FONDO DE MEDIO AMBIENTE MUNDIAL
CONVENIO DE DONACIÓN DE FONDO FIDUCIARIO

(Proyecto Participación de las Comunidades Nativas en el Manejo de
las Áreas Naturales Protegidas de la Amazonía Peruana)

entre

REPÚBLICA DEL PERÚ

y

BANCO INTERNACIONAL DE RECONSTRUCCIÓN Y FOMENTO
que se desempeña como Agencia de Implementación del Fondo de
Medio Ambiente Mundial

7 de marzo de 2001
CONVENIO DE DONACIÓN DE FONDO FIDUCIARIO
DEL FONDO DE MEDIO AMBIENTE MUNDIAL

CONVENIO, de fecha 7 de marzo de 2001, entre la REPÚBLICA DEL
PERÚ (el Receptor) y el BANCO INTERNACIONAL DE RECONSTRUCIÓN
Y POMENTO (el Banco) que se desempeña como agencia de
implementación del Fondo de Medio Ambiente Mundial (FMAM) en
lo concerniente a los fondos otorgados al Fondo Fiduciario de
FMAM por algunos miembros del Banco en su calidad de
participantes en el FMAM.

POR CUANTO (A) el Banco, en cumplimiento de la
Resolución No. 91-5 de 14 de Marzo de 1991, emitida por el
Directorio Ejecutivo del Banco, estableció que FMAM asistirá
en la protección del medio ambiente mundial y de este modo
promoverá el desarrollo económico sostenible y seguro del
medio ambiente.

(B) Después de la reestructuración del FMAM, éstas
disposiciones seguían válidas sobre la base establecida en la
Resolución N. 94-2 de 24 de Mayo de 1994 del Directorio
Ejecutivo del Banco, que estableció el Fondo Fiduciario del
FMAM y nombró el Banco el fideicomisario del Fondo Fiduciario
del FMAM (Resolución N. 94-2);

(C) La segunda reposición del Fondo Fiduciario del FMAM
fue aprobada sobre la base establecida en la Resolución N.
98-2 de 14 de Julio de 1998 del Directorio Ejecutivo del
Banco (Resolución N. 98-2).

(D) El Receptor, después de cumplir con los
requerimientos referentes a la viabilidad y prioridad del
proyecto descrito en el Apéndice 2 de este Convenio (el
Proyecto), ha solicitado fondos de los recursos del Fondo
Fiduciario del FMAM para financiar el Proyecto. El mencionado
pedido ha sido aprobado conforme a las provisiones del
Instrumento para el Establecimiento del Fondo de Medio
Ambiente Mundial Reestructurado aprobado por la Resolución
94-2, y será financiado de los recursos del Fondo Fiduciario
del FMAM.

(E) 9 de Mayo de 1978, el Congreso Nacional del Receptor
aprobó la Ley de Comunidades Nativas y Desarrollo Agrario de
la Selva y Ceja de la Selva (Ley N. 22157) que establece las
normas que serán adoptadas por el Receptor en el desarrollo
rural de las comunidades nativas en la Amazonía Peruana (como
este término está definido en la Ley N. 22157);

(F) 30 de Junio de 1997, el Congreso Nacional del
Receptor aprobó la Ley de Áreas Naturales Protegidas (Ley
No.26834), que establece las normas que serán adoptadas por
el Receptor en el manejo y conservación de áreas naturales protegidas (las Áreas Protegidas).

(G) 16 de Julio de 1997, el Congreso Nacional del Receptor aprobó la Ley de Conservación y Aprovechamiento Sostenible de la Biodiversidad (Ley No. 26839), que establece las normas que serán adoptadas para la conservación y uso sostenible de la biodiversidad;

(H) 7 de Abril de 1999, el Receptor publicó el Decreto Supremo No. 010-99 (Decreto Supremo No. 010-99) que establece la estrategia nacional que será adoptada por el Receptor para las áreas protegidas;

(I) dos de las Áreas Protegidas del Proyecto (conforme se define en adelante) están situadas en la región fronteriza Peruana-Ecuatoriana, que es un área prioritaria según los términos del Amplio Acuerdo Perú-Ecuador para la Integración, Desarrollo y Vecindad de la Frontera del 26 de octubre de 1998; y

(J) el proyecto también contribuirá en la realización de los objetivos del plan de desarrollo de la Frontera Binacional Perú-Ecuador, dirigidos a promover el uso sostenible de ecosistemas, la conservación de la biodiversidad, ayudar a las comunidades nativas y a consolidar la identidad cultural de la región fronteriza Perú-Ecuador;

POR LO QUE el Banco ha acordado extender al Receptor, inter alía, sobre estas bases, el Fondo Fiduciario del FMAM bajo los términos y condiciones que establece el presente Convenio;

POR LO QUE las partes del presente Convenio convienen lo siguiente:

**ARTÍCULO 1**

**Condiciones Generales; Definiciones**

La Sección 1.01 (a). Las siguientes disposiciones de Condiciones Generales Aplicables a Préstamo y Garantía del Convenio para Préstamos en Moneda Única del Banco, con fecha de 30 de Mayo de 1995 (con las enmendaciones hasta 6 de Octubre de 1999 inclusive) con las modificaciones establecidas en el párrafo (b) de esta Sección (las Condiciones Generales) constituyen una parte integral de este Convenio:
(i) Artículo 1;
(ii) Secciones 2.01 (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (14), (15), (16), (18) y (21), 2.02 y 2.03;
(iii) Sección 3.01;
(iv) Secciones 4.01 y 4.06;
(v) Artículo 5;
(vi) Secciones 6.01, 6.02 (c), (e), (f), (g), (h), (i), (l), (m), (n), (o) y (p), 6.03, 6.04 y 6.06;
(vii) Sección 8.01 (b);
(viii) Secciones 9.01 (a) y (c), 9.04, 9.05, 9.06, 9.07, 9.08 y 9.09;
(ix) Secciones 10.01, 10.03 y 10.04;
(x) Artículo 11; y
(xi) Secciones 12.01 (c), 12.03 y 12.04.

(b) Las Condiciones Generales podrán ser modificadas tal como sigue:

(i) Un nuevo párrafo se agregará al final de la Sección 2.01 en los siguientes términos: "el término "Derechos de Giro Especiales" (Special Drawing Rights - SDR) y el símbolo "SDR" se refieren a derechos de giro especiales tal como son considerados por el Fondo Monetario Internacional según los Artículos del Convenio".

(ii) El término "Banco", cada vez que se utiliza en las Condiciones Generales en cualquier Sección que no sea la Sección 2.01 (c) y 6.02 (f) y el último uso de este término en la Sección 5.01 de las mismas, significa que el Banco actúa como una agencia de implementación de FMAM, excepto, que en la Sección 6.02, el término "Banco" también incluirá el Banco que actúa en su propia capacidad.

(iii) El término "Prestatario" se refiere al Receptor cada vez que se utiliza en Condiciones Generales.

(iv) El término "Convenio de Préstamo" se refiere a este Convenio cada vez que se utiliza en Condiciones Generales.
(v) Los términos "Préstamo" y "préstamo" se refieren a la Donación de Fondo Fiduciario del FMAM, cada vez que se utiliza en Condiciones Generales.

(vi) El término "Cuenta de Crédito" se refiere a la Cuenta de Donación de Fondo Fiduciario del FMAM cada vez que se utiliza en Condiciones Generales. La cuenta será abierta por el Banco a nombre del Receptor y el monto concedido por la Donación del Fondo Fiduciario del FMAM será abonado a esta cuenta.

(vii) Un nuevo subpárrafo se agrega después del subpárrafo (p) en la Sección 6.02 de las Condiciones Generales, tal como sigue: "puede surgir una situación extraordinaria en la que cualquier otro desembolso por parte de la Donación del Fondo Fiduciario del FMAM pueda exceder los recursos disponibles para el desembolso efectuado por FMAM".

Sección 1.02. Cada vez que se utilizan en este Convenio, a menos que el contexto requiera otras expresiones, los diferentes términos definidos en Condiciones Generales y el Préámbulo de este Convenio tienen sus respectivos significados establecidos y los siguientes términos adicionales tienen los significados siguientes:

(a) "Plan de Operación Anual y Presupuesto" se refiere a cualquier de los planes de operación anual y presupuestos mencionados en la Sección 3.06 (a) (1) de este Convenio.

(b) "Beneficiario" se refiere a cualquier Comunidad Nativa (definida más abajo), escogida para llevar a cabo el Subproyecto de Inversión en Biodiversidad (definido más abajo) conforme a los criterios establecidos en el Manual de Operaciones de Subproyectos (tal como se define más abajo).

(c) "Subproyecto de Inversión en Biodiversidad" se refiere a cualquier subproyecto que el Beneficiario llevará a cabo según lo referido en la Parte B.4 del Proyecto.

(d) "Convenio de Subdonación para Biodiversidad" se refiere a cualquier de los acuerdos referidos en la Sección 3.07 (a) de este Convenio.

(e) "Subdonación para Biodiversidad" se refiere a cualquier donación que será hecha aparte de los
aportes de la Donación del Fondo Fiduciario del FMAM al Beneficiario para llevar a cabo un Subproyecto de Inversión en Biodiversidad (como se define más abajo).

(f) "Reserva Comunal" se refiere a una categoría de Áreas Protegidas que está descrita en el Artículo 22 (g) de la Ley N° 26834.

(g) "CPT" se refiere a Central Project Team (Equipo del Proyecto Central) de SIU (definido abajo) mencionado en la Sección 3.03 (a) (ii) (A) de este Convenio.

(h) "Categorías Elegibles" se refiere a Categorías 1 a 5 establecidas en el cuadro en la Parte A.1 del Apéndice 1 de este Convenio.

(i) "Gastos Elegibles" son los gastos por bienes, trabajo y servicios mencionados en la Sección 2.02 de este Convenio.

(j) "ONG Ambiental" se refiere a cualquier organización no gubernamental que trabaja activamente en los problemas ambientales dentro del territorio del Receptor.

(k) "FPT" se refiere a cualquier de los equipos de campo del Proyecto (Field Project Teams) de SIU (definido abajo) mencionados en la Sección 3.03 (a) (ii) (B) de este Convenio.

(l) "Comunidad Nativa" se refiere a cualquier comunidad nativa que vive dentro del Área Protegida del Proyecto (definida abajo).

(m) "INRENA" significa Instituto Nacional de Recursos Naturales, agencia para recursos naturales del Receptor que fue establecida por el Decreto Ley N° 25902, de 29 de Noviembre de 1992.

(n) "Personal Clave" se refiere al personal clave mencionado en la Sección 3.03 (b) de este Convenio.

(o) "Comité de Administración" se refiere a cualquier de los comités que se establecerán en cada Área Protegida del Proyecto (definido abajo) conforme a las disposiciones del Artículo 15 y 16 de la Ley N° 26834 para asegurar la participación de Comunidades Nativas en la administración de las Áreas Protegidas.

(p) "Reserva Nacional" se refiere a una categoría de Áreas Protegidas descritas en el Artículo 22 (f) de la Ley N° 26834.
(q) "Contrato para el Uso de Recursos Naturales" se refiere a cualquier de los contratos mencionados en la Sección 3.08 (a) de este Convenio.

(r) "Manual de Operaciones" se refiere al manual mencionado en la Sección 3.05 (a) de este Convenio.

(s) "Indicadores de Cumplimiento" se refiere a indicadores que se utilizarán para monitorear y evaluar el proyecto; éstos están establecidos en la carta del Receptor al Banco de la fecha pertinente.

(t) "Informe sobre el Manejo del Proyecto" se refiere a cada informe preparado conforme a la Sección 4.02 de este Convenio.

(u) "Área Protegida del Proyecto" se refiere a cualquier de las siguientes Áreas Protegidas del Receptor: (i) Zona Reservada del Alto Purus, establecida por el Decreto Supremo N. 005-99-AG y promulgado por el Receptor el día 21 de Enero de 1999; (ii) Zona Reservada de Guepi, establecida por el Decreto Supremo N. 003-97-AG y promulgado por el Receptor el día 3 de Abril de 1997; (iii) Zona Reservada Santiago-Comaina, establecida por el Decreto Supremo N. 029-2000-AG y promulgado por el Receptor el día 6 de Julio de 2000; (iv) Reserva Nacional de Pacaya-Samiria, establecida por el Decreto Supremo N. 016-82-AG y promulgado por el Receptor el día 4 de Febrero de 1982; y (v) el Área Protegida propuesta de El Sira, descrita en la propuesta de INRENA que tiene la fecha de 10 de marzo de 1999.

(v) "Zona Reservada" se refiere a una categoría transitoria de Áreas Protegidas descritas en el Artículo 13 de la Ley N. 26834.

(w) "Agencias Sectoriales" se refiere a las siguientes agencias del Receptor: Ministerio de Agricultura, Ministerio de Industria, Turismo, Comercio e Integración, Ministerio de Relaciones Exteriores, Secretariado Técnico para Cooperación Internacional y cualquier otra agencia del Receptor que está comprometida en el establecimiento y categorización de Áreas Protegidas y asuntos de la población nativa.

(x) "SIU" es la unidad mencionada en la Sección 3.03 (a) (ii) de este Convenio.

(y) "Cuenta Especial" se refiere a la cuenta mencionada en la Parte B del Apéndice 1 de este Convenio.
(z) “Comité Directivo” se refiere al Comité mencionado en la Sección 3.03 (a) (i) de este Convenio.

(aa) “Manual de Operación de Subproyectos” es el manual mencionado en la Sección 3.05 (b) de este Convenio.

(bb) “ZCC” se refiere a cualquier de los comités mencionados en la Sección 3.03 (a) (ii) (C) de este Convenio.

ARTÍCULO 2

Donación del Fondo Fiduciario del FMAM

Sección 2.01. El Banco está de acuerdo de poner a disposición del Receptor, en términos y condiciones establecidos o mencionados en este Convenio, la Donación de Fondo Fiduciario del FMAM por un monto compuesto de varias monedas y equivalente a Derechos de Giro Especiales de siete millones setecientos mil (SDR 7,700,000).

Sección 2.02. El monto de la Donación del Fondo Fiduciario del FMAM puede ser retirado de la cuenta de la Donación del Fondo Fiduciario del FMAM en concordancia con las disposiciones del Apéndice 1 de este Convenio, referentes a los gastos hechos (o si el Banco está de acuerdo, los que se efectuarán) y que se relacionan con el costo razonable de bienes, trabajos y servicios requeridos para llevar a cabo el Proyecto y que se financiarán de los fondos de la Donación del Fondo Fiduciario del FMAM.

Sección 2.03. La fecha del cierre será 31 de Diciembre de 2006 o una fecha posterior que será establecida por el Banco. El Banco notificará inmediatamente esta fecha posterior al Receptor.

ARTÍCULO 3

Ejecución del Proyecto

Sección 3.01. El Receptor declara su compromiso con los objetivos del Proyecto tal como están establecidos en el Apéndice 2 de este Convenio, y, para este fin, llevará a cabo el Proyecto a través de INRENA con la debida diligencia y eficiencia y en la conformidad con prácticas gerenciales, administrativas, financieras, ecológicas, ambientales y conservacionistas y proporcionará, tan pronto como se necesiten, los fondos, instalaciones, servicios y otros recursos requeridos para el Proyecto.
Sección 3.02. Sólo si el Banco no lo especifique de otra manera, la obtención de bienes, trabajos y servicios de consultoría requeridos para el Proyecto y financiados de los fondos de la Donación del Póndulo Fiduciario del FMAM se llevará a cabo conforme a las disposiciones del Apéndice 3 de este Convenio.

