INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE

Report No.: ISDSA12382

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Peru	Project ID:	P148499
Project Name:	Dedicated Grant Mechanism in Peru (P148499)		
Task Team Leader(s):	Kristyna Bishop		
Estimated Appraisal Date:	30-Apr-2015	Estimated Board Date:	31-Aug-2015
Managing Unit:	GENDR	Lending Instrument:	Investment Project Financing
Sector(s):	Forestry (40%), Public administration- Agriculture, fishing and forestry (60%)		
Theme(s):	Indigenous peoples (40%), Other social development (20%), Rural non-farm income generation (40%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
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

2. Project Development Objective(s)

The Principal 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 Saweto DGM is to support Indigenous Peoples in the

Peruvian Amazon in their efforts to to improve their sustainable forest management practices.

3. Project Description

The Project would finance three components. Component 1 would finance native land titling and Component II would finance indigenous forestry management. Both components will include cross-cutting activities to support increased capacity for forest governance and gender equity. Component III would finance project management.

The Project would be implemented in two phases over 5 years. There will be a formal mid-term review at the end of Year 3 to assess progress with implementation and make any necessary adjustments before beginning Phase II.

A key design feature is that the sub-projects will be implemented by regional indigenous federations and organizations acting as Project Intermediaries (PI) under an executing agreement with the NEA. The PIs will work with their constituent communities to identify and prioritize sub-projects under each of the Components using the eligibility criteria identified during preparation and reflected in the Operational Manual. There will be a maximum of eighteen master proposals for Phase I and these will be submitted to the NEA for technical review and then to the NSC for approval. The master proposals will contain a clear explanation of the process by which the sub-projects were selected, explain how the set of sub-proposals support the PDO, explain any cost efficiencies or savings related to the particular set of sub-projects and include activities to support the transversal themes of governance and gender inclusion. A specific target for women is a key element of Component 2. All sub-projects/master proposals must include evidence of broad community support for the activities on the part of the respective native community.

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

Peru is the third largest country in South America, with a total area of 1 285 216 sq.km. It is considered one of the most mega diverse countries in the world and ranks second in South America and ninth in the world in terms of natural forests. The largest of the three biological regions is the Amazon, which covers nearly 61% of the country and contains 73.3 million ha or 94% of the country's forests. Of this total, approximately 15 million hectares are either currently owned or managed by native communities.

Despite its large geographical size, the Amazon region is sparsely populated with only 13% of the country's total population. It is estimated that approximately 332,957 indigenous peoples belonging to 60 different peoples live in 2250 communities and speak 17 different languages. Social indicators for Amazonian indigenous peoples are among 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. Average life expectancy is 15-20 years less than the national average.

The impressive biodiversity found in Peru is threatened by high deforestation rates especially in the Amazon region. Annual deforestation averaged close to 110,000 ha between 2000-2009, which is equivalent to an annual deforestation rate of 0.14%. Deforestation currently causes about half of Peru's greenhouse gas emissions (d.i.e./GDI 2014). Peru's Forest Investment Plan (PIP) indicates that the main drivers of deforestation are migration and agricultural expansion, infrastructure such as road construction and unregulated timber extraction. The PIP asserts that most deforestation occurs in areas without legally assigned rights to land and that territorial reserves including indigenous lands and natural protected areas consistently have the lowest deforestation rates.

According to the results of the Social Assessment completed during Project preparation, there are three major categories for stakeholders in the Project area: (i) Communities (native communities, ribereña communities and colonos); (ii) Public Sector Agencies such as regional offices of MINAGRI; and (iii) Private sector actors including NGOs, forest, hydrocarbon, and mining concessionaires and illegal loggers.In the Peruvian Amazon collective titles are established by community instead of by ethnicity, as is the case in countries such as Panama (comarcas), Colombia (resguardos) or others. As demonstrated in Table 1 below, the recognition and titling processes for native communities varies greatly with 294 communities lacking legal recognition as native communities, 616 recognized native communities lacking demarcation and title, and 264 communities with titles but within areas that are insufficient to meet their substantive needs. Community recognition and titling is urgent due to the range of pressures driving the invasion and deforestation of their traditionally occupied lands resulting in the loss of the natural resource base critical for their physical, cultural and spiritual survival.

