They are available at: <https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/13-09-12DGMGuidelines-Final.pdf>.

In Peru, a National Steering Committee (NSC) composed of ten representatives from the two national indigenous organizations, The Interethnic Development Association of the Peruvian Rainforest (AIDSESEP) and the National Amazonian Confederation of Peru (CONAP), was established during a national meeting held in July 2013. The members of the NSC and its Terms of Reference (Reglamento) were endorsed by the Government of Peru in a letter to the Bank in September 2013.

The NSC is the Bank's main counterpart for the preparation of the DGM. Consistent with the focus and components outlined in the FIP Investment Plan, the NSC has proposed the following components for the Peru DGM: i) Land titling for native communities (approx. \$2M) in Loreto (except Alto Amazonas which is being financed under the FIP), Ucayali (except Atalaya which is being financed under the FIP), San Martin (except Tarapoto which is being financed under the FIP), Junín, Pasco, Amazonas and Madre de Dios; ii) Preparation and implementation of community forestry management plans (approx. \$2M) in Loreto, Ucayali, San Martin, Junín, Pasco, Amazonas, Ayacucho, Huánuco y Cusco; and iii) Strengthening governance and increasing local capacity (approx. \$1M) with a focus on indigenous communities and organizations in the Project area. The general Project area and these activities were prioritized in the FIP Investment Plan as having the greatest potential impact for reducing deforestation and the highest possibility for social and environmental co-benefits. The number and exact locations of the sub-projects will be defined prior to appraisal and the indigenous federations will be responsible for implementation of the sub-projects. See Annex 3 for a map of the proposed Project area and location of indigenous communities that are the potential beneficiaries.

A social assessment for the Project will be completed prior to appraisal. The assessment will follow general Bank practice and will review key areas relevant to the Project design. The report will include recommendations for specific measures that will be incorporated into the Project's Operational Manual (OM) such as: (i) mechanisms to ensure that each sub-project receives broad community support and was developed during a process of free, prior and informed consultation with the respective communities; (ii) specific procedures to identify and assess potential adverse impacts and measures to mitigate such impacts for sub-projects; (iii) activities to promote the participation of women, youth and the elderly in the land titling process, community forestry management plans, project implementation and other project related benefits; (iv) mechanisms to ensure that local populations that are not affiliated with the beneficiary indigenous organizations also enjoy the broader benefits and have some voice in the processes and actions associated with the Project; and (v) a mechanism to ensure that there is active participation of key stakeholders in project monitoring and an accessible grievance redress mechanism (GRM).

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

The Project will support land titling, community forestry and governance projects in the Peruvian Amazon region, a biodiversity hotspot that includes approximately 1,500 Indigenous communities. Specifically, land titling will be supported for Indigenous communities in Loreto (not including High Amazon areas supported under the FIP), Ucayali (not including Atalaya supported under the FIP), San Martin (not including Tarapoto supported under the FIP), Junín, Pasco, Amazonas, y Madre de Dios. Community forestry projects will be supported in Loreto, Ucali, San Martin, Junín, Pasco, Amazonas, Ayacucho, Huánuco and Cusco. Governance activities will be supported for indigenous communities and organizations from throughout these areas.

The Indigenous communities that will directly benefit from financial support from the Project cover approximately 30% of the Peruvian Amazon. These communities are organized into federations that in turn are either represented by a regional organization (for those that are members of AIDSESEP) or by a regional coordinator (for those that are members of CONAP). Within these areas, Indigenous peoples' land tenure varies widely; some communities lack any legal recognition, some communities have legal recognition but without title, some communities have titles over a much reduced area and some communities have title over a substantial portion of the areas they traditionally occupied. Indigenous peoples living in voluntary isolation are also within the Project area and specific measures will be adopted to ensure that these populations are protected, remain un-contacted and are not affected by project activities.

The initial stakeholder assessment has identified several other important actors in the Project area: 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. They have been identified in Peru's FIP Investment Plan as one of primary drivers of deforestation in the Amazon); iii) Regional governments; iv) Regional indigenous federations and organizations; v) Large and small scale natural resource concession owners; and vi) Small scale artisanal miners and loggers. More information regarding Project stakeholders and potential impacts will be further defined and analyzed through the social assessment that is currently underway.

E. Borrowers Institutional Capacity for Safeguard Policies

Responsibility for safeguard screening, scoping, impact assessment and mitigation and oversight will rest with three main counterparts: (i) the NSC that will provide overall governance and leadership for the Peru DGM; (ii) the NEA that will have primary fiduciary and safeguard compliance responsibility during Project implementation; and (iii) the regional indigenous federations and organizations that will be implementing the subprojects. Each of these counterparts will receive capacity building to ensure that they fully understand the principles and range of impacts covered by the Bank's safeguard policies and their responsibilities regarding compliance. For example, sub-grant recipients will need to have sufficient understanding of safeguard requirements in order to explain how they will be addressed in their project proposals. The NEA will need to fully understand the procedures outlined in the Operations Manual and ESMF and have staff with the adequate capacity to screen, scope and oversee compliance with safeguard policies throughout the subproject portfolio. The NSC will need to have sufficient understanding to allow for safeguards issues to be fully integrated into sub-project approval and NEA oversight.