Sección 3.03. (a) Durante todo el tiempo de la ejecución del Proyecto, el Receptor deberá mantener:

i) Comité Director que se compone de los representantes de agencias sectoriales, comunidades nativas y las ONGs ambientales, tal como está definido en el Manual de Operación. También tendrá las siguientes responsabilidades: (A) proporcionar principios rectores para la implementación del Proyecto; (B) revisar y aprobar la contratación del personal clave; (C) aprobar los Planes Anuales de Operación y Presupuestos; y (D) revisar los informes y auditoría referentes a la implementación del Proyecto.

(ii) Una unidad especial de implementación con estructura y funciones satisfactorias para el Banco. Esta unidad será compuesta por:

(A) Equipo Central del Proyecto responsable de:
   (1) Manejo general del Proyecto, incluyendo:
       obtención de bienes, trabajos y servicios de
       consultoría; monitoreo y evaluación de las
       actividades financiadas por el Proyecto; y
       contratación de los auditores mencionados en la
       Sección 4.01 (b) (1) de este Convenio. (2)
       Coordinación de las actividades del Proyecto con
       otros proyectos y programas de INRENA y Agencias
       Sectoriales; y (3) establecimiento y supervisión de
       los FPTs.

(B) Un equipo de campo del Proyecto en cada Área
    Protegida del Proyecto que será responsable
    de: (1) Llevar a cabo la implementación y
    coordinación de las actividades financiadas por el
    proyecto con ZCCs e instituciones públicas y
    privadas que operan en el Area respectiva; (2)
    asistir las Comunidades Nativas en la preparación
    de las propuestas para obtener financiación; (3)
    Supervisar la ejecución de los Subproyectos de
    Inversión en Biodiversidad llevada a cabo por los
    respectivos Beneficiarios; (4) Preparar propuestas
    para Planes Anuales de Operación y Presupuestos.

(C) Los comités zonales de coordinación en cada Area
    protegida del Proyecto que serán responsables de:
    (1) revisión de propuestas para los Planes Anuales
de Operación y Presupuestos; (2) Evaluación de propuestas para Subproyectos de Inversión en Biodiversidad; (3) Evaluación de la implementación de los contratos financiados por los fondos de la Donación del Fondo Fiduciario del PMAM; y (4) Asegurar la coordinación de las actividades del Proyecto con el Comité Directivo de cada área respectiva.

(b) El Receptor deberá asegurar que SIU cuente, durante todo el tiempo de ejecución del Proyecto, con el personal clave con experiencia y preparación satisfactoria para el Banco, que opera bajo términos de referencia satisfactorios para el Banco tal como se especifica en el Manual de Operaciones.

Sección 3.04. El Receptor debe:

(a) Mantener políticas y procedimientos adecuados para que pueda monitorear y evaluar, sobre una base actual y conforme a los Indicadores de Cumplimiento, la realización del Proyecto y el logro de los objetivos.

(b) Preparar, bajo los términos de referencia aprobados por el Banco, y proporcionar al Banco, aproximadamente 31 de Octubre y 30 de Abril de cada año, comenzando 31 de Octubre de 2001, un informe de los resultados de las actividades de monitoreo y evaluación llevadas a cabo en conformidad con el párrafo (a) de esta Sección, sobre el avance logrado en la ejecución del Proyecto durante el período anterior a la fecha del mencionado informe, y establecer las medidas recomendadas para asegurar la ejecución eficiente del Proyecto y el logro de los objetivos durante el período siguiente a esa fecha.

(c) Revisar junto con el Banco, 30 de Noviembre y 30 de Mayo de cada año o en la fecha posterior que el Banco solicitará, los informes mencionados en el párrafo (b) de esta Sección, según sea el caso.

(d) Después, debe tomar todas las medidas requeridas para asegurar la terminación exitosa del Proyecto y el logro de los objetivos. Estas deben basarse en las conclusiones y recomendaciones originadas de las mencionadas revisiones y las opiniones del Banco referentes al asunto.

Sección 3.05. (a) El Receptor deberá llevar a cabo todas las Partes del Proyecto (otras que Parte B.4 del mismo) en concordancia con el manual de operaciones de aprobado por el Banco. El mencionado manual proporcionará la reglamentación operacional para coordinación e implementación de las mencionadas Partes del Proyecto, incluyendo: (i) la obtención, desembolso, contabilidad, auditoría y procedimientos para presentación de informes pertinentes; (ii) una descripción de programas de capacitación y su
metodología; (iii) un plan de monitoreo y evaluación para las mencionadas Partes del Proyecto; y (iv) un esquema ambiental para mitigar y evitar cualquier daño potencial que podría ocurrir durante los trabajos de construcción financiados por los fondos de la Donación del Fondo Fiduciario del FMAM.

(b) El Receptor deberá llevar a cabo la Parte B.4 del Proyecto conforme al manual de operaciones para subproyectos aprobado por el Banco. El mencionado manual proporciona los criterios para la selección de Beneficiarios y Subproyectos de Inversión en Biodiversidad, así como procedimientos apropiados para el monitoreo y evaluación de los mismos, incluyendo: (i) descripción del ciclo de Subproyecto de Inversión en Biodiversidad; y (ii) un formato estándar de los Convenios de Subdonación para Biodiversidad.

Sección 3.06. (a) El Receptor deberá:

(i) A más tardar 30 de Setiembre de cada año proporcionar al Banco, para su aprobación, el plan anual de operación y presupuesto preparado junto con los Comités de Administración y Comité Directivo. Este plan y presupuesto deben especificar las actividades financiadas por el Receptor de los fondos de la Donación del Fondo Fiduciario del FMAM durante el año siguiente. Esto se requiere para los propósitos de implementación del Proyecto.

(ii) Después de la aprobación por el Banco, llevar a cabo el mencionado Plan Anual de Operación y Presupuesto tal como fue aprobado por el Banco.

(b) El Banco se puede abstener de aprobar cualquier Plan Anual de Operación y Presupuesto si ha determinado que el Receptor no ejecuta el Proyecto en la forma especificada en este Convenio y que se han llevado a cabo acciones correctivas no apropiadas que no han sido aprobadas por el Banco.

Sección 3.07. (a) Respecto a la Parte B.4 del Proyecto, el Receptor, a través de INRENA, deberá llegar a un acuerdo con todos los Beneficiarios, bajo los términos y condiciones especificadas en el Manual de Operaciones de Subproyectos. Estos acuerdos deben asegurar:

(i) Transferencia al Beneficiario específico, sobre la base de la donación, de los fondos requeridos por éste Beneficiario para llevar a cabo un Subproyecto de Inversión en Biodiversidad.

(ii) La obligación de tal Beneficiario de ejecutar el Subproyecto de Inversión en Biodiversidad tal
como se especifica en el Manual de Operaciones de Subproyectos.

(b) El Receptor deberá ejercer sus derechos bajo cualquier Convenio de Subdonación para Biodiversidad, de tal manera que se protejan los intereses del Receptor y del Banco y se logren los propósitos de la Donación del Fondo Fiduciario del FMAM y a menos que el Banco considere de otra manera, el Receptor no podrá traspasar, enmendar, rescindir, desistir o incumplir la ejecución de ningún Convenio de Subdonación para Biodiversidad o cualquier disposición de éste.

Sección 3.08. (a) Con referencia a la Parte B.2 del Proyecto, el Receptor deberá asegurar que, a más tardar 31 de Agosto de 2001, INRENA cierre por lo menos un contrato con las Comunidades Nativas referente al uso de recursos naturales bajo los términos y condiciones aprobadas por el Banco y sobre la base de propuestas entregadas por esas Comunidades según las disposiciones del Manual de Operaciones.

(b) El Receptor deberá ejercer sus derechos en cualquier Contrato de Uso de Recursos Naturales de tal manera, que se protejan los intereses del Receptor y del Banco y se logren los propósitos de la Donación del Fondo Fiduciario del FMAM, y, a menos que el Banco considere de otra manera, el Receptor no podrá traspasar, enmendar, rescindir, desistir o incumplir la ejecución de ningún Contrato de Uso de Recursos Naturales o cualquier disposición de éste.

Sección 3.09. Para los propósitos de la Sección 9.08 de las Condiciones Generales y sin limitaciones de ellas, el Receptor deberá:

(a) Preparar, sobre la base de las instrucciones aceptadas por el Banco, y proporcionar al Banco un plan de las futuras operaciones del Proyecto a más tardar seis (6) meses después de la Fecha del Cierre o la fecha que será acordada para este propósito por el Receptor y el Banco.

(b) Dar al Banco una oportunidad razonable para intercambiar puntos de vista con el Receptor sobre el plan mencionado.

Sección 3.10. El Receptor deberá:

(a) Antes de establecer el Área Protegida propuesta de El Sira o recategorizar cualquier otra Área Protegida del Proyecto, tal como se estipula en las leyes del Receptor:
(i) Revisar, consultando con las agencias apropriadas, cualquier reclamo referente a tierras de las respectivas Comunidades Nativas y determinar cualquier medida necesaria o aconsejable para regularizar su situación legal y finalizar el proceso de titulación de tierras.

(ii) Tomar las medidas determinadas en el subpárrafo (i) arriba para regularizar la situación legal de las Comunidades Nativas y finalizar el proceso de titulación de tierras.

(iii) Proporcionar una compensación adecuada a las Comunidades Nativas afectadas por cualquier restricción en el uso de la tierra o acceso a recursos naturales que puede originarse por el establecimiento del Área Protegida propuesta de El Sira o la recategorización de cualquier otra Área Protegida del Proyecto. Tal compensación será hecha a través del acceso a los recursos y oportunidades para obtener ingresos equivalentes y culturalmente aceptables.

(b) Delimitar las Áreas Protegidas del Proyecto ya establecidas o recategorizadas fuera de los límites de tierras tituladas o reclamadas por las Comunidades Nativas.

(c) Antes de llevar a cabo cualquier de las actividades referidas en el párrafo (a) y (b) arriba, se debe proporcionar al Banco un plan de acción para su revisión y aprobación.

(d) Después, ejecutar el plan de acción referido en el párrafo (c) arriba en forma aprobada por el Banco.

**ARTÍCULO 4**

**Condiciones financieras**

Sección 4.01. (a) El Receptor deberá mantener, dentro de INRENA, un sistema de manejo financiero que incluya registros y cuentas, y deberá preparar estados financieros en el formato aceptado por el Banco. Este debe reflejar las operaciones, recursos y gastos referentes al Proyecto.

(b) El Receptor deberá:

(i) Llevar registros y cuentas mencionadas en el párrafo (a) de esta Sección, incluyendo aquéllos para Cuenta Especial por cada ejercicio contable auditado conforme a los principios contables apropiados
correctamente aplicados por los auditores independientes aceptados por el Banco.

(ii) Proporcionar al Banco tan pronto como sea disponible, pero no más tarde que seis (6) meses después del final de cada ejercicio, el informe de auditoría preparado por los mencionados auditores de tal extensión y tan detallado como el Banco lo ha requerido.

(iii) Proporcionar al Banco otra información referente a los mencionados registros y cuentas e informe de auditoría de los mismos que el Banco pedirá de vez en cuando.

(c) Para todos los gastos para los que se han hecho retiros de la Cuenta de la Donación del Fondo Fiduciario del FMAM sobre la base de los Informes de Manejo del Proyecto o estados de gastos, el Receptor deberá:

(i) Mantener u ordenar que se mantengan, según el párrafo (a) de esta Sección, registros y cuentas que demuestren tales gastos.

(ii) Retener hasta por lo menos un año después de que el Banco ha recibido el informe de auditoría para el ejercicio contable en el que se ha hecho el último retiro de la Cuenta de la Donación del Fondo Fiduciario del FMAM, todos los registros (contratos, pedidos, facturas, cuentas, recibos y otros documentos) que evidencian tales gastos.

(iii) Autorizar que los representantes del Banco revisen estos registros.

(iv) Asegurarse que estos registros y cuentas estén incluidos en la auditoría anual mencionada en el párrafo (b) de esta Sección y que el informe de esta auditoría contenga opinión separada de los auditores si los Informes de Manejo del Proyecto en su parte de declaración de gastos, entregada durante el ejercicio contable junto con los procedimientos y controles internos comprendidos en su preparación, son lo suficientemente confiables para sustentar los retiros relacionados.

Sección 4.02. (a) Sin limitaciones de las disposiciones de la Sección 4.01 de este Convenio, el Receptor deberá llevar a cabo un plan de acción de tiempo limitado aceptable para el Banco, para reforzar el sistema de manejo financiero referido en el párrafo (a) de la mencionada Sección 4.01 para permitir que el Receptor a más tardar 31 de Enero de 2002 o en una fecha posterior acordada con el Banco, prepare los
reportes trimestrales, aceptables para el Banco, sobre manejo del Proyecto. Cada uno de ellos:

(i) (A) Establece las fuentes reales y solicitudes de fondos para el Proyecto, tanto en forma acumulativa como por período cubierto por el informe así como las fuentes potenciales y solicitudes de fondos para el Proyecto, para el período de seis meses que sigue el período cubierto por el informe. (B) Muestra por separado los gastos financiados de los fondos de la Donación del Fondo Fiduciario del FMAM durante el período cubierto por el informe y gastos que serían financiados de los fondos de la Donación durante el período de seis meses que sigue al período cubierto por el mencionado informe.

(ii) (A) Describe el avance físico en la implementación del Proyecto, tanto en forma acumulativa como durante el período cubierto por el informe; y (B) explica variaciones entre las metas de implementación reales y las previamente pronosticadas.

(iii) Presenta la situación de adquisiciones durante el Proyecto y gastos relacionados con los contratos financiados de los fondos de la Donación del Fondo Fiduciario del FMAM en el final del período cubierto por el informe.

(b) Después de completar el plan de acción mencionado en el párrafo (a) de esta Sección, el Receptor preparará, conforme a las normas generales y aceptables para el Banco, y proporcionará al Banco, a más tardar cuarenta y cinco (45) días después de finalizar cada trimestre calendario, un Informe de Manejo del Proyecto para cada período.

ARTÍCULO 5

Recursos del Banco

Sección 5.01. Conforme a la Sección 6.02 (p) de las Condiciones Generales, los siguientes eventos adicionales se especifican:

(a) Que la Ley N. 22157 o la Ley N. 25834 o la Ley N. 26839 o el Decreto Supremo N. 010-99-AG, o cualquier otro reglamento emitido por la autoridad pertinente, deberá ser enmendado, suspendido, revocado, derogado o anulado si según la opinión del Banco, el Receptor no tiene la capacidad de cumplir materialmente con cualquiera de las obligaciones estipuladas en este Convenio.
(b) Si (i) el Área Protegida propuesta de El Sira no ha sido establecida para la satisfacción del Banco al 31 de Diciembre de 2002; o (ii) las Zonas Reservadas de Santiago-Comainá, Guéppi y Purus no han sido recategorizadas para la satisfacción del Banco al 31 de Diciembre de 2003.

ARTÍCULO 6

Efectividad; Terminación

Sección 6.01. Los siguientes sucesos se especifican como condiciones de eficiencia de la Donación del Fondo Fiduciario del FMAM en la Sección 12.01 (c) de las Condiciones Generales:

(a) El Receptor deberá adoptar el Manual de Operaciones.

(b) El Receptor deberá emitir reglamento de la Ley N. 26834, satisfactorio para el Banco, que favorece a la participación de las Comunidades Nativas en el manejo de las Áreas Protegidas del Proyecto.

(c) El Receptor deberá establecer SIU que será satisfactorio para el Banco y contratar el personal clave.

(d) Los auditores mencionados en la Sección 4.01 (b) (i) de este Convenio deberán ser seleccionados.