5. Environmental and Social Safeguards Specialists

Dianna M. Pizarro (GSURR)

Juan Carlos Enriquez Uria (GENDR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This Project is designed to generate positive environmental impacts through increased incentives to protect the forests and stronger capacity at the local level for forest and resource management. Potential negative impacts would be of limited scope and will not be significant or irreversible. An Environmental and Social Management Framework (ESMF) is being prepared in order to screen, assess, avoid and mitigate the potential negative environmental and social impacts associated with the various lines of activities to be supported by the Saweto DGM. The ESMF also will outline the process to prepare the Environmental Management Plans (EMPs) for activities requiring an EMP, especially those that may be in the proximity of an environmentally sensitive area and provide specific guidelines to avoid or minimize risks and manage potential environmental impacts. Any sub-projects or activity considered as Category A will not be eligible for funding by the Project.
Natural Habitats OP/BP 4.04	Yes	This policy is triggered as some of the community forestry sub-projects may have impacts on natural habitats. The ESMF will include a description of the process to engage the different stakeholders during the implementation of the Project to avoid or degradation that may result from human activity associated with the Project activities. The project will not finance any activity that could potentially cause significant conversion or degradation of natural habitats. The project activities will

		also promote sound practices in forest management, which may include innovative ideas to protect environmentally sensitive habitats. The ESMF will include criteria and procedures to avoid and minimize risks and manage potential negative impacts on natural habitat. Subprojects contemplating significant degradation or conversion of natural habitats will not be eligible for financing.
Forests OP/BP 4.36	Yes	This policy is triggered as the proposed Project will be developed in natural forest areas and there will be both non-timber agroforestry as well as timber subprojects. The ESMF includes a framework for the development of sustainable management plans for the timber sub-projects and guidelines for managing Project related impacts.
Pest Management OP 4.09	Yes	This policy is triggered as the Saweto DGM will be financing agro-forestry subprojects. The work on agricultural production systems may involve pest management and the use of pesticides in subproject activities. The ESMF will include screening procedures for pest management and pesticide use. A Pest Management Plan will be prepared for subprojects likely to procure pesticides or envisage changes in pest management practices. The ESMF will include guidelines for the use of pest management practices.
Physical Cultural Resources OP/BP 4.11	Yes	This policy is triggered as Project related activities may have an impact on the use of and access to areas with potential cultural significance such as sacred sites. The principles of this Policy will be fully integrated into the screening and mitigation planning processes described in the ESMF. The ESMF will include provisions for the treatment of physical cultural resources discovered during project implementation (chance finds).
Indigenous Peoples OP/ BP 4.10	Yes	OP/BP 4.10 is triggered as the overwhelming majority of the Project's direct beneficiaries are Indigenous Peoples per the criteria of this Policy. The project is being prepared with and will be governed by the NSC which is comprised of indigenous leaders nominated by AIDESEP and CONAP. Project benefits will directly support Indigenous community priorities for land titling and community forestry projects and will be implemented by the regional indigenous federations and organizations. The project has been designed in full collaboration with the NSC. Two national consultation meetings were carried out with their respective regional organizations and coordinators to design the key aspects of the project. The NSC participated in the drafting of the TORs for the

