

FOREST INVESTMENT PROGRAM
Summary – Preparation Grant Request for Investment Plan

1. Country/Region:	Peru	2. CIF Project ID#:	(Trustee will assign ID)
3. Funding Request (in USD):	250,000	<i>Requesting MDB:</i> Inter-American Development Bank (IDB)	
4. National FIP Focal Point:	<p>Mr. Eduardo Durand General Director, Office of Climate Change, Desertification and Water Resources Ministry of Environment (MINAM);</p> <p>Mr. Javier Roca General Director, Office of International Economics, Competition and Private Investment Affairs Ministry of Economy and Finance (MEF)</p>		
5. National Implementing Agency (Investment Plan coordination)	The Investment Plan will be coordinated /implemented jointly by the Ministry of Environment (MINAM) and Ministry of Economy and Finance (MEF)		
6. MDB FIP Focal Points and Task Team Leader:	<p><i>HQ FIP Focal Point:</i></p> <p>Gloria Visconti Climate Change Specialist, Inter-American Development Bank (IDB)</p> <p>Gerhard Dieterle Forest Advisor, the World Bank (WB)</p> <p>Noleen Dube Operation Officer, International Finance Corporation (IFC)</p>	<p><i>Task Team Leader:</i></p> <p>Eirivelthon Lima Natural Resource Economist, Inter-American Development Bank (IDB)</p> <p>Gerardo Segura Senior Rural Development Specialist, the World Bank (WB)</p> <p>Steven Gretzinger Senior Forest Specialist International Finance Corporation (IFC)</p>	

7. Description of activities covered by the preparation grant:

- An analysis of financing gaps and overlaps for the REDD+ related programs under execution in Peru. The main activities of this task are: (i) to identify and analyze REDD+ financing, gaps, and overlaps; (ii) to map out the critical path of REDD+ development in Peru, (iii) to make recommendations to the GoPE on ways to minimize overlaps, fill in gaps, and maximize complementarities, and (iv) to propose a process for the GoPE, Civil Society, Indigenous People and Donors to regularly provide a review of gaps and overlaps in financing as new proposals come along to support REDD in Peru. Likely programs to be included in this analysis are: FCPF, KfW, USAID, FAO, JICA, Moore Foundation, Private Sector Investments, and the pipeline of Peru with IDB, WB, IFC, and CAF.
- An assessment of the drivers of deforestation and forest degradation and estimation of future land-use. The main activities of this task are: (i) to provide a clear mapping of the causal pathway of deforestation and forest degradation in Peru; (ii) to provide an updated analysis of the agriculture sector, forestry industry, and other major drivers of deforestation; (iii) to provide an analytical summary of the national policies (or lack of) that are halting and/or promoting deforestation and forest degradation, and (iv) to develop a “business as usual” scenario of land-use and associated emissions and “alternative scenarios” given the empirical knowledge about public policies that work to reduce deforestation and a solid understanding of landowners/land managers behavior.
- Identification and rationale for projects and programs to be Co-financed by FIP (public and private sector). The main activities of this task are: (i) to identify the long-term needs for a successful implementation of REDD+ in Peru from both the public and private sector point of view, (ii) to provide a clear identification of a set of strategic individual yet interlinked projects aimed at achieving large-scale impact on the prevention and reduction of emissions from deforestation and forest degradation, generation co-benefits (biodiversity, water and improvement of local livelihoods are co-benefits of high importance for Peru) and maximizing the leverage of additional resources if needed; and (iii) to identify ways to link the Investment Plan to the dedicated grant mechanism for Indigenous People and Local Communities.
- Development of a stakeholder involvement plan. The main activities of this task are: (i) to develop a methodology for stakeholder engagement with close collaboration with the GoPE, Regional Governments, Indigenous People, Civil Society, and Private Sector; and (ii) to make sure that the stakeholder involvement plan builds upon and/or complements the ongoing initiatives related to “National Readiness Management Arrangements” and “Stakeholder Consultation and Participation” as described in the RPP/Peru version of March 17 on pages 17 to 35.
- Monitoring and evaluation framework for the Investment Plan. The main activities of this task are: (i) to develop a set of indicators that will be monitored throughout the program, (ii) to develop recommendations for procedures and instruments for data collection, (iii) to develop a methodology for impact evaluation, and (iv) to define roles, responsibilities, timeframe and budget for the Monitoring and Evaluation Framework. The Results Framework and M&E should comply with both the operational guidelines for the FIP program as well as the policies and procedures for M&E of the IDB. The results framework for individual projects and programs identified in the Investment Plan will be fully developed once it goes into the design stage.