Sección 6.02. La fecha 5 de junio de 2001, está por la presente especificada para los propósitos de la Sección 12.04 de las Condiciones Generales.

Sección 6.03. Este Convenio continuará válido hasta que la Donación del Fondo Fiduciario del FMAM ha sido totalmente desembolsada y las partes de este Convenio han cumplido sus obligaciones estipuladas.

ARTÍCULO 7

Representantes del Receptor; Direcciones

Sección 7.01. Se ha nombrado al Ministro de Relaciones Exteriores del Receptor como representante del Receptor para los propósitos de la Sección 11.03 de las Condiciones Generales.
Sección 7.02. Se especifican las siguientes direcciones para los propósitos de la Sección 11.01 de las Condiciones Generales:

El Receptor:

Ministerio de Relaciones Exteriores
Jr. Ucayali 363
Lima 1, Perú
Fax: (51-1)311-2406

El Banco:

International Bank
for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Dirección de cable: INTBAFRAD
Telex: 248423 (MCI)
Washington, D.C. 64145 (MCI)
EN FE DE LO CUAL los representantes debidamente autorizados de las partes anteriormente mencionadas firmaron este Convenio con sus respectivos nombres y en el día y año señalados arriba.

REPÚBLICA DEL PERÚ

Por

Ministro de Relaciones Exteriores

BANCO INTERNACIONAL
DE RECONSTRUCCIÓN Y FOMENTO
Como agencia de implementación del
Fondo de Medio Ambiente Mundial

Por

Vicepresidente Regional
América Latina y el Caribe
APÉNDICE 1

Retiro de fondos de la Donación del Fondo Fiduciario del FMAM

Parte A. General

1. El cuadro abajo muestra las categorías de las partidas financiadas con los fondos de la Donación del Fondo Fiduciario del FMAM, la colocación de los montos de la Donación del Fondo Fiduciario del FMAM y el porcentaje de gastos para las partidas que serán financiadas en cada categoría:

<table>
<thead>
<tr>
<th>Categoría</th>
<th>Monto de la Donación del Fondo Fiduciario del FMAM (Expresado en SDR equivalente)</th>
<th>% de gastos a financiar</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Obras (otros que los financiados en las Subdonaciones para Biodiversidad)</td>
<td>610,000</td>
<td>85%</td>
</tr>
<tr>
<td>(2) Bienes (otros que los financiados en las Subdonaciones para Biodiversidad)</td>
<td>560,000</td>
<td>85%</td>
</tr>
<tr>
<td>(3) Servicios de consultoría, capacitación y honorarios de los auditores (otros que los financiados en las Subdonaciones para Biodiversidad)</td>
<td>3,160,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Costos incrementales de operación</td>
<td>1,320,000</td>
<td>Durante 2001-2002: 85%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Durante 2003-2004: 65%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Durante 2005-2006: 40%</td>
</tr>
<tr>
<td>(5) Subdonaciones para Biodiversidad</td>
<td>1,350,000</td>
<td>100% de los montos desembolsados bajo el Convenio de la Subdonación para Biodiversidad</td>
</tr>
<tr>
<td>(6) No colocados</td>
<td>700,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,700,000</td>
<td></td>
</tr>
</tbody>
</table>
2. Para los propósitos de este Apéndice, los términos:

   (a) "Costos Incrementales de Operación" se refieren a los costos de operación de INRENA, que se originan durante implementación del Proyecto, incluyendo entre otros: (a) alquiler de oficinas, (b) servicios públicos, (c) útiles de oficina, (d) gastos de comunicación y transporte y (e) salarios del personal de INRENA empleado por o asignado a SIU.

   (b) "Capacitación" se refiere al costo de: (a) viáticos y gastos de viaje del personal capacitado, (b) alquiler de locales y equipos para capacitación, (c) materiales de capacitación, (d) derechos de matrícula para capacitación.

3. A pesar de las disposiciones en el párrafo 1 arriba, no se efectuarán ningunos retiros relacionados con:

   (a) Pagos hechos por los gastos efectuados antes de la fecha de este Convenio, exceptuando los retiros, cuyo monto total no exceda el equivalente de SDR 200,000, que pueden ser hechos a cuenta de pagos de los gastos incurridos dentro de los doce (12) meses desde la fecha de este Convenio, pero no antes de 15 de Octubre de 2000.

   (b) Subdonaciones para Biodiversidad a menos que: (a) el Receptor haya aprobado el Manual de Operaciones de Subproyectos, y (b) FPTs tienen capacidad adecuada de manejo financiero para satisfacer el Banco.

4. El Banco puede exigir que los retiros de la Donación del Fondo Fiduciario del FMAM para los gastos especificados a continuación, se hagan sobre la base de declaración de gastos en términos y condiciones que el Banco especificará en una notificación al Receptor.

   (a) Obras bajo contrato que cuestan menos de $60,000 (diferentes al primer contrato referido en la Parte C.2 (b) de la Sección 1 del Apéndice 3 de este Convenio).

   (b) Bienes bajo contrato que cuestan menos de $50,000 e (diferentes al primer contrato referido en la Parte C.2 (a) de la Sección 1 del Apéndice 3 de este Convenio).

   (c) Servicios de firmas consultoras bajo contrato que cuestan menos de $100,000 (diferentes al primer contrato referido en la Parte D.2 (a) (ii) de la Sección 2 del Apéndice 3 de este Convenio).

   (d) Servicios de consultores individuales bajo contrato que cuestan menos de $50,000 (diferentes de los primeros dos contratos referidos en la Parte D.2 (a) (ii) de la Sección 2 del Apéndice 3 de este Convenio).
(e) Capacitación.
(f) Costos incrementales de operación
(g) Subdonaciones para Biodiversidad (diferentes de la primera Subdonación para Biodiversidad).

5. Si en algún momento el Banco determina que algún pago hecho con fondos de la Cuenta de la Donación del Fondo Fiduciario del FMAM fue utilizado para algún gasto que no corresponde a las disposiciones de este Convenio, el Receptor deberá, inmediatamente después de la notificación del Banco, reembolsar el monto igual al monto utilizado o la parte del mismo, según las especificaciones del Banco, para ser depositado en la Cuenta de la Donación del Fondo Fiduciario del FMAM.

Parte B. Cuenta Especial

1. El Receptor deberá abrir y mantener una cuenta especial en dólares en un banco comercial, aceptado por el Banco, en términos y condiciones aprobadas por el Banco, incluyendo protección apropiada contra contrareclamación, incautación y embargo.

2. Después que el Banco ha recibido evidencia satisfactoria que la Cuenta Especial fue abierta, los retiros de montos de la Cuenta de la Donación del Fondo Fiduciario del FMAM, que serán depositados en la Cuenta Especial, se harán de la siguiente manera:

   (a) Hasta que el Banco haya recibido: (i) el primer Informe de Manejo del Proyecto mencionado en la Sección 4.02 (b) de este Convenio, y (ii) una solicitud de retiro, basada en los Informes de Manejo del Proyecto, presentada por el Receptor. Los retiros se harán conforme con las disposiciones del Anexo A de este Apéndice 1.

   (b) Después de la emisión del recibo de Informe de Manejo del Proyecto por parte del Banco, conforme a la Sección 4.02 (b) de este Convenio, y que debe ser acompañado por una solicitud de retiro, hecha en base de los Informes de Manejo del Proyecto, presentada por el Receptor, todos los siguientes retiros se harán conforme a las disposiciones del Anexo B de este Apéndice 1.

3. Los pagos de la Cuenta Especial se harán exclusivamente por los Gastos Elegibles. Para cada pago hecho por el Receptor de la Cuenta Especial, el Receptor tendrá que proporcional al Banco, cuando este lo solicite, los documentos y otra evidencia que demuestre que el pago fue hecho exclusivamente por los Gastos Elegibles.
4. Aunque las disposiciones de la Parte B.2 de este Apéndice lo estipulan, no se requerirá que el Banco haga más depósitos en la Cuenta Especial:

(a) Si el Banco, en cualquier momento, determina que algún Informe de Manejo del Proyecto no provee en forma adecuada la información requerida por la Sección 4.02 de este Convenio.

(b) Si el Banco, en cualquier momento, determina que todos los siguientes retiros deben ser hechos por el Receptor directamente de la Cuenta de la Donación del Fondo Fiduciario del FMAM.

(c) Si dentro del período especificado en la Sección 4.01 (b) (ii) de este Convenio, el Receptor no cumplió de proporcionar al Banco ninguno de los informes de auditoría que le deben ser entregados conforme a la mencionada Sección. Estos están relacionados con la auditoría de: (i) registros y cuentas para la Cuenta Especial o (ii) registros y cuentas que muestran los gastos para los cuales se han hecho los retiros basados en los Informes de Manejo del Proyecto.

5. Según las disposiciones de la Parte B.2 de este Apéndice, el Banco no será obligado de hacer más depósitos en la Cuenta Especial si, en cualquier momento, ya ha notificado al Receptor de su intención de suspender el derecho del Receptor, completo o parte de él, de efectuar retiros de la Cuenta de la Donación del Fondo Fiduciario del FMAM en cumplimiento de la Sección 6.02 de las Condiciones Generales. Después de tal notificación, el Banco determinará, a su discreción, si se pueden hacer otros depósitos en la Cuenta Especial y que procedimientos se deben seguir para efectuar tales depósitos. Su decisión será notificada al Receptor.

6. (a) Si en cualquier momento el Banco determina que cualquier pago de la Cuenta Especial fue hecho por un gasto que no es Gasto Elegible o no fue justificado por la evidencia proporcionada al Banco, el Receptor deberá, inmediatamente después de ser notificado por el Banco, proporcionar esta evidencia adicional que el Banco puede solicitar, o depositar en la Cuenta Especial el monto igual al monto del pago (o si el Banco lo solicitará, devolver el monto al Banco). A menos que el Banco considere de otra manera, no se efectuarán otros depósitos a la Cuenta Especial hasta que el Receptor haya proporcionado la evidencia o hizo el depósito o devolución, según el caso.

(b) Si en cualquier momento el Banco determina que alguna deuda pendiente en la Cuenta Especial se requerirá para cubrir los pagos de los Gastos Elegibles durante el período de seis meses que sigue a tal determinación, el
Receptor deberá, inmediatamente después de ser notificado por el Banco, reembolsar al Banco la deuda pendiente.

(c) Después de la notificación del Banco, el Receptor debe reembolsar al Banco todo o una parte del monto que estaba depositado en la Cuenta Especial.

(d) Los reembolsos al Banco, hechos conforme al subpárrafo (a), (b) o (c) del párrafo 6, serán depositados en la Cuenta de la Donación del Fondo Fiduciario del FMAM para subsiguientes retiros o cancelación conforme a las disposiciones de este Convenio.

Anexo A
del
APÉNDICE 1

Operación de la Cuenta Especial
cuando los retiros no están basados en los Informes de Manejo del Proyecto

1. Para los propósitos de este Anexo, el término “Asignación Autorizada” se refiere al monto de $700,000 que debe ser retirado de la Cuenta de la Donación del Fondo Fiduciario del FMAM y depositado en la Cuenta Especial conforme al párrafo 2 de este Anexo. Sin embargo, si el Banco considere de otra manera, la Asignación Autorizada se deberá limitar a $250,000, hasta que el monto agregado de los retiros de la Cuenta de la Donación del Fondo Fiduciario del FMAM más el monto total de deudas especiales pendientes depositadas en el Banco, conforme a la Sección 5.02 de las Condiciones Generales, sea igual o excede el monto equivalente de SDR 800,000.

2. Los retiros de la Asignación Autorizada y los retiros subsecuentes hasta reconstituir la Cuenta especial se llevarán a cabo de manera siguiente:

   (a) Para retiros de la Asignación Autorizada, el receptor deberá proporcionar al Banco una solicitud de depósito de un monto o montos en la Cuenta Especial; el monto agregado no debe exceder la Asignación Autorizada. En la base de cada solicitud el Banco retirará, en nombre del Receptor, de la Cuenta de la Donación del Fondo Fiduciario del FMAM y depositará en la Cuenta Especial el monto solicitado por el Receptor.

   (b) Para reconstitución de la Cuenta Especial, el Receptor deberá entregar al Banco solicitudes de depósito en la Cuenta Especial en intervalos que el Banco especifique. Antes o en el momento de presentar cada solicitud, el Receptor deberá entregar al Banco los documentos u otra
evidencia requerida en la Parte B.3 del Apéndice 1 de este Convenio para el pago o pagos solicitados para reconstitución de la Cuenta. En base de cada solicitud, el Banco retirará, en nombre del Receptor, de la Cuenta de la Donación del Fondo Fiduciario del FMAM y depositará en la Cuenta Especial, el monto solicitado por el Receptor y comprobado por los documentos y otra evidencia de haber pagado Gastos Elegibles de la Cuenta Especial. Cada depósito en la Cuenta Especial deberá ser retirado de la Cuenta de la Donación del Fondo Fiduciario del FMAM por el Banco bajo una o más Categorías Elegibles.

3. El Banco no está obligado a efectuar más depósitos en la Cuenta Especial una vez que el monto total retirado de la Donación del Fondo Fiduciario del FMAM menos el monto total de todas las deudas especiales pendientes, depositado por el Banco conforme a la Sección 5.02 de las Condiciones Generales, sea igual al equivalente del doble de la Asignación Autorizada. Después, el retiro de la Cuenta de la Donación del Fondo Fiduciario del FMAM del monto restante no retirado de la Donación del Fondo Fiduciario de FMAM se efectuará según los procedimientos que el Banco especificará en una notificación al Receptor. Los siguientes retiros se harán solamente después y por el monto que el Banco aprobará para que todos los montos restantes en el depósito en la Cuenta Especial sean utilizados, a partir de la fecha de la notificación, para pagar los Gastos Elegibles.

Anexo B
del
APÉNDICE 1

Operación de la Cuenta Especial
cuando los retiros están basados en los Informes de Manejo del Proyecto

1. Con excepción del caso, que el Banco especifique otra manera en una notificación al Receptor, todos los retiros de la Cuenta de la Donación del Fondo Fiduciario del FMAM serán depositados por el Banco en la Cuenta Especial conforme a las disposiciones del Apéndice 1 de este Convenio. Cada depósito en la Cuenta Especial será retirado por el Banco de la Cuenta de la Donación del Fondo Fiduciario del FMAM bajo una o más Categorías Elegibles.

2. Cada solicitud de retiro de un monto de la Cuenta de la Donación del Fondo Fiduciario del FMAM para ser depositado en la Cuenta Especial debe tener sustento de un Informe de Manejo del Proyecto.

3. Al recibir cada solicitud de retiro de la Donación del Fondo Fiduciario del FMAM, el Banco retirará, a nombre del
Receptor, el monto de la Cuenta de la Donación del Fondo Fiduciario del PAMAM y lo depositará en la cuenta especial. Este monto debe ser igual o menor al: (a) monto solicitado, y (b) monto que el Banco ha determinado, basándose en el Informe de Manejo del Proyecto que acompaña la solicitud, deberá ser depositado para financiar los Gastos Elegibles durante el período de seis meses después de la fecha del Informe. Sin embargo, cuando se agrega el monto así depositado al monto indicado por el mencionado Informe de Manejo del Proyecto para permanecer en la Cuenta Especial, el total no deberá exceder $ 1,500,000.

APÉNDICE 2

Descripción del Proyecto

El objetivo del Proyecto es mejorar la conservación y uso sostenible de los ecosistemas forestales en la Amazonía peruana a través de la participación de Comunidades Nativas en el manejo de las Áreas Protegidas del Proyecto.