		Project's social assessment, the selection of the consultants hired and the review of the draft results. The Social Assessment included perception surveys with indigenous community members where it was noted that 85% of those interviewed found the Assembly decision making process highly participatory, including women and elders, and that 90% were in agreement with the way decisions are made through the Community General Assemblies. Acts from these community assembly meetings will be required for all subprojects financed to ensure broad community support. The MOP will incorporate the specific measures to ensure free, prior and informed consultation and documentation of broad community support of all subprojects. The NEA's capacity to screen, assess and address safeguards issues will be evaluated in an upcoming mission and capacity building will be provided as described in the section below.
Involuntary Resettlement OP/BP 4.12	No	This policy has not been triggered for this Project. The Project's Operational Manual and ESMF will include specific measures to ensure that the NEA: (i) screens all subprojects for potential conflict with non-Indigenous peoples in the area or along the boundary of the native community to be titled; (ii) reviews boundary agreements (Actas de Colindencia) for all land titling applications; and (iii) carries out adequate supervision of sub-project implementation to ensure that any conflicts that arise are adequately managed through the Project's grievance redress mechanism.
Safety of Dams OP/BP 4.37	No	This policy is not triggered as the project will not support the construction or rehabilitation of dams nor will it support other investments which rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	Yes	This policy has been triggered as it is possible that a very small number of subprojects under Component 2 will support the improvement or establishment of fish farms (piscigranjas) that may use water from a small tributary of the Amazon. The Amazon River and all its tributaries are considered international waterways for the purposes of OP 7.50. An exception to the notification requirement in paragraph 7 (a) of this policy has been requested given that project activities will not adversely change the quality or quantity of water flows to other riparians and will not be adversely affected by other riparians' possible water use.

Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as there will be no subprojects in disputed areas.

II. 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:
This Project is classified as Category B. The Project is designed to generate positive environmental impacts through increased incentives to protect the forests and stronger capacity at the local level for forest and natural resource management. Potential negative impacts would be of limited scope and will not be significant or irreversible. An Environmental and Social Management Framework (ESMF) is being prepared in order to screen, assess, avoid and mitigate the potential negative environmental and social impacts associated with the various lines of activities to be supported by the Saweto DGM.   From a social perspective, the Project will support activities that will prevent long-term cultural and environmental impacts that would result from the no-project scenario given current pressures of land taking and natural resource exploitation of the Peruvian Amazon by a range of actors. This invasion is not only destructive to the forest and its flora and fauna, but also extremely detrimental to the Indigenous Peoples, their cultures, and traditional systems whom have inhabited these forests for thousands of years.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
Support for community tourism projects is the only type of activity proposed for support under this Project that could have a long-term impact on the participating communities. For all community tourism subprojects, a specific social, cultural and gender assessment will be carried out by proponent regional organization together with the NEA to ensure that risks are identified and mitigated through a management plan. Specific subprojects will only be identified and prepared during project implementation.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Project design alternatives to avoid and mitigate adverse impacts include: (i) avoiding any land titling applications that have existing conflicts with third parties that are not resolved by the time of the application; and (ii) the decision to only include wood and non-wood commercialization projects in exceptional circumstances when they meet specific criteria: (a) they have an approved forestry management plan, (b) they do not have outstanding fines or penalties, and (c) they are self-managed by the beneficiary communities, and (d) they have an identified market, business plan or purchaser.
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.
The NSC and Regional Organizations received training on the Bank's social safeguards in the first preparation mission. Their participation and reactions to the issues and risks raised in the Social Assessment workshop on a subsequent preparation mission demonstrated their assimilation and understanding of the key impacts and procedures required by OP/BP 4.10 and OP/BP 4.12. An in-depth assessment and training session will be carried out with the newly identified National Executing Agency in the next preparation mission. The Project Team will work together with the

NEA to ground many of the proposed screening, assessment and mitigation measures within the Project Operations Manual.

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

The Social Assessment prepared a stakeholder analysis that groups key actors into three categories: (i) Communities: native communities, ribereña communities, and colonos; (ii) Public Sector Agencies (numerous); and (iii) Private sector actors including NGOs, forest, hydrocarbon, and mining concessionaires, and illegal loggers.

The Amazonian Indigenous Peoples to benefit under this project are known in Peru as native communities. The Peruvian Amazon is home to approximately 2250 native communities that are organized, almost entirely, into regional indigenous federations and organizations, which are then represented by one of two national Amazonian organizations- AIDESEP and CONAP.

Indigenous peoples living in voluntary isolation are also within the Project area. Threats to these peoples and their rights to remain in isolation should not occur under this project as the activities will be carried out physical spaces already occupied and under use by the beneficiary communities. However, the Project Operations Manual will adopt specific measures to ensure that subprojects, especially for expansion of communities, and any other subproject in or around buffer areas occupied by these peoples, do not invade these areas or introduce potential contact situations.