8. Expected outcomes:

The likely short-term effect of the successful completion of the expected outputs above is the development of a rigorous Investment Plan. In addition, we expect the following outcomes:

- A programmatic approach built-in the Investment Plan for REDD⁺ in Peru identifying the long-term needs and strategic arrangement of individual yet interlinked projects aimed at achieving large-scale impact on the prevention and reduction of emissions from deforestation and forest degradation (public sector, private sector, and indigenous people and local communities). This concept of programmatic approach builds upon the long-term collaboration of the IDB with the Global Environmental Facility (GEF).
- Another outcome we intend to achieve is to identify the critical path to implement REDD+ taking into account the major REDD related initiatives in Peru (FCPF, KfW, USAID, FAO, JICA, Moore Foundation, and Private Sector Investment). Based on the clear identification of the critical path, we expect to create a platform for interested donors, led by the Government of Peru, to improve donor coordination to minimize both gaps and overlaps of funding for REDD and to leverage additional resources where it is needed.
- Last, we expect to contribute to the consolidation of the current proposal from the Government of Peru to establish a sound governance mechanism for REDD+. Currently, the proposal detailed in the RPP/Peru about “National Readiness Management Arrangements” and “Stakeholder Consultation and Participation” is quite ambitious and it will need substantial support to be successfully implemented in Peru. The proposal being developed in Peru is fully described on page 17 to 35 of the Peruvian RPP version of March 7, 2011.

9. Deliverables and timeframe:

Deliverables¹	Duration (months)²
Draft report on the “Analysis of Financing Gaps and Overlaps for the REDD Related Programs under Execution in Peru”.	2-3
Draft report on the “Assessment of the Drivers of Deforestation and Forest Degradation and the Estimation of Land-Use Change and Associated Emissions”	6-7
Draft report on the “Identification and Rationale for Projects and Program to be Co-financed by FIP”	2-3
Draft report on the “Stakeholder Involvement Plan and Proposal to Link the Dedicated Grant Mechanism to the Investment Strategy” ³	1-2
Draft report on “Engaging the Private Sector”	2-3
Draft report on “Results Framework & Monitoring and Evaluation Plan for the Investment Strategy”	1-2
Under the guidance from GoPE & MDBs, integrate the outputs into a first draft of the Investment Plan + Annexes	1
Public consultations ⁴	2
Final Investment Plan ⁵	1
Total Time Required to Finish the Investment Plan	7-9

Footnotes: 1) The deliverables # 1, and 2 can be done in at the same time soon after the consultants have been hired, the deliverables # 3, 5 and 6 depend on some extent on the draft results of the deliverables # 1 and 2; 2) the expected duration of each deliverable is based on preliminary assessments with specialists working with Peru; 3) The stakeholder involvement plan will be the first output to be delivered. We will coordinate closely the development of this involvement plan with the RPP component on 1.B; 4) There will be at least two public consultations, one to present the results of the outputs (deliverables 1,2,3,5, and 6); and 5) The conclusion of the Investment Plan will be done only after all recommendations from the public consultations with stakeholders are fully considered.

10. Budget (indicative) :	
Expenditures	Amount (USD) - estimates
Consultants	220,000
Equipment	
Workshops/seminars	
Travel/transportation	30,000
Others (admin costs/operational cost)	
Contingencies (max. 10%)	
Total Cost	250,000
Other contributions:	
• Government	60,000
• MDB	80,000
• Private Sector	
• Others (please specify)	
11. Timeframe (tentative) –milestones	
Submission of Grant Request for MDB FIP Committee Approval: April 27 th , 2011	
Tentative Date for Final Joint Mission: October 15 th , 2011	
Investment Plan for FIP Sub-Committee Endorsement: Dec 15 th , 2011 or Jan 15 th , 2012	
12. Brief description of stakeholder consultation plan	
<p>Establishing a sound governance mechanism is the foundation for the success of REDD+ in Peru. The GoPE, La Mesa REDD, AIDSESEP, CONAP, Regional Governments, Private Sector and Environmental NGOs have already spent a substantial amount of time and thinking to develop a conceptual framework for the governance mechanism (coordination both technical and political, process for consultation, and means to promote effective participation) for REDD+ in Peru. Under FIP, we want to build upon this conceptual framework to help the GoPE to implement the governance mechanism with the appropriate measures and resources to facilitate full and meaningful participation of civil society, indigenous people, local communities, environmental NGOs and private sector in the design and implementation of the Investment Plan for FIP in Peru. In others words, the FIP/Peru will both strength and utilize the RPP proposed REDD+ Consultation and Participation Mechanism (more information about the stakeholder consultation and engagement can be found on the RPP/Peru component 1A, pages 17-35, version of March 7, 2011). According to the RPP/Peru, the Stakeholder Consultation and Participation will be fully developed in 2011.</p>	
13. If applicable, explanation for why Grant is MDB-executed:	
<p>The GoPE has two main concerns to justify its request for the IDB to be the executing agency. The first concern is related to the fact that MINAM is already overwhelmed with projects/programs that they have to manage currently. Second concern is related to the time required to process this operation within the GoPE, it could delay substantially their plans to have a draft Investment Plan done by the end of the year. The GoPE would like to focus its attention mainly only on the technical aspects of the Preparation Grant.</p>	
14. Other relevant information:	
Link to the approved RPP (http://www.forestcarbonpartnership.org/fcp/node/80)	