El Proyecto consiste de las siguientes Partes que están sujetas a modificaciones que se pueden hacer cuando el Receptor y el Banco lo consideren conveniente, para lograr los objetivos.

Parte A: Conservación participatoria de biodiversidad

1. Creación y/o categorización de Áreas Protegidas del Proyecto

(a) Preparación de los documentos de planificación requeridos para el establecimiento del Área Protegida propuesta de El Sira y la categorización de las Zonas reservadas de Alto Purus, Gueppi y Santiago-Comaina, incluyendo: (i) planes maestros, (ii) planes de uso público, (iii) planes de manejo, y (iv) planes zonales de uso de recursos.

(b) Implementación de procesos consultivos para la preparación de documentos de planificación mencionados en la Parte A.1 (a) del Proyecto, incluyendo: (i) realización de talleres para distribuir los primeros borradores de los documentos a las Comunidades Nativas, (ii) registrar y considerar las opiniones y sugerencias de las Comunidades Nativas en la producción de los documentos finales, y (iii) discutir las propuestas para el establecimiento de nuevas Reservas Comunitarias con representantes de las Comunidades Nativas de las Reservas Comunitarias existentes.

(c) Preparación de los instrumentos legales requeridos para el establecimiento del Área Protegida El Sira y la recategorización de las Zonas Reservadas de Alto Purus,
Gueppi y Santiago-Comaina consultando con las Comunidades Nativas y agencias sectoriales.

2. Reforzamiento de los mecanismos participatorios

(a) Establecimiento y operación de los Comités de Administración y ZCCs cuya tarea será asegurar la participación de las Comunidades Nativas, instituciones privadas y públicas y organizaciones de base en los Comités.

(b) Creación de un sistema de vigilancia de comunidad para las Áreas Protegidas del Proyecto, cuya tarea será asegurar, con la ayuda de las Comunidades Nativas, la protección básica contra el uso ilegal de recursos naturales dentro de estas Áreas.

(c) Implementación del programa de concientización pública y educación ambiental para autoridades locales y público en general destinado a mejorar la comprensión de la importancia que tiene la conservación de la biodiversidad en las Áreas Protegidas del Proyecto.

(d) Análisis de las mejores prácticas y lecciones aprendidas en los talleres regionales organizados durante la implementación del Proyecto.

3. Organización de capacitación para las Comunidades Nativas en temas de mecanismos participatorios y métodos sostenibles para el manejo de las Áreas Protegidas del Proyecto

Organización de capacitación para las Comunidades Nativas en temas de mecanismos participatorios para el manejo de las Áreas Protegidas del Proyecto, cuyo objetivo será levantar la conciencia en aspectos relacionados a la conservación de biodiversidad y el uso sostenible de los recursos naturales.

4. Suministro de infraestructura y equipos para Áreas Protegidas del Proyecto

Construcción, mejoras o mantenimiento de las instalaciones de infraestructura básica en las Áreas Protegidas del Proyecto, incluyendo:

(a) Construcción y mejoras de los centros de operación de INRENA.
(b) Construcción de centros en las Comunidades Nativas.
(c) Mantenimiento de los senderos existentes.
(d) Construcción de la infraestructura menor de campo.
(e) Adquisición y uso de botes, vehículos y equipos de oficina y telecomunicaciones.
5. Equipos de campo del Proyecto - FPTs

Establecimiento y operación de los FTPs.

Parte B. Uso sostenible de la biodiversidad

1. Planes de Manejo para las tierras de las Comunidades Nativas

Provisión de asistencia técnica y capacitación a las Comunidades Nativas sobre los procedimientos de zonificación y planificación del uso de las tierras, diseño de los planes de manejo comunitario de recursos naturales específicos, uso y protección del conocimiento tradicional referente a la conservación de biodiversidad y uso sostenible de recursos para el bienestar de la comunidad.

2. Contratos de Uso de Recursos Naturales

Provisión de asistencia técnica:

(a) A las Comunidades Nativas para preparar las propuestas para Contratos de Uso de Recursos Naturales como producción de plantas medicinales, sistemas de cultivo tradicionales, cría y comercialización de especies silvestres, desarrollo de ecoturismo, etc.

(b) A INRENA para la supervisión de la ejecución de tales contratos.

3. Estudios

Realización de: (a) estudios de mercado y de demanda referentes al potencial económico de las Comunidades Nativas para llevar a cabo los Subproyectos de Inversión en Biodiversidad, (b) estudios sobre la protección de los derechos sobre los materiales originados en la biodiversidad, y (c) estudios de pre-inversión y asistencia técnica relacionada.

4. Subproyectos de Inversión en Biodiversidad

Ejecución de los Subproyectos de Inversión en Biodiversidad que apoyan, entre otras, las siguientes actividades: (a) cría en cautiverio de fauna silvestre, (b) productos forestales no madereros, (c) artesanía nativa tradicional que utiliza materiales nativos, (d) procesamiento de las plantas medicinales nativas utilizando el conocimiento tradicional, (e) procesamiento de productos alimentarios, (f) ecoturismo, y (g) crianza sostenible de las especies nativas de peces.
Parte C: Sistemas de monitoreo y evaluación

Diseño e implementación de los sistemas de monitoreo y evaluación de INRENA para las Áreas Protegidas del Proyecto basados en los mecanismos participatorios, incluyendo:

1. Puntos de referencia y bases de datos biológicos y socioeconómicos
   
   (a) Determinación de puntos de referencia biológicos y socioeconómicos.
   
   (b) Recolección y organización de la información biológica y socioeconómica.
   
   (c) Diseño de planes para monitorear la conservación del hábitat.
   
   (d) Desarrollo y mantenimiento de las bases de datos biológicos y socioeconómicos referidos a la tierra.

2. Monitoreo biológico y socioeconómico

Realización de:

   (a) Monitoreo biológico de las Áreas Protegidas del Proyecto con el propósito de asegurar que los objetivos de conservación estipulados en el Proyecto sean cumplidos y que los planes de conservación y las actividades relacionadas llevadas a cabo por las Comunidades Nativas tengan un impacto positivo sobre la estabilidad, tamaño y riqueza biológica de los hábitats y especies prioritarios.

   (b) Monitoreo socioeconómico de las Áreas Protegidas del Proyecto con el propósito de determinar el impacto de la utilización de los recursos de biodiversidad en el ingreso y calidad de vida de las Comunidades Nativas.

3. Monitoreo del manejo de las Áreas Protegidas del Proyecto

Creación del sistema de monitoreo del manejo de las Áreas Protegidas del Proyecto con el propósito de determinar la efectividad del manejo de estas Áreas en los siguientes aspectos: (a) condición legal, (b) participación de las bases, (c) liderazgo y autoridad de la comunidad, (d) aspectos del género, (e) organización y planificación participatoria, (f) sostenibilidad económica, (g) programas de manejo, (h) educación ambiental y programas de interpretación, (i) asistencia técnica, (j) disponibilidad de información, (k) monitoreo biológico y socioeconómico, (l) uso formal e informal de recursos naturales, (m) infraestructura y (n) conflictos y amenazas a la biodiversidad.
4. Asistencia técnica a INRENA y a las Comunidades Nativas

Provisión de asistencia técnica a INRENA y a las Comunidades Nativas para desarrollar e implementar el sistema de monitoreo y evaluación por parte del Proyecto.

Parte D: Implementación del Proyecto

1. Mecanismos de coordinación nacional

Creación y operación del Comité Directivo.

2. SIU

Creación y operación de SIU.

3. Asistencia técnica a INRENA

Provisión de asistencia técnica a INRENA con el propósito de incrementar la capacidad de INRENA para dirigir asuntos legales, sociales, nativos y de género.

4. Evaluación

Llevar a cabo las evaluaciones parciales y finales del Proyecto por los evaluadores independientes.

* * *

Se espera que el Proyecto termine el día 30 de Junio de 2006.

APÉNDICE 3

Adquisiciones y servicios de consultoría

Sección 1. Obtención de bienes y obras

Parte A: General

Los bienes y trabajos serán obtenidos conforme a las disposiciones de la Sección I de “Instrucciones para Adquisiciones utilizando los Préstamos de BIRF y Créditos de AIF” publicadas por el Banco en Enero de 1995 y revisadas en Enero y Agosto de 1996, Setiembre 1997 y Enero de 1999 (las Instrucciones) y conforme a las disposiciones de la Sección I de este Apéndice.
Parte B. Métodos de obtención

1. Licitación pública nacional

Exceptuando lo estipulado en las Partes B.2 y B.3 de esta Sección, los bienes, cuyo costo se calcula en $50,000 o más, serán adquiridos bajo contratos otorgados conforme a las disposiciones en el párrafo 3.3 y 3.4 de las Instrucciones, usando los documentos estándares de licitación aceptables al Banco.

2. Comparación de precios nacionales o internacionales

Los bienes con el costo estimado en menos de $50,000 por cada contrato, y cuyo monto agregado que no excede $650,000, se pueden adquirir bajo contratos otorgados en la base de procedimientos nacionales e internacionales de comparación de precios conforme a las disposiciones del párrafo 3.5 y 3.6 de las Instrucciones.

3. Participación de la comunidad

Los bienes, trabajos y servicios para las Partes A.2 (b), B.2 y B.4 del Proyecto y que no exceden el monto agregado de $2,200,000 deberán ser adquiridos en concordancia con los procedimientos aceptables al Banco, tal como está descrito en el Manual de Operaciones y el Manual de Operaciones de Subproyectos, según sea el caso.

4. Contratación de pequeños trabajos

Los trabajos con el costo estimado en menos de $60,000, y cuyo monto agregado no excede $1,000,000, deberán ser obtenidos bajo contratos de suma total y precio fijo otorgados sobre la base de cotizaciones obtenidas de tres (3) contratistas nacionales calificados en respuesta a una invitación escrita. La invitación deberá incluir la descripción detallada de los trabajos, incluyendo especificaciones básicas, la fecha requerida de conclusión de los trabajos, un formato básico del Acuerdo aceptable para el Banco y los planes importantes, donde sea necesario. La buena pro será otorgada al contratista que ofrece la cotización más baja para el trabajo requerido y que tiene experiencia y recursos para ejecutar el contrato con éxito.

Parte C: Revisión de las decisiones de contratación por el Banco

1. Planificación de la contratación

Antes de enviar cualquier invitación para la licitación de contratos, el plan propuesto de contratación para el Proyecto será proporcionado al Banco para su revisión y aprobación conforme a las disposiciones del párrafo 1 del Apéndice 1 de
las Instrucciones. La contratación de todos los bienes y trabajos se llevará a cabo de conforme al plan de contratación aprobado por el Banco y las disposiciones del párrafo 1.

2. Revisión previa

(a) Con respecto al primer contrato logrado según las disposiciones de la Parte B.1, se deben aplicar los procedimientos establecidos en párrafos 2 y 3 del Apéndice 1 de las Instrucciones.

(b) Con respecto al primer contrato logrado según las disposiciones de la Parte B.2, B.3 y B.4, se deben aplicar los procedimientos siguientes:

(i) Antes de seleccionar a cualquier proveedor o contratista aplicando tales procedimientos, el Receptor deberá entregar al Banco un informe sobre la comparación y evaluación de las cotizaciones recibidas.

(ii) Antes de la ejecución de cualquier contrato, el Receptor deberá entregar al Banco una copia de las especificaciones y el borrador del contrato.

(iii) Se aplicarán los procedimientos establecidos en los párrafos 2(f), 2(g) y 3 del Apéndice 1 de las Instrucciones.

3. Revisión complementaria

Con respecto a cada contrato no regido por el párrafo 2 de esta Parte, se deberán aplicar los procedimientos establecidos en el párrafo 4 del Apéndice 1 de las Instrucciones.

Sección II. Contratación de consultores

Parte A. General

Los servicios de los consultores serán contratados conforme a las disposiciones de la Introducción y Sección IV de las "Instrucciones: Selección y contratación de consultores por los prestatarios del Banco Mundial" publicadas por el Banco en Enero de 1997 y revisadas en Setiembre de 1997 y Enero de 1999 (las Instrucciones referentes a consultores) y las siguientes disposiciones de la Sección II y III de este Apéndice.

Parte B. Selección basada en el costo y calidad

1. Exceptuando lo estipulado en la Parte C de esta Sección, los servicios de los consultores serán materia de contratos celebrados conforme a las disposiciones de la
Sección II de las Instrucciones referentes a Consultores, párrafo 3 del Apéndice 1 y Apéndice 2 de las mismas, y las disposiciones de párrafos 3.13 hasta 3.18 inclusive que se aplican a la selección de consultores basada en el costo y calidad.

2. Las siguientes disposiciones se aplicarán a los servicios de consultores que serán materia de contratos celebrados conforme a las disposiciones del párrafo anterior: una lista corta de consultores para los servicios cuyo costo será menor a $200,000 por contrato y que puede incluir solamente a los consultores nacionales conforme a las disposiciones del párrafo 2.7 de las Instrucciones referentes a consultores.

Parte C. Otros procedimientos para seleccionar consultores

1. Selección utilizando un presupuesto fijo

Servicios prestados al Proyecto con costo estimado en $200,000 o menos pero más de $100,000, y cuyo monto agregado no excede $500,000, pueden ser obtenidos bajo contratos otorgados conforme a las disposiciones de los párrafos 3.1 y 3.5 de las Instrucciones referentes a consultores.

2. Selección basada en las calificaciones del consultor y selección del menor costo

Los servicios con costo estimado de $100,000 por contrato o menos se pueden obtener: (a) bajo contrato otorgado conforme a las disposiciones de los párrafos 3.1 y 3.7 de las Instrucciones referentes a consultores, o (b) bajo contratos otorgados conforme a las disposiciones de los párrafos 3.1 y 3.6 de las Instrucciones referentes a consultores, siempre que el monto total de estos contratos no exceda $2,000,000.

3. Contratistas que prestan servicios

Servicios prestados por las Comunidades Nativas según las Partes A.2 (b), B.2 y B.4 del Proyecto deberán ser obtenidos conforme a los procedimientos aceptables para el Banco, tal como está descrito en el Manual de Operaciones y en el Manual de Operaciones de Subproyectos, según sea el caso.

4. Consultores individuales

Servicios para las tareas que cumplen los requerimientos establecidos en el párrafo 5.1 de las Instrucciones referentes a consultores se deberán obtener bajo contratos otorgados a consultores individuales conforme a las disposiciones de los párrafos 5.1 hasta 5.3 inclusive de las Instrucciones referentes a consultores.

Parte D: Revisión de selección de consultores por parte del Banco
1. Planificación de la selección

Antes de enviar a los consultores cualquier pedido de propuestas, el plan propuesto para la selección de consultores del Proyecto deberá ser entregado al Banco para su revisión y aprobación conforme a las disposiciones del párrafo 1 del Apéndice 1 de las Instrucciones referentes a consultores. La selección de los servicios de todos los consultores se llevará a cabo conforme al plan de selección, tal como ha sido aprobado por el Banco y con las disposiciones del mencionado párrafo 1.

2. Revisión previa

(a) Respecto a: (i) cada contrato de empleo de compañías consultoras con el costo estimado de $100,000 o más, y (ii) primer contrato para emplear compañías consultoras, conforme a lo establecido en la Parte C.2 de esta Sección, y que tiene el costo estimado de menos de $100,000, se deberá aplicar los procedimientos establecidos en párrafos 1 y 5 del Apéndice 1 de las Instrucciones referentes a consultores.

(b) Respecto a los primeros dos contratos para emplear consultores individuales que tienen el costo estimado en $50,000 o más, la preparación, experiencia, referencias y condiciones de empleo de los consultores serán entregados al Banco para su previa revisión y aprobación. El contrato será otorgado solamente después de la aprobación mencionada.

(c) Respecto a cada contrato de empleo de firmas consultoras o consultores individuales no incluidos en el plan de selección referido en la Parte D.1 de esta Sección, las referencias de los consultores deberán ser entregadas al Banco para su revisión y aprobación. El contrato será otorgado solamente después de la aprobación mencionada.

3. Revisión complementaria

Respecto a cada contrato que no se rige por el párrafo 1 de esta Parte, se aplicarán los procedimientos establecidos en el párrafo 4 del Apéndice 1 de las Instrucciones referentes a consultores.

Sección III. Disposiciones especiales

A. Adicionalmente y sin limitar o restringir ninguna disposición establecida en este Apéndice, las siguientes disposiciones regirán todas las adquisiciones de bienes en conformidad con la Parte B.1 de la Sección I de este Apéndice.

(a) Valor de referencia no se necesita manifestar en los documentos de licitación.
(b) La adjudicación de contratos se basará exclusivamente en el precio y, cuando proceda, se tomarán en cuenta los factores que pueden ser cuantificados objetivamente. El procedimiento para tal cuantificación será revelado en la invitación a la licitación.

B. Adicionalmente y sin limitar o restringir ninguna disposición establecida en este Apéndice o las Instrucciones referentes a consultores, las siguientes disposiciones regirán todo el empleo de consultores a los que se refiere la Sección II de este Apéndice:

1. No se requerirá como condición para participar en el proceso de selección que los consultores extranjeros sean registrados localmente:
2. Ningún valor de referencia deberá ser mencionado en los documentos de propuesta.
3. No se requerirá ningún número mínimo de propuestas correspondientes antes de adjudicar un contrato de servicios de consultoría.
4. No se requerirá como condición para participar en el proceso de selección que los consultores extranjeros legalicen sus propuestas o cualquier otra documentación relacionada con estas propuestas en el consulado peruano, el Ministerio de Relaciones Exteriores o cualquier otra autoridad peruana.
Global Environment Facility
Trust Fund Grant Agreement

(Indigenous Management of Protected Areas in the Peruvian Amazon Project)

between

REPUBLIC OF PERU

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

March 7, 2001
GEF TRUST FUND GRANT NUMBER 24939-PE

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated March 7, 2001, between REPUBLIC OF PERU (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, inter alia, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(C) the second replenishment of the GEF Trust Fund was approved on the basis set forth in Resolution No. 98-2 of July 14, 1998, of the Executive Directors of the Bank (Resolution No. 98-2);

(D) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2 and to be funded from the resources of the GEF Trust Fund;

(E) On May 9, 1978, the National Congress of the Recipient passed Ley de Comunidades Nativas y Desarrollo Agrario de la Selva y Céja de la Selva (Law No. 22157) which sets forth the Recipient’s norms for rural development of native communities in the Peruvian Amazon (as such term is defined in Law No. 22157);

(F) on June 30, 1997, the National Congress of the Recipient passed Ley de Areas Naturales Protegidas (Law No. 26834) which sets forth the Recipient’s norms on management and conservation of natural protected areas (the Protected Areas);

(G) on July 16, 1997, the National Congress of the Recipient passed Ley de Conservación y Aprovechamiento Sostenible de la Biodiversidad (Law No. 26839) which sets forth the norms for the conservation of biodiversity and its sustainable utilization;

(H) on April 7, 1999, the Recipient issued Supreme Decree No. 010-99 (Supreme Decree No. 010-99) which sets forth the Recipient’s national strategy for Protected Areas;

(I) two of the Project Protected Areas (as hereinafter defined) are located in the Peruvian-Ecuadorian border region, high-priority area under the Peru-Ecuador Broad Agreement for Border Integration, Development and Neighborhood dated October 26, 1998; and
(J) the Project will also contribute in achieving the objectives of the Peru-Ecuador Binational Border Development Plan, aimed at promoting the sustainable use of ecosystems, biodiversity conservation, support of native communities and strengthening of the cultural identities in the Peruvian-Ecuadorian border region;

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans of the Bank, dated May 30, 1995, (as amended through October 6, 1999) with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

(i) Article I;
(ii) Sections 2.01 (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (14), (15), (16), (18) and (21), 2.02 and 2.03;
(iii) Section 3.01;
(iv) Sections 4.01 and 4.06;
(v) Article V;
(vi) Sections 6.01, 6.02 (c), (e), (f), (g), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
(vii) Section 8.01 (b);
(viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
(ix) Sections 10.01, 10.03 and 10.04;
(x) Article XI; and
(xi) Sections 12.01 (c), 12.03 and 12.04.
(b) The General Conditions shall be modified as follows:

(i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term “Special Drawing Rights” and the symbol “SDR” mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement”;

(ii) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (6) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;

(iii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;

(iv) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;

(v) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;

(vi) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account, the account to be opened by the Bank on its books in the name of the Recipient to which the amount of the GEF Trust Fund Grant will be credited; and

(vii) a new subparagraph is added after subparagraph (p) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Annual Operation Plan and Budget” means any of the annual operation plans and budgets referred to in Section 3.06 (a) (i) of this Agreement;

(b) “Beneficiary” means any Indigenous Community (as hereinafter defined) which is selected to carry out a Biodiversity Investment Subproject (as hereinafter defined) pursuant to the criteria set forth in the Subprojects Operations Manual (as hereinafter defined);

(c) “Biodiversity Investment Subproject” means any subproject to be carried out by a Beneficiary under Part B.4 of the Project;

(d) “Biodiversity Subgrant Agreement” means any of the agreements referred to in Section 3.07 (a) of this Agreement;
(e) “Biodiversity Subgrant” means any subgrant to be made out of the proceeds of the GEF Trust Fund Grant for a Beneficiary to carry out a Biodiversity Investment Subproject (as hereinafter defined);

(f) “Communal Reserve” means the Protected Area category described in Article 22 (g) of Law No. 26834;

(g) “CPT” means the central Project team of the SIU (as hereinafter defined) referred to in Section 3.03 (a) (ii) (A) of this Agreement;

(h) “Eligible Categories” means Categories (1) through (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(i) “Eligible Expenditures” means the expenditures for goods, works and services referred to in Section 2.02 of this Agreement;

(j) “Environmental NGO” means any non-governmental organization active on environmental issues in the territory of the Recipient;

(k) “FPT” means any of the field Project teams of the SIU (as hereinafter defined) referred to in Section 3.03 (a) (ii) (B) of this Agreement;

(l) “Indigenous Community” means any indigenous community living in a Project Protected Area (as hereinafter defined);

(m) “INRENA” means Instituto Nacional de Recursos Naturales, the Recipient’s natural resources agency established pursuant to Decree Law No. 25902 dated November 29, 1992;

(n) “Key Personnel” means the key personnel referred to in Section 3.03 (b) of this Agreement;

(o) “Management Committee” means any of the committees to be established in each Project Protected Areas (as hereinafter defined) pursuant to the provisions of Articles 15 and 16 of Law No. 26834 for the purposes of ensuring the participation of Indigenous Communities in the management in Protected Areas;

(p) “National Reserve” means the Protected Area category described in Article 22 (f) of Law No. 26834;

(q) “Natural Resource Use Contract” means any of the contracts referred to in Section 3.08 (a) of this Agreement;

(r) “Operations Manual” means the manual referred to in Section 3.05 (a) of this Agreement;

(s) “Performance Indicators” means the indicators to be used to monitor and evaluate the Project, set forth in the letter of even date herewith from the Recipient to the Bank;
(i) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(u) "Project Protected Area" means any of the following Protected Areas of the Recipient: (i) the Alto Purus Reserved Zone established by the Recipient’s Supreme Decree No. 005-99-AG, dated January 21, 1999; (ii) the Gueppi Reserved Zone established by the Recipient’s Supreme Decree No. 003-97-AG, dated April 3, 1997; (iii) the Santiago-Comaina Reserved Zone established by the Recipient’s Supreme Decree No. 029-2000-AG, dated July 6, 2000; (iv) the Pacaya-Samiria National Reserve established by the Recipient’s Supreme Decree No. 016-82-AG, dated February 4, 1982; and (v) the proposed El Sira Protected Area as described in INRENA’s proposal dated March 10, 1999;

(v) "Reserved Zone" means the Protected Area category described in Article 13 of Law No. 26834;

(w) "Sectoral Agencies" means the following agencies of the Recipient: Ministry of Agriculture; Ministry of Industry, Tourism, Commerce and Integration; Ministry of Foreign Affairs; Technical Secretariat for International Cooperation; and any other agency of the Recipient involved in the establishment and categorization of Protected Areas and indigenous peoples issues;

(x) "SIU" means the unit referred to in Section 3.03 (a) (ii) of this Agreement;

(y) "Special Account" means the account referred to in Part B of Schedule 1 to this Agreement;

(z) "Steering Committee" means the Committee referred to in Section 3.03 (a) (i) of this Agreement;

(aa) "Subprojects Operations Manual" means the manual referred to in Section 3.05 (b) of this Agreement; and

(bb) "ZCC" means any of the committees referred to in Section 3.03 (a) (ii) (C) of this Agreement.

**ARTICLE II**

**The GEF Trust Fund Grant**

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount in various currencies equivalent to seven million seven-hundred thousand Special Drawing Rights (SDR 7,700,000).

Section 2.02. The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for carrying out the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.
Section 2.03. The Closing Date shall be December 31, 2006 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through INRENA with due diligence and efficiency and in conformity with appropriate managerial, administrative, financial, ecological, environmental and conservation practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants’ services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (a) At all times during the execution of the Project, the Recipient shall maintain:

(i) a steering committee comprising representatives of Sectoral Agencies, Indigenous Communities and Environmental NGOs, as prescribed in the Operational Manual, and the following responsibilities: (A) to provide policy guidelines for Project implementation; (B) to review and approve appointments of Key Personnel; (C) to approve Annual Operation Plans and Budgets; and (D) to review Project implementation reports and audits; and

(ii) a special implementation unit with structure and functions satisfactory to the Bank, such unit to be composed of:

(A) a central Project team responsible for: (1) overall Project management, including: procurement of goods, works and consultants’ services; monitoring and evaluation of Project-financed activities; and contracting of the auditors referred to in Section 4.01 (b) (i) of this Agreement; (2) coordination of Project activities with other projects and programs of INRENA and the Sectoral Agencies; and (3) establishment and supervision of the FPTs;

(B) a field Project team in each Project Protected Area, responsible for: (1) undertaking implementation and coordination of Project-financed activities with ZCCs, and public and private institutions operating in the respective Area; (2) assisting Indigenous Communities in the preparation of funding proposals; (3) supervising the execution of Biodiversity Investment Subprojects by the respective Beneficiary; and (4) preparing proposals for Annual Operation Plans and Budgets; and
(C) zonal coordinating committees in each Project Protected Area responsible for: (1) reviewing proposals for Annual Operation Plans and Budgets; (2) evaluating proposals for Biodiversity Investment Subprojects; (3) assessing implementation of contracts financed out of the proceeds of the GEF Trust Fund Grant; and (4) ensuring coordination of Project activities with the Management Committee of the respective Area.

(b) The Recipient shall ensure that the SIU is staffed, at all times during the execution of the Project, by key personnel with experience and qualifications satisfactory to the Bank, operating under terms of reference satisfactory to the Bank, as prescribed in the Operations Manual.

Section 3.04. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Performance Indicators, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about October 31 and April 30 of each year, commencing on October 31, 2001, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;

(c) review with the Bank by November 30 and May 30 of each year, or such later date as the Bank shall request, the reports referred to in paragraph (b) of this Section, as the case may be; and

(d) thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said reviews and the Bank’s views on the matter.

Section 3.05. (a) The Recipient shall carry out all Parts of the Project (other than Part B.4 thereof) in accordance with an operations manual, satisfactory to the Bank, said manual to provide the operational regulations for coordination and implementation of said Parts of the Project, including: (i) the applicable procurement, disbursement, accounting, auditing and reporting procedures; (ii) a description of training programs and methodologies; (iii) a monitoring and evaluation plan for said Parts of the Project; and (iv) an environmental framework for mitigation and remediation of any potential damage arising from civil works financed out of the proceeds of the GEF Trust Fund Grant.

(b) The Recipient shall carry out Part B.4 of the Project in accordance with a subprojects operations manual satisfactory to the Bank, said manual to provide the criteria for the selection of Beneficiaries and Biodiversity Investment Subprojects, as well as appropriate procedures for related monitoring and evaluation, including: (i) a description of Biodiversity Investment Subproject cycle; and (ii) a standard form of Biodiversity Subgrant Agreements.
Section 3.06. (a) The Recipient shall:

(i) not later than September 30 of each year, furnish to the Bank, for its review and approval, an annual operation plan and budget prepared in consultation with the Management Committees and the Steering Committee, such plan and budget to specify the activities to be financed by the Recipient out of the proceeds of the GEF Trust Fund Grant during the following year for the purposes of the implementation of the Project; and

(ii) upon the Bank’s approval, carry out such Annual Operation Plan and Budget, as approved by the Bank.

(b) The Bank may refrain from approving any such Annual Operation Plan and Budget if the Bank has determined that the Recipient is not carrying out the Project as provided in this Agreement and no appropriate remedial actions, satisfactory to the Bank, have been taken therefor.

Section 3.07. (a) With regard to Part B.4 of the Project, the Recipient through INRENA shall enter into agreements with each Beneficiary, under the terms and conditions specified in the Subprojects Operations Manual, such agreements to provide for:

(i) the transfer to such Beneficiary, on a grant basis, of the funds required by such Beneficiary to carry out a Biodiversity Investment Subproject; and

(ii) the obligation of such Beneficiary to carry out such Biodiversity Investment Subproject as provided in the Subprojects Operations Manual.

(b) The Recipient shall exercise its rights under any Biodiversity Subgrant Agreement in such a manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the GEF Trust Fund Grant and except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce any Biodiversity Subgrant Agreement or any provision thereof.

Section 3.08. (a) With regard to Part B.2 of the Project, the Recipient shall ensure that, not later than August 31, 2001, INRENA enters into at least one natural resource use contract with Indigenous Communities under terms and conditions satisfactory to the Bank, on the basis of proposals submitted by such Communities in accordance with the provisions of the Operations Manual.

(b) The Recipient shall exercise its rights under any Natural Resource Use Contract in such a manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the GEF Trust Fund Grant and except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce any Natural Resource Use Contract or any provision thereof.

Section 3.09. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future operation of the Project; and
(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

Section 3.10. The Recipient shall:

(a) before establishing the proposed El Sira Protected Area or recategorizing any other Project Protected Area, as provided under the laws of the Recipient:

(i) review, in consultation with the appropriate agencies, any land claims of the respective Indigenous Communities and determine any measures necessary or advisable to regularize their legal status, and to finalize the land titling process;

(ii) take the measures determined under subparagraph (i) above to regularize the legal status of the Indigenous Communities, and to finalize the land titling process; and

(iii) provide adequate compensation to the affected Indigenous Communities for any restriction on the use of land, or access to natural resources, arising from the establishment of the proposed El Sira Protected Area or the recategorization of any other Project Protected Area, such compensation to be made through access to equivalent and culturally acceptable resources and earning opportunities;

(b) set the boundaries of the Project Protected Areas so established or recategorized outside the boundaries of any lands titled to, or claimed by, Indigenous Communities;

(c) prior to carrying out any of the activities referred to in paragraphs (a) and (b) above, furnish to the Bank an action plan for its review and approval; and

(d) thereafter, carry out the action plan referred to in paragraph (c) above as approved by the Bank.

ARTICLE IV

Financial Conditions

Section 4.01. (a) The Recipient shall maintain, within INRENA, a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect the operations, resources and expenditures in respect of the Project.

(b) The Recipient shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
(ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of Project Management Reports or statements of expenditure, the Recipient shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank’s representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the Project Management Reports of statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Recipient shall carry out a time-bound action plan acceptable to the Bank for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Recipient, not later than January 31, 2002, or such later date as the Bank shall agree, to prepare quarterly Project management reports, acceptable to the Bank, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and (B) shows separately expenditures financed out of the proceeds of the GEF Trust Fund Grant during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Grant during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report; and (B) explains variances between the actual and previously forecast implementation targets; and
sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the GEF Trust Fund Grant, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Recipient shall prepare, in accordance with guidelines acceptable to the Bank, and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter a Project Management Report for such period.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) that Law No. 22157 or Law No. 26834 or Law No. 26839 or Supreme Decree No. 010-99-AG, or any of the regulations issued under the authority of any of them, shall have been amended, suspended, abrogated, repealed or waived so as to affect, in the opinion of the Bank, materially and adversely the ability of the Recipient to comply with any of its obligations under this Agreement; and

(b) that: (i) the proposed El Sira Protected Area shall have not been established to the satisfaction of the Bank by December 31, 2002; or (ii) the Santiago Comaina, Gueppi and Purus Reserved Zones shall have not been recategorized to the satisfaction of the Bank by December 31, 2003.

ARTICLE VI

Effectiveness; Termination

Section 6.01. The following events are specified as conditions to the effectiveness of the GEF Trust Fund Grant within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Recipient shall have adopted the Operations Manual;

(b) the Recipient shall have issued regulations, satisfactory to the Bank, to Law No. 26834 conducive to the participation of Indigenous Communities in the management of Project Protected Areas;

(c) the Recipient shall have established the SIU in a manner satisfactory to the Bank and appointed the Key Personnel; and

(d) the auditors referred to in Section 4.01 (b) (i) of this Agreement shall have been selected.

Section 6.02. The date June 5, 2001, is hereby specified for the purposes of Section 12.04 of the General Conditions.
Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Minister of Foreign Affairs of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Foreign Affairs  
Jr. Ucayali 363  
Lima 1, Peru  

Facsimile:  
(51-1)311-2406

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address: INTBFRAD  
Telex: 248423 (MCI)

Washington, D.C.  
64145 (MCI)
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names as of the day and year first above written.

REPUBLIC OF PERU

By

[Signature]
Minister of Foreign Affairs

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
as an implementing agency of the Global Environment Facility

By

[Signature]
Regional Vice President
Latin America and the Caribbean
SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

Part A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the GEF Trust Fund Grant Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works (other than those financed under Biodiversity Subgrants)</td>
<td>610,000</td>
<td>85%</td>
</tr>
<tr>
<td>(2) Goods (other than those financed under Biodiversity Subgrants)</td>
<td>560,000</td>
<td>85%</td>
</tr>
<tr>
<td>(3) Consultants’ services, training and auditors fees (other than those financed under Biodiversity Subgrants)</td>
<td>3,160,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Incremental Operating Costs:</td>
<td>1,320,000</td>
<td>During years 2001 and 2002: 85%; during years 2003 and 2004: 65%; during years 2005 and 2006: 40%</td>
</tr>
<tr>
<td>(5) Biodiversity Subgrants</td>
<td>1,350,000</td>
<td>100% of amounts disbursed under a Biodiversity Subgrant Agreement</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>700,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,700,000</td>
<td></td>
</tr>
</tbody>
</table>
2. For the purposes of this Schedule, the terms:

(a) “Incremental Operating Costs” means the operating costs of INRENA arising from the implementation of the Project, including inter alia: (a) rental of office space; (b) public utilities; (c) office supplies; (d) communications and transportation expenses; and (e) salaries of INRENA’s staff employed for, or assigned to, the SIU; and

(b) “Training” means the cost of: (a) per diem and travel expenses of trainees; (b) rental of training facilities and equipment; (c) training materials; and (d) training fees.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 200,000, may be made on account of payments made for expenditures incurred within twelve (12) months from the date of this Agreement, but not before October 15, 2000; and

(b) Biodiversity Subgrants unless: (a) the Recipient shall have adopted the Subprojects Operations Manual; and (b) FPIs have adequate financial management capacity to the satisfaction of the Bank.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure under such terms and conditions as the Bank shall specify by notice to the Recipient for the following expenditures:

(a) works under contracts costing less than $60,000 equivalent (other than the first contract referred to in Part C.2 (b) of Section I of Schedule 3 to this Agreement);

(b) goods under contracts costing less than $50,000 equivalent (other than the first contract referred to in Part C.2 (a) of Section I of Schedule 3 to this Agreement);

(c) services of consulting firms under contracts costing less than $100,000 equivalent (other than the first contract referred to in Part D.2 (a) (ii) of Section II of Schedule 3 to this Agreement);

(d) services of individual consultants under contracts costing less than $50,000 equivalent (other than the first two contracts referred to in Part D.2 (b) of Section II of Schedule 3 to this Agreement);

(e) training;

(f) Incremental Operating Costs; and

(g) Biodiversity Subgrants (other than the first Biodiversity Subgrant).

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this
Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

Part B. Special Account

1. The Recipient shall open and maintain in Dollars a special deposit account in a commercial bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the Special Account shall be made as follows:

   (a) until the Bank shall have received: (i) the first Project Management Report referred to in Section 4.02 (b) of this Agreement; and (ii) a request from the Recipient for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

   (b) upon receipt by the Bank of a Project Management Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Recipient for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

   (a) if the Bank determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

   (b) if the Bank determines at any time that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant Account; or

   (c) if the Recipient shall have failed to furnish to the Bank within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (i) the records and accounts for the Special Account; or (ii) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

5. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether
further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

6. (a) If the Bank determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 6 shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of this Agreement.
Annex A

to

SCHEDULE 1

Operation of Special Account
When Withdrawals Are Not Made
On the Basis of Project Management Reports

1. For the purposes of this Annex, the term “Authorized Allocation” means an amount of $700,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount of $250,000 until the aggregate amount of withdrawals from the GEF Trust Fund Grant Account, plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal or exceed the equivalent of SDR800,000.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

   (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested.

   (b) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the GEF Trust Fund Grant minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.
Annex B

to

SCHEDULE 1

Operation of Special Account
When Withdrawals Are Made
On the Basis of Project Management Reports

1. Except as the Bank may otherwise specify by notice to the Recipient, all withdrawals from the GEF Trust Fund Grant Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.

2. Each application for withdrawal from the GEF Trust Fund Grant Account for deposit into the Special Account shall be supported by a Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the GEF Trust Fund Grant, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed $1,500,000.
SCHEDULE 2

Description of the Project

The objective of the Project is to improve the conservation and sustainable utilization of forest ecosystems in the Peruvian Amazon through the involvement of Indigenous Communities in the management of Project Protected Areas.

The Project consists of the following Parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objectives.

Part A: Participatory Biodiversity Conservation

1. Creation or Recategorization of Project Protected Areas

   (a) Preparation of the planning documents required for the establishment of the proposed El Sira Protected Area and the recategorization of the Alto Purus, Gueppi and Santiago-Comaina Reserved Zones, including: (i) master plans; (ii) public use plans; (iii) management plans; and (iv) resource use zoning plans.

   (b) Implementation of consultative processes for the preparation of the planning documents referred to in Part A.1 (a) of the Project, including: (i) carrying out of workshops for distribution of the first draft documents to Indigenous Communities; (ii) recording and taking into account the opinions and suggestions of such Indigenous Communities in the drafting of the final documents; and (iii) discussing the proposals for the establishment of new Communal Reserves with representatives of the Indigenous Communities of existent Communal Reserves.

   (c) Drafting of the legal instruments required for the establishment of the proposed El Sira Protected Area and the recategorization of the Alto Purus, Gueppi and Santiago-Comaina Reserved Zones, in consultation with Indigenous Communities and the Sectoral Agencies.

2. Strengthening of Participatory Mechanisms

   (a) Establishment and operation of Management Committees and ZCCs, aimed at ensuring participation of Indigenous Communities, private and public institutions and grassroots organizations in such Committees.

   (b) Creation of a community-based and managed surveillance system for Project Protected Areas, aimed at ensuring basic protection against illegal use of natural resources within such Areas with the assistance of Indigenous Communities.

   (c) Implementation of a public awareness and environmental education program for local authorities and the public at large, aimed at improving the understanding of the importance of biodiversity conservation in the Project Protected Areas.

   (d) Analysis of best practices and lessons learned during Project implementation through regional workshops.
3. Provision of training to Indigenous Communities in participatory mechanisms and sustainable methods for Project Protected Areas management

Provision of training to Indigenous Communities in participatory mechanisms for Project Protected Areas management, aimed at raising the awareness in matters related to biodiversity conservation and sustainable utilization of natural resources.

4. Provision of Infrastructure and Equipment in Project Protected Areas

Construction, improvement or maintenance of basic infrastructure facilities in Project Protected Areas, including:

(a) construction and improvement of INRENA’s operation centers;
(b) construction of Indigenous Communities centers;
(c) maintenance of existing trails;
(d) construction of minor field infrastructure; and
(e) acquisition and utilization of boats, vehicles, office and telecommunications equipment.

5. FPTs

Establishment and operation of FPTs.

Part B: Sustainable Utilization of Biodiversity

1. Management Plans for Indigenous Communities Lands

Provision of technical assistance and training to Indigenous Communities on land use planning and zoning procedures, design of community management plans for specific natural resources, use and protection of traditional knowledge for biodiversity conservation and sustainable use of resources for community well-being.

2. Natural Resource Use Contracts

Provision of technical assistance:

(a) to Indigenous Communities for the preparation of proposals for Natural Resource Use Contracts in areas like production of medicinal plants, traditional crop systems, forest management, breeding and marketing of wildlife species, and eco-tourism development; and

(b) to INRENA for the supervision of the execution of such Contracts.
3. Studies

Carrying out of: (a) demand and market studies on the economic potential of proposals of Indigenous Communities for Biodiversity Investment Subprojects; (b) studies on protection of property rights on biodiversity materials; and (c) pre-investment studies and related technical assistance.

4. Biodiversity Investment Subprojects

Carrying out of Biodiversity Investment Subprojects supporting, inter alia, the following activities: (a) captive breeding of wild fauna; (b) non-timber forest products; (c) traditional indigenous handcrafts using native materials; (d) processing of native medicinal plants using traditional knowledge; (e) processing of food products; (f) eco-tourism; and (g) sustainable farming of native fish species.

Part C: Monitoring and Evaluation Systems

Design and implementation of INRENA’s monitoring and evaluation systems for the Project Protected Areas based on participatory mechanisms, including:

1. Biological and Socio-economic Baselines and Data Bases

   (a) Determination of biological and socio-economic baselines.

   (b) Collection and organization of biological and socio-economic information.

   (c) Design of habitat conservation monitoring plans.

   (d) Development and maintenance of geo-referenced biological and socio-economic databases.

2. Biological and Socio-economic Monitoring

   Carrying out of:

   (a) biological monitoring of Project Protected Areas, aimed at ensuring that the Project conservation objectives are reached and that Indigenous Communities conservation plans and related activities are having a positive impact on the stability, size and biological richness of priority habitats and species; and

   (b) socio-economic monitoring of Project Protected Areas aimed at determining the impact of the utilization of biodiversity resources on the income and quality of life of Indigenous Communities.

3. Project Protected Areas Management Monitoring

   Establishment of a Project Protected Areas management monitoring system, aimed at determining the effectiveness of such Areas management in the following aspects: (a) legal status;
(b) grassroots participation; (c) community leadership and governance; (d) gender issues; (e) participatory organization and planning; (f) financial sustainability; (g) management programs; (h) environmental education and interpretation programs; (i) technical assistance; (j) information availability; (k) biological and socio-economic monitoring; (l) formal and informal natural resource use; (m) infrastructure; and (n) biodiversity threats and conflicts.

4. **Technical Assistance to INRENA and Indigenous Communities**

   Provision of technical assistance to INRENA and Indigenous Communities for the development and implementation of the Project monitoring and evaluation system.

**Part D: Project Implementation**

1. **National Coordination Mechanisms**

   Establishment and operation of the Steering Committee.

2. **SIU**

   Establishment and operation of the SIU.

3. **Technical Assistance to INRENA**

   Provision of technical assistance to INRENA, aimed at enhancing INRENA’s capacity to address legal, social, indigenous and gender issues.

4. **Evaluation**

   Carrying out of Project mid-term and final evaluations by independent evaluators.

   * * *

   The Project is expected to be completed by June 30, 2006.
SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: Procurement Methods

1. National Competitive Bidding

Except as otherwise provided in Parts B.2 and B.3 of this Section, goods estimated to cost $50,000 equivalent or more, shall be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines, using standard bidding documents acceptable to the Bank.

2. International or National Shopping

Goods estimated to cost less than $50,000 equivalent per contract, up to an aggregate amount not to exceed $650,000 equivalent, may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Community Participation

Goods, works and services for Parts A.2 (b), B.2 and B.4 of the Project and not exceeding in the aggregate $2,200,000 equivalent shall be procured in accordance with procedures acceptable to the Bank, as described in the Operations Manual and the Subprojects Operations Manual, as the case may be.

4. Procurement of Small Works

Works estimated to cost less the $60,000 equivalent, up to an aggregate amount not to exceed $1,000,000 equivalent, shall be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.
Part C: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

   (a) With respect to the first contract procured pursuant to the provisions of Part B.1 hereof, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

   (b) With respect to the first contract procured pursuant to the provisions of Parts B.2, B.3 and B.4 hereof, the following procedures shall apply:

   (i) prior to the selection of any supplier or contractor under such procedures, the Recipient shall provide to the Bank a report on the comparison and evaluation of quotations received;

   (ii) prior to the execution of any such contract, the Recipient shall provide to the Bank a copy of the specifications and the draft contract; and

   (iii) the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

   With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II: Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines) and the following provisions of Sections II and III of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant
Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants’ services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants for services estimated to cost less than $200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services for the Project estimated to cost $200,000 equivalent or less but more than $100,000, up to an aggregate amount not to exceed $500,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Selection Based on Consultants’ Qualifications and Least Cost Selection

Services estimated to cost $100,000 equivalent per contract or less may be procured: (a) under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines; or (b) under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines, provided that the aggregate amount all such contracts shall not to exceed $2,000,000 equivalent.

3. Service Delivery Contractors

Services to be provided by Indigenous Communities under Parts A.2 (b), B.2 and B.4 of the Project shall be in procured in accordance with procedures acceptable to the Bank, as described in the Operations Manual and in the Subprojects Operations Manual, as the case may be.

4. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants’ services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph
2. **Prior Review**

   (a) With respect to: (i) each contract for the employment of consulting firms estimated to cost the equivalent of $100,000 or more; and (ii) the first contract for the employment of consulting firms under Part C.2 of this Section estimated to cost less than the equivalent of $100,000, the procedures set forth in paragraphs 1 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

   (b) With respect to the first two contracts for the employment of individual consultants estimated to cost the equivalent of $50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

   (c) With respect to each contract for the employment of consulting firms or individual consultants not included in the selection plan referred to in Part D.1 of this Section, the terms of reference of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. **Post Review**

   With respect to each contract not governed by paragraph 1 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

**Section III. Special Provisions**

A. In addition and without limitation or restriction to any other provision set forth in this Schedule or the Guidelines, the following provisions shall govern all procurement of goods under Part B.1 of Section I of this Schedule:

   (a) reference value shall not be required to be published in the bidding documents; and

   (b) award of contracts shall be based exclusively on price and, whenever appropriate, shall take into account factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid.

B. In addition and without limitation or restriction to any other provision set forth in this Schedule or the Consultant Guidelines, the following provisions shall govern all employment of consultants referred to in Section II of this Schedule:

1. Foreign consultants shall not be required to be locally registered as a condition of participation in the selection process.
2. No reference value shall be required for publication in the proposal documents.
3. No minimum number of responsive proposals shall be required prior to awarding a contract for consulting services.
4. Foreign consultants shall not be required to legalize their proposals or any documentation related to such proposals with either Peruvian consulates, the Ministry of Foreign Affairs, or any Peruvian authorities, as a pre-condition to participating in the selection process.
PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED GRANT
IN THE AMOUNT OF SDR 7.7 MILLION (US$ 10.0 MILLION EQUIVALENT)
TO THE REPUBLIC OF PERU

FOR AN
INDIGENOUS MANAGEMENT OF PROTECTED AREAS IN THE PERUVIAN AMAZON (GEF) PROJECT

January 19, 2001
CURRENCY EQUIVALENTS

(Exchange Rate Effective January 15, 2001)

Currency Unit = New Soles
1 S/. = US$0.29
US$1 = S/.3.5

FISCAL YEAR
January 1 December 31

ABBREVIATIONS AND ACRONYMS

<table>
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<tr>
<th>ADAR</th>
<th>Agency for Amazonian Rural Development (Agencia para el Desarrollo Amazonío Rural)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIIDESEP</td>
<td>Interethnic Association for the Development of the Peruvian Rainforest</td>
</tr>
<tr>
<td>CBD</td>
<td>Convention on Biological Diversity</td>
</tr>
<tr>
<td>CDC</td>
<td>Conservation Database Center</td>
</tr>
<tr>
<td>CEPES</td>
<td>Peruvian Center for Social Studies</td>
</tr>
<tr>
<td>CI</td>
<td>Conservation International</td>
</tr>
<tr>
<td>COICAP</td>
<td>Peruvian Indigenous and Peasant Committee</td>
</tr>
<tr>
<td>CONAM</td>
<td>National Environmental Council</td>
</tr>
<tr>
<td>CONAP</td>
<td>National Amazon Confederation of Peru</td>
</tr>
<tr>
<td>COP</td>
<td>Conference of the Parties to the Biological Diversity Convention</td>
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<tr>
<td>CPT</td>
<td>Central Project Team</td>
</tr>
<tr>
<td>DGANPFS</td>
<td>General Directorate of Natural Protected Areas and Wildlife Fauna</td>
</tr>
<tr>
<td>ENNIV</td>
<td>National Quality of Life Survey</td>
</tr>
<tr>
<td>FONCODES</td>
<td>National Fund for Social Compensation and Development</td>
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<td>FPT</td>
<td>Field Project Team</td>
</tr>
<tr>
<td>GIS</td>
<td>Geographic Information System</td>
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<tr>
<td>GoP</td>
<td>Government of Peru</td>
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<tr>
<td>GTZ</td>
<td>German Cooperation</td>
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<tr>
<td>IDB</td>
<td>Inter American Development Bank</td>
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<tr>
<td>IIAP</td>
<td>Research Institute of the Peruvian Amazon</td>
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<tr>
<td>INADE</td>
<td>National Development Institute</td>
</tr>
<tr>
<td>INRENA</td>
<td>National Natural Resources Institute</td>
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<tr>
<td>ITTO</td>
<td>International Tropical Timber Organization</td>
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<tr>
<td>IUCN-Peru</td>
<td>Peruvian Committee of The World Conservation Union</td>
</tr>
<tr>
<td>LACI</td>
<td>Loan Administration Change Initiative</td>
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<tr>
<td>LIL</td>
<td>Learning and Innovation Loan</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MSP</td>
<td>Medium-sized Project</td>
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<tr>
<td>NCB</td>
<td>National Competitive Bidding</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>PDF</td>
<td>Project Preparation and Development Facility</td>
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<tr>
<td>PMR</td>
<td>Project Management Report</td>
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<tr>
<td>PROFONANPE</td>
<td>Peruvian National Trust Fund for Protected Areas</td>
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<td>PRONAMACHCS</td>
<td>National Program for River Basin Management and Soil Conservation</td>
</tr>
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<td>PROMUDEH</td>
<td>Ministry for Women and Human Development</td>
</tr>
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<td>SC</td>
<td>Steering Committee</td>
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<tr>
<td>SETAI</td>
<td>Technical Secretariat of Indigenous Affairs</td>
</tr>
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<td>SINANPE</td>
<td>National Natural Protected Areas System of Perú</td>
</tr>
<tr>
<td>SIU</td>
<td>Special Implementation Unit</td>
</tr>
<tr>
<td>SNV</td>
<td>Netherlands Volunteer Service</td>
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<td>SOE</td>
<td>Statement of Expenditure</td>
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<td>TCCR</td>
<td>Tamshiyacu-Tahuayo Communal Reserve</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>United States Agency for International Development</td>
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<td>World Wildlife Fund</td>
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<td>Yaninha Communal Reserve</td>
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<td>ZCC</td>
<td>Zonal Coordinating Committee</td>
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</table>

Vice President: David de Ferranti
Country Manager/Director: Isabel Guerrero
Sector Manager/Director: John Redwood
Task Team Leader/Task Manager: Carlos Monge / Pierre Werbrouck
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MAP(S)
31213 Indigenous Management of Natural Protected Areas in the Peruvian Amazon.
PERU

Indigenous Management of Protected Areas in the Peruvian Amazon (GEF) Project

Project Appraisal Document

Latin America and Caribbean Region
LCCPE

Date: January 19, 2001
Country Manager/Director: Isabel M. Guerrero
Project ID: P065200

Team Leader: Pierre Werbrouck
Sector Manager/Director: Teresa Serra for John Redwood
Sector(s): MC - Community Action Program, VI - Environmental Institutions, VM - Natural Resources Management
Theme(s): Environment
Poverty Targeted Intervention: N

Focal Area: B - Biodiversity

Project Financing Data
[ ] Loan [ ] Credit [X] Grant [ ] Guarantee [ ] Other:

For Loans/Credits/Others:
Amount (US$m): SDR 7.7 MILLION (US$10.0 MILLION EQUIVALENT)

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Total: 22.20 0.55 22.75

Borrower/Recipient: GOVERNMENT OF PERU
Responsible agency: INRENA

INRENA
Address: Los Petirojos No 355, San Isidro, Lima, Peru
Contact Person: Ing. Mattias Prieto Celi
Tel: 224-3037 Fax: 224-3218 Email: Inrena_Dganpfs@Terra.Com.Pe

Estimated disbursements (Bank FY/US$m):

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Project implementation period: 5 years
A. Project Development Objective

1. Project development objective: (see Annex 1)

The development objective of the project is to increase the sustainability of biodiversity conservation through the involvement of indigenous communities in the management of new and existing protected areas in the Peruvian Amazon Region. This will be achieved by: (i) establishing, categorizing and promoting the participatory management of five protected areas; (ii) promoting economically, socially and environmentally sustainable investments by indigenous grassroots organizations; (iii) developing and implementing a participatory monitoring and evaluation system for the project areas and the National Natural Protected Area System as a whole; and (iv) strengthening the institutional and technical capacity of INRENA and indigenous organizations to sustainably manage the protected areas and their natural resources.

The Amazon Region of Peru is one of the most important repositories of biological diversity on the planet. Given its strategic location in the upper watershed of the basin, Peru’s Amazon Region contains a very rich biodiversity expressed in terms of its unique richness of species, high levels of endemism, and habitat diversity. Its conservation is of utmost importance in the goal of preserving the world’s biodiversity. The project emerges from a commitment by the Government of Peru (GoP) to expand effective forest conservation in the Amazon Region. In parallel, the GoP is also promoting a greater involvement of local communities (particularly indigenous peoples) in the direct management of protected areas to ensure equitable sharing of the benefits resulting from conservation.

The conservation and sustainable utilization of important forest ecosystems in the Peruvian Amazon Region through the establishment of protected areas to be co-managed by indigenous people is a global objective supported by the Global Environment Facility (GEF).

Therefore, the project combines national biodiversity conservation with long-term and sustained poverty alleviation objectives aimed at Amazonian indigenous people. The project will also allow the GoP to implement communal indigenous participation in protected area management as a tool to increase the social sustainability of its system of protected areas through facilitating the generation of benefits emerging from protected areas to local communities.

2. Key performance indicators: (see Annex 1)

1. Indigenous people co-manage protected areas in the five target zones through their participation in the corresponding Protected Areas Management Committees.

2. Biodiversity loss (as measured by monitoring indicators) is stopped in five target areas.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)

Document number: R97-161 Date of latest CAS discussion: 07/22/97

The Project is consistent with the Bank's Country Assistance Strategy (CAS) for Peru and will contribute to support its goal of attaining sustained and continuous reduction of poverty. A central assumption linking the project's development objective to this goal is that the establishment of participatory mechanisms for protected areas management supports sustainable poverty reduction through enhanced natural resources management in the Amazon region of the country.

1a. Global Operational strategy/Program objective addressed by the project:

Peru ratified the Convention on Biological Diversity (CBD) on June 7, 1993. The proposed project is consistent with the GEF Operational Strategy, supporting long-term protection of globally important ecosystems. This project supports Operational Programs 3 (Forests Ecosystems) and 2 (Freshwater Ecosystems).
The project is fully consistent with Peru's first report to the Fourth Meeting of the Conference of the Parties to the Biological Diversity Convention (COP IV). The project is also fully consistent with the principles of the CBD by supporting all three levels of biodiversity (ecosystems, species, and genes) and supports COP Decisions I/8, II/8, II/9, III/9, III/10 and III/12, and Recommendation I/3 of the Subsidiary Body on Scientific, Technical, and Technological Affairs (SBSTTA) of the CBD.

The GEF will finance the incremental costs of promoting local sustainable uses of natural resources in four currently existing and one to be created protected areas, working towards the achievement of their long-term biological and social sustainability by ensuring a meaningful level of participation by local indigenous communities.

2. Main sector issues and Government strategy:

The Amazonian indigenous population is among the poorest in Peru. This is a threat to biodiversity conservation and sustainable natural resources management because poverty fuels short-term extraction of natural resources. Unsustainable extraction of natural resources and unplanned settlement in rural areas have caused heavy environmental degradation, including a serious loss of biodiversity. The main sectors relevant to this project are indigenous people, natural resources management, and biodiversity conservation through participatory protected area management.

**Biodiversity Conservation, Natural Resources, and Protected Area Management.** The establishment of protected areas and their classification under various regimes of use is a central tool in increasing biodiversity conservation and sustainability of natural resources management.

Impacts to date of conservation efforts in Peru are still limited due to weak local and national public awareness, lack of sufficient public resources, and increasing but still inadequate coverage of protected areas in the Amazon Region. In addition, the lack of indigenous participation in conservation and sustainable use threatens their rights as peoples that have occupied the Amazonian area for at least the past millennium and limits opportunities to benefit from their knowledge of natural resources sustainable use.

In recent years the Peruvian Government has increased efforts towards biodiversity conservation and sustainable use, including important steps towards the consolidation of SINANPE (National System for State Protected Areas — *Sistema Nacional de Areas Naturales Protegidas por el Estado*). Among the most important are the following:

a) Consolidation of a coherent policy framework for biodiversity conservation and protected area management. Steps to date have included the approval of a Biodiversity Law, a Protected Areas Law, and the elaboration of a strategy for SINANPE (Supreme Decree DS 010-99-AG), following a process of consultation and participation, which incorporates the most up-to-date participatory concepts and proposals for the management of protected areas. The resulting Master Plan (*Plan Director*) for SINANPE identifies new protected areas that need to be established in order to achieve eco-regional representation and to protect the highest priority areas.

b) SINANPE will eventually include approximately 65 protected areas of national importance covering between 12 and 15 percent of the country's territory. The national system currently includes 52 protected areas, 17 of which are "Reserved Zones", awaiting permanent categorization. Three Reserved Zones (Santiago-Comaina, Gueppi and Alto Purus) have been created in the context of project preparation.

c) A significant increase in the amount of National Treasury resources allocated to protected areas management. Between 1991 and 1998, protected areas grew from 39 to 48; areas with a Protected Area Director from 10 to 39 and total number of park rangers from 60 to 240. State budget allocations to the SINANPE increased from US$163,400 to approx. US$1.5 million. In the last years INRENA as such has administered annual budgets close to US$500,000. At the same time, the SINANPE has benefited from allocations through the Peruvian National Trust Fund for Protected Areas (Fondo Nacional para Areas
Naturales Protegidas por el Estado) (PROFONANPE), that have grown from US$500,000 in 1996 to US$2.4 million in 1998. In the last two years, the GoP and the PROFONANPE have worked out two debt swaps for nature, which in fact imply further transfers of public resources to the protected areas of the country. See Annex 4)

d) The creation and successful operation of a national protected areas fund administered by PROFONANPE. PROFONANPE’s goal is to provide stable long-term financing for biodiversity conservation through the administration and channeling of financial resources to the management of protected areas and buffer zones. On the basis of a Trust Fund established with support of a GEF Grant, it has succeeded in channeling funds from grants and debt-for-nature swaps from a variety of sources.

e) Formulation of master plans and management plans, utilizing participatory planning methodologies in consultation with key stakeholders. Bilateral donors have contributed to the implementation of various integrated conservation and development projects in areas such as Manu National Park, Pacaya-Samiria National Reserve, the Tumbes Mangroves National Sanctuary, Ampay National Sanctuary, Yanachaga-Chemillén National Park, Huascarán National Park, and Bahuaja-Sonene National Park.

Rural Poverty and Indigenous People. This project benefits from sector and preparation work already conducted through the Indigenous and Afro-Peruvian Development Project, a Learning and Innovation Loan (LIL). Amazonian indigenous people face important development challenges related to: (i) an inconsistent legal and institutional framework towards indigenous people that guarantees them neither secure access to their land nor the control over natural resources use; and (ii) existing disparities between urban/rural and indigenous/non-indigenous poverty.

Although there has been some reduction in rural poverty in recent years, prior to the current recession, most economic gains have occurred in urban areas. This has led to a higher concentration of poverty in rural compared to urban areas. Almost 50 percent of the poor and 60 percent of the extreme poor in Peru lived in rural areas in 1997, whereas more than two-thirds of the total population lives in urban areas. In addition, the indigenous population is falling further behind the non-indigenous population. Indigenous peoples were 40 percent more likely to be poor than the non-indigenous population in 1994, and 49 percent more likely to be poor in 1997 (see Poverty and Social Developments in Peru, 1994-1997).

The GoP has implemented a poverty reduction strategy that has combined the promotion of market oriented reforms to increase the poor’s opportunities, with special resource transfer and capacity building programs. Since the early 90s, the GoP has deregulated markets, stimulated entrepreneurial organization and provided technical assistance to the rural poor to increment their opportunities in the national and international market environment. At the same time, through a number of poverty alleviation programs such as the National Social Compensation and Development Fund (Fondo Nacional de Compensación y Desarrollo - FONCODES) and the National Program for River Basin Management and Soil Conservation (Programa Nacional de Manejo de Cuencas Hidrográficas y Conservación de Suelos - PRONAMACHCS), the GoP has transferred resources and capacities to local populations in rural areas of extreme poverty to address short-term needs and set the foundations for sustainable development. FONCODES has prioritized the generation of short-term employment and incomes, funding productive and social infrastructure initiatives. PRONAMACHCS, operating only in the Andean Region, promotes soil conservation, forestation and small scale irrigation.

In all cases, these projects are demand driven, with local grassroots organizations prioritizing their initiatives and in charge of sub project implementation. At the same time, sustainability of these activities is not assured as emphasis has not been placed on establishing mechanisms and fostering local institutional capacities to manage the resulting infrastructure in a sustainable way. Strengthening of local capacities and institutional mechanisms to insure sustainability of implemented activities is still a challenge in the fight against poverty.
3. Sector issues to be addressed by the project and strategic choices:

Biodiversity Conservation. Peruvian protected areas legislation recognizes a large number of management categories for protected areas, including communal reserves, national reserves, national parks, and others. The project takes advantage of this diversity of options for protected areas and proposes the establishment of the most appropriate categories for biodiversity conservation and sustainable resource use in the areas concerned. The main strategy to be pursued by this project derives from the need for direct participation of indigenous communities in the management of conservation areas. Lessons learned in Peru and elsewhere have demonstrated that the sustainability of protected areas is reinforced when the local population benefits directly from their establishment and participate in the decision-making processes. There are currently more than 50 ethnic groups in Peru, and their organizations have expressed a special interest in maintaining the biological integrity of the areas where they live through conservation and the promotion of development options which maintain the greatest possible degree of forest cover. In the case of this project, the indigenous participatory strategy will be implemented through the communal management of areas in the case of the communal reserves, through co-management mechanisms in the case of indirect use areas within the SINANPE, and through management plans designed for titled communal land. Therefore, the project supports the strengthening of the National Institute for Natural Resources (INRENA) capacity to execute policy commitments related to increased participation of local communities in the management of protected areas.

Rural Poverty and Indigenous People. Extreme poverty and market integration has led indigenous populations to abandon traditional sustainable uses of natural resources embarking on unsustainable extractive activities. In many cases, measures to mitigate negative impacts were taken without the consultation and participation of local communities. The project will address the issue of indigenous people's poverty by developing a number of technical instruments that establish the possible uses of natural resources in and around protected areas (master plans, public use plans, resources use plans, zoning plans) and funding indigenous initiatives for the sustainable use of such resources, including basic economic studies, pre-investment studies, investments, and technical assistance for project implementation.

Colono, mestizo and ribereño (riverain) populations are part of the rural poor in the Peruvian Amazon. Specially new migrants constitute a mayor threat to biodiversity and also to indigenous rights as they encroach upon land and resources. The project -even when centered in the indigenous populations- will have a positive impact on these sectors as participants of the Protected Areas Management Committees (PAMCs). Though such participation, the colono, mestizo and ribereño leadership will raise its consciousness on the strategic importance of conservation and sustainable use of natural resources and of adequate protected area management.

In general terms, the GEF Project Preparation and Development Facility (PDF) Block B grant activities have been instrumental in refining the project strategic choices, outlined during the preparation of the Project Concept Document (PCD). Issues for which PDF Block B has been crucial are:

3.1 Selection of project target zones areas and protected area’s creation and categorization.

The initial selection of target areas for project implementation was the result of a consultative and participatory process which included representatives from INRENA; the Ministry for Women and Human Development (PROMUDEH); indigenous groups, including their two confederations (the Inter Ethnic Association for the Development of the Peruvian Rainforest →AIDESEP and the National Amazon Confederation of Peru →CONAP; and national and local NGOs. It took into account proposals made by local indigenous organizations and social and technical criteria identified during the design phase of the project, sharing the view that new protected areas needed to be created. At that point, the decision was to work in Pacaya Samiria National Reserve and in four still to be established protected areas: Santiago-Comainá, Purus, Güepe and El Sira. Along the process of project preparation, three new protected areas have been established as Reserved Zones, but not yet classified (Santiago-Comainá, Güepe and Alto Purus). Only El Sira remains now to be established as a protected area. It is important to note here that, according to the Peruvian legislation, protected areas can be established initially as Reserved Zones, to be later "categorized", that is assigned permanently one of the 9 categories contemplated in the Law of National Protected Areas. These are National Parks, National Sanctuaries, Historical Sanctuaries, Scenery
In relation to the protected areas to be created and/or permanently categorized, the PDF Block B technical studies and consultation process have ratified the choice of areas in terms of their importance for biodiversity conservation, and at the same time have helped gain more precision concerning protected area coverage, creation timing, and local actors and interests concerning final categorization.

a) In Santiago-Comaina, PDF Block B activities allowed for a better knowledge of local actors and interests in a complex scenario in which indigenous titled lands, Communal Reserves, Protection Forests and National Parks need to be seen as components of one single conservation and sustainable use strategy. In this Reserved Zone, on the basis of a consensus emerging out of Block B consultations, the GoP has recently extended the Reserved Zone.

b) In Gueppi, project preparatory workshops identified the need for further technical studies and consensus building among local indigenous groups and the National Development Institute (INADE) regarding the exact dimensions of a National Reserve and a Communal Reserve to be permanently categorized from the currently existing Reserved Zone.

c) Project preparation in Alto Purus substantiated the GoPs recent decision to create this area as a Reserved Zone of over 5 million hectares (the largest protected area in the country).

d) INRENA and indigenous communities have ratified their willingness to create and manage a Communal Reserve in El Sira. The technical documentation sustaining the creation of a Communal Reserve was presented years ago and only needs some minor updating to be processed.

e) Finally, in the Pacaya-Samiria National Reserve, project preparatory activities supported the drafting of the Reserve’s Master Plan. Further information on the biological and socioeconomic characteristics of the project’s target zones can be found in Annex 12.

Two of the project protected areas are located in the Peruvian-Ecuadorian border region, high priority area under the Peru-Ecuador Broad Agreement for Border Integration, Development and Neighborhood, dated October 26, 1998.

3.2 Institutional and implementation arrangements.

Project preparation also helped to clarify issues related to project institutional and implementation arrangements. Regarding institutional arrangements, project preparation has demonstrated:

i) The importance of a Project Steering Committee (SC) where all stakeholders can participate;

ii) The importance of having a Special Implementation Unit (SIU) within INRENA that can simultaneously guarantee efficiency in execution and adequate INRENA leadership;

iii) The importance of reinforcing INRENA’s local teams for project implementation, with the sufficient operating autonomy and with involvement of local indigenous leaders.

iv) The importance of establishing participatory mechanisms, such as the Zonal Coordinating Committees, for indigenous participation in project implementation.

3.3 Sustainability of participatory strategies.

Project participatory strategies will be further sustained by collaborating with the activities foreseen in the Bank financed Indigenous and Afro-Peruvian Development Project to be implemented by the Secretaria Técnica de Asuntos Indigenas (SETAI) of PROMUDEH. This project includes the drafting of an indigenous law (Ley de Desarrollo Indigena); awareness programs for public sector officials on indigenous peoples issues; and providing technical assistance and institutional strengthening of local indigenous organizations in the Alto Purus and Santiago-Comaina Reserved Zones.
C. Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

The project will finance the implementation of four components:

**Participatory Biodiversity Conservation.** The project will finance: (i) preparation of planning documents and the consultative process for creation of one new protected area and the permanent categorization of three existing Reserved Zones; (ii) establishment of Protected Area Management Committees (PAMC) in the five target areas; (iii) creation of a community based and managed Protected Area Surveillance System; (iv) training in participatory methods for indigenous community leaders; (v) implementation of a public awareness program; (vi) the construction and refurbishment of facilities (park management facilities, interpretation centers, and other minor infrastructure) in the project areas; (vii) local staff and specialists on indigenous affairs and monitoring evaluation to be part of the Project Field Teams, and (viii) office, transportation and communications equipment.

**Sustainable Use of Biodiversity.** The project will finance: (i) preparation of management plans for titled indigenous land; (ii) technical studies for awarding community natural resource use contracts; (iii) demand and market studies; and (iv) biodiversity investment sub-grants. These sub-grants will include funding for pre-investments, investments and technical assistance. Investments will require 50% co-funding by beneficiaries.

**Monitoring and Evaluation System (M&E).** Support will be provided to INRENA to establish a M&E Unit at the central level and zonal levels and to contract: (i) an analysis of the conservation and socioeconomic status of project areas and baseline information; (ii) development of biological and socio-economic databases and Geographical Information System; and (iii) preparation and initial implementation of biological and socio-economic monitoring plans as well as a matrix for measuring the effectiveness of the management of the protected areas included under this project; (iv) INRENA staff and local indigenous promoter’s training. Staff, equipment and operational costs for the central and zonal units will be covered under this component.

**Project Implementation.** The project will strengthen the capacity of INRENA to manage the areas of SINANPE included under this project. The project will finance: (i) central staff and field staff, equipment and operational costs jointly with INRENA; (ii) consultant services for legal, social and gender issues; and (iii) the project coordinating mechanisms.

<table>
<thead>
<tr>
<th>Component</th>
<th>Sector</th>
<th>Indicative Costs (US$M)</th>
<th>% of Total</th>
<th>Bank financing (US$M)</th>
<th>% of Bank financing</th>
<th>GEF financing (US$M)</th>
<th>% of GEF financing</th>
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<tbody>
<tr>
<td>A. Participatory Biodiversity</td>
<td>Natural Resources Management</td>
<td>9.24</td>
<td>40.6</td>
<td>2.29</td>
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<td>B. Sustainable Use of Biodiversity</td>
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<td>34.1</td>
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<td>C. Monitoring and Evaluation</td>
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<td>0.0</td>
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<td>Total Financing Required</td>
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<td>5.00</td>
<td>100.0</td>
<td>10.00</td>
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</table>
2. Key policy and institutional reforms supported by the project:

The project will reinforce key policies aimed at conserving biodiversity and furthering institutional reforms underway.

- **Long term vision for biodiversity conservation.** With assistance for the creation of a new protected area and the categorization of three Reserved Zones, the project will strengthen SINANPE as a system that conserves a representative sample of the country's critical ecosystems.

- **Participatory management.** The project will support participatory management policies as outlined in the SINANPE Master Plan and the Biodiversity Conservation Law by contributing towards the establishment and operations of PAMCs and creating community surveillance systems in areas of project intervention.

- **Indigenous dimension.** The project supports policies which recognize and protect the collective knowledge of indigenous peoples, assisting them in making sustainable use of existing resources in an economically, socially and environmentally sound manner and active participants in protected area management mechanisms. Indigenous communities will also participate in project management through the ZCCs.

- **Decentralization.** Strengthening management and administration of protected areas and involving local governments in decision making processes related to protected areas furthers decentralization policies.

- **Generation of accurate information for decision making.** Developing monitoring and evaluation systems for biodiversity conservation will contribute to a more rational use of natural resources, contributing to the well-being of indigenous communities within the protected area system.

3. Benefits and target population:

The expected benefits from the project include

- Incorporation of approximately 650,000 new hectares to SINANPE.
- Definite categorization of approximately 6.5 million hectares now under a transitional category.
- Use of natural resources in project areas by over 300 indigenous communities for their own benefit.
- Added surveillance of five protected areas by communities themselves.
- Trained indigenous leaders in participatory mechanisms.
- Increased income of 100 indigenous groups through natural resource biodiversity investments.
- Participatory management mechanisms in five protected areas.
- Monitoring and evaluation tools for biodiversity conservation for SINANPE as a whole.
- Institutional capacity for management of SINANPE.

The project's target population includes indigenous communities within the five protected areas under this project. The target population includes 16 ethnic groups: Aguaruna, Huambisa, Cocama, Qicha, Hitoto, Secoya, Ashunika, Yanisha, Shipibo, Cashinahua, Sharanahua, Amahuaca, Culina, and Mastahuana, Mashco-Piro and Muruhuana. It is estimated that over 300 communities will benefit representing a total of 90,000 beneficiaries or 18,000 families.

4. Institutional and implementation arrangements:

4.1 Institutional Arrangements

**Implementing Agencies:** INRENA is the project's implementing agency.

**Project Management:** The project will finance the establishment of a Special Implementation Unit (SIU) within INRENA. SIU will have legal, administrative and financial autonomy. The establishment of SIU, to the satisfaction of the Bank, will be a condition for grant effectiveness. SIU will be composed of a Central Project Team (CPT) and five Field Project Teams (FPT).

The CPT, to be established at INRENA headquarters in Lima, will be staffed by: (i) a Project Coordinator; (ii) an administrator; (iii) an accountant; (iv) a treasurer; (v) a monitoring and evaluation specialist; and (vi)
support staff. Its main task will be to: (i) administer and manage the project; (ii) ensure coordination of project activities with INRENA projects and programs and government institutions involved in indigenous people issues; (iii) procure goods and services; (iv) establish, administer and supervise the work of FPTs; (v) monitor and evaluate project progress, (vi) contract annual external auditing of project accounts and (vii) represent the project before the project Steering Committee.

The FPTs consist of the existing or to be established local INRENA teams in each of the five target areas. FPTs will operate in the cities of Santa María de Nieva (Santiago-Comaina); Santa Teresa (Guapi); Nauta (Pacaya-Samiria); Esperanza (Alto Purus); Puerto Bermúdez (El Sira). ZPTs will be staffed by: (i) a Local Project Coordinator (LPC, a responsibility to be assumed by the Protected Area Chief); (ii) an administrator; (iii) an indigenous people specialist; (iv) a monitoring and evaluation specialist; and (v) support staff. The ZPTs will undertake field implementation and coordination of project activities with public and private institutions operating in the project area. They will be responsible for: (i) supervising the work of outside contractors responsible for the preparation of master, public use and management plans; (ii) assisting local communities in the preparation of funding proposals; (iii) supervising the execution of sub projects by beneficiary communities; (iv) preparing annual operating plans; and (v) supporting the work of the ZCCs. Core staff will be appointed to the satisfaction of the Bank.

Project Coordination: Guidance in project implementation will be provided at the national level by a Steering Committee (SC). The SC will be composed of representatives of the government, the indigenous people and environmental NGOs. The Director of DGANPFS of INRENA who will preside the Steering Committee. The Government representation may include representatives of the Ministry of Agriculture, Foreign Relations, Presidency of the Council of Ministers (SECTI), PROMUDEH (in particular SEDAI), and other sectoral ministries. The representatives of indigenous people organizations will be appointed by the Interethnic Association for the Development of the Peruvian Rain Forest (AIDESEP) and the Peruvian Confederation of Amazonian Nationalities (CONAP). The representatives of the environmental NGOs will come from the National Environmental Society, the International Union for Conservation of Nature (IUCN) or other NGOs. An IBRD official may participate in SC meetings as an observer. The SC will: (i) provide policy guidelines for project implementation; (ii) approve core staff appointments; (iii) approve annual operating plans and budgets (AOBB); iv) review annual project implementation reports; (v) consider project implementation monitoring reports; and (vi) review annual auditing reports prepared by external auditors.

Guidance at the local level will be provided by Zonal Coordinating Committees (ZCCs), to be established in the five project implementation areas. These committees will be integrated by the LPC and representatives of the local indigenous communities. These committees will: (i) review annual operating plans; (ii) consider and approve sub grant proposals for sustainable productive investments submitted by local organizations; (iii) review reports on sub-projects implementation; and (iv) ensure coordination of project activities with overall participatory mechanisms within the area PAMCs.

Relations between Zonal Coordinating Committees and Protected Areas Management Committees: PAMCs are mandated by law as the local institutional frameworks where local stakeholders can oversee protected areas management. The regulations of the Natural Protected Areas Law will define the specifics of representation to the PAMCS by the different stakeholders, including the local indigenous populations and their organizations. Regarding the relations between the project's ZCCs and the PAMCs: (i) The LPC in charge of the ZCC is at the same time the head of the PAMC; (ii) the establishment of the ZCCs, which depends on a project's decision, will be immediate; (iii) selection of indigenous representatives to the ZCCs will