In the Peruvian Amazon, there are estimated to be approximately 2,400 Ribereña communities. These Amazonian mestizo communities settle adjacent to the Amazonian rivers and share common ethnic and cultural ties and traditions based on communal organizing and systems. The Ribereña communities frequently live within the same areas as native communities without conflict- including the peaceful negotiations of land and resource boundaries. There has recently been a movement whereby many Ribereña communities are starting to self-identify as native communities given their strong indigenous cultural and ethnic heritage. Despite the fact that these communities also face similar threats as the native communities, the Ribereña communities are yet to establish inter-communal organizational structures that would permit their active participation as beneficiaries of this stage of the DGM.

Another group of Peruvian Amazonian inhabitants are "colonos", or farmers who migrate from the Sierra (Highlands). These farmers, and the cumulative impacts from their unsustainable agricultural practices, were identified by both the Social Assessment and the FIP Investment Plan among the primary drivers of deforestation. For native communities they are also considered a major threat, especially for untitled native lands as the colonos often invade traditional native lands and claim these lands for settlement and cultivation. The DGM will serve as a mitigation measure to the pressures introduced by colonos through securing native community land rights.

In regards to the public sector stakeholders, the most critical stakeholder is the Regional Governments and Regional Agrarian Agencies charged with carrying out native community land titling. Two key risks that these stakeholders present to the project include the lack of political will to support native land titling and the lack of resource capacity to implement this mandate. The national Indigenous organizations that are represented on the NSC have overcome these issues through the establishment of regional agreements with these agencies, where external organizations support with human and financial resources to carry out the desired titling processes.

In regards to the private sector actors identified, the forest, hydrocarbon, and mining

concessionaires and illegal loggers are all among the primary actors driving deforestation and are viewed as a threat to native communities, especially those that do not enjoy legal recognition and secure tenure. These actors could potentially affect the project indirectly by creating political pressure on regional government actors to disincentivize land titling for native communities. Based on the complicated and highly conflictual relationship between illegal loggers and native communities, the NSC has decided to limit eligible community forestry projects to those that do not include the extraction of wood and thus limit the potential for DGM subprojects to interact with illegal loggers.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	00000000
Date of submission to InfoShop	25-Mar-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	00000000
"In country" Disclosure	
Comments:	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	00000000
Date of submission to InfoShop	12-Mar-2015
"In country" Disclosure	
Comments:	
Pest Management Plan	
Was the document disclosed prior to appraisal?	NA
Date of receipt by the Bank	////
Date of submission to InfoShop	////
"In country" Disclosure	
Comments:	
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

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [ ] No [✕] NA [ ]
OP/BP 4.04 - Natural Habitats	

Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [ ] No [×] NA [ ]
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?	Yes [ ] No [ ] NA [×]

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?	Yes [×] No [ ] NA [ ]
Is a separate PMP required?	Yes [ ] No [×] NA [ ]
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?	Yes [ ] No [×] NA [ ]

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?	Yes [ ] No [ ] NA [×]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [ ] No [ ] NA [×]

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [ ] No [ ] NA [×]

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [ ] No [ ] NA [×]
Does the project design include satisfactory measures to overcome these constraints?	Yes [ ] No [ ] NA [×]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [ ] No [ ] NA [×]

OP 7.50 - Projects on International Waterways

Have the other riparians been notified of the project?	Yes [ ] No [×] NA [ ]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [×] No [ ] NA [ ]
Has the RVP approved such an exception?	Yes [×] No [ ] NA [ ]

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×] No [ ] NA [ ]
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 [×] No [ ] NA [ ]

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [×] No [ ] NA [ ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [×] No [ ] NA [ ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [×] No [ ] NA [ ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [×] No [ ] NA [ ]

III. APPROVALS

Task Team Leader(s):	Name: Kristyna Bishop	
Approved By		
Safeguards Advisor:	Name: Maria Elena Garcia Mora (SA)	Date: 05-Jun-2015
Practice Manager/ Manager:	Name: Emilia Battaglini (PMGR)	Date: 05-Jun-2015