At this stage in project preparation, the NSC is the Bank's main counterpart for the preparation of the Peru DGM. A basic training on World Bank safeguards was provided to AIDSESEP and CONAP and their respective regional organizations and coordinators (the potential future sub-grant recipients) in March 2014. Based on this basic training, the proposed safeguards approach for this Project as outlined in this ISDS was agreed with them regarding policy triggers and safeguard preparation

work. Further training and mechanisms to ensure safeguard compliance will be carried out once the NEA is selected and the social assessment has been finalized.

F. Environmental and Social Safeguards Specialists on the Team

Raul Tolmos (GENDR)

Dianna M. Pizarro (GSURR)

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 the scope and scale of projects, it is not expected that significant and irreversible environmental impacts and risks will be generated. However, an Environmental and Social Management Framework (ESMF) needs to 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 the DGM grant. 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.
Natural Habitats OP/BP 4.04	Yes	This policy is triggered 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.
Forests OP/BP 4.36	Yes	Overall, the sub-projects that will be financed by the DGM are expected to have significant positive impacts on forest management in indigenous lands and territories as the main goal of community forestry activities is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent indigenous communities. However, there might be some environmental, health and safety impacts and some of the sub-projects may represent risks to forests. The ESMF will provide the screening criteria as well as mitigation measures.
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 address general issues related to pest management in community forestry projects and will include measures to mitigate associated environmental impacts on health and natural habitats.
Physical Cultural Resources OP/BP 4.11	TBD	This policy could be triggered if activities promote actions in areas containing sites recognized as physical cultural resources (PCR) or that meet the criteria outlined in the policy. Though it is not anticipated that the project will have negative impacts on any such sites, the existence of any such sites and the corresponding need to trigger this policy will be determined once the ESMF is completed. If triggered, the ESMF will include provisions regarding how to protect known PCR and how to address chance finds.
Indigenous Peoples OP/BP 4.10	Yes	<p>OP/BP 4.10 is triggered as the overwhelming majority of the direct beneficiaries are indigenous peoples per the criteria of the Policy. The Project is considered a mainstreamed indigenous Project. A social assessment is currently underway and a process of free, prior and informed consultation leading to broad community support will be required and documented for each subproject. The social assessment that is currently underway will include at a minimum: (i) an analysis of the relevant legal framework; (ii) a stakeholder analysis; (iii) a scoping and analysis of the Project's potential impacts and benefits for the different stakeholder groups; and (iv) recommendations for measures to enhance benefits, and avoid or mitigate adverse impacts. The social assessment will take into special consideration the issues of gender, youth, populations in voluntary isolation and the non-indigenous forest dependent communities.</p> <p>Based on the results of the social assessment, specific measures will be incorporated into the Project's OM such as: (i) mechanisms to ensure that each subproject includes broad community support and was developed in free, prior and informed consultation with the respective communities (through "life planning" or community decree processes); (ii) specific procedures to identify and assess potential adverse impacts and measures to mitigate such impacts; (iii) activities to foment the participation of women, youth and the elderly in</p>

		project planning, implementation and benefits; (iv) mechanisms to ensure that local populations that are not affiliated with the beneficiary indigenous organizations also enjoy the broader benefits and have some voice in the processes and actions of the Project; and (v) a mechanism to ensure at a national and regional level, there is active participation of key stakeholders in project monitoring and an accessible grievance redress mechanism (GRM).
Involuntary Resettlement OP/ BP 4.12	Yes	During the first mission to Lima in March, it was agreed to not trigger this Policy as any subproject that requires the involuntary taking in land will not be eligible for Project financing. In addition, the creation or enforcement of regulations for protected areas that restrict access will not be financed. During the preparation mission, the Bank explored all the potential impacts that would be covered under this Policy with the National Steering Committee and Regional representatives and it was agreed that any subproject with these types of impacts would be deemed ineligible for Project financing. As a result, the OM and the ESMF will include: (i) screening criteria to identify subprojects with potential OP 4.12 impacts; (ii) mechanisms to identify and monitor subprojects for resettlement impacts; and (iii) Bank supervision and spot checks.
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: 17-Nov-2014

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:

The Social Assessment will begin in July 2014 and end in September 2014. The appraisal stage ISDS will be completed in September 2014 in order to include the results of the Social Assessment. The operational arrangements to ensure that the Project design complies with OP 4.10 will be incorporated into the Operations Manual in Sept-Oct of this year.

IV. APPROVALS

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.

Task Team Leader:	Name: Kristyna Bishop	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Glenn S. Morgan (RSA)	Date: 31-Oct-2014
Practice Manager/ Manager:	Name: Emilia Battaglini (PMGR)	Date: 09-Dec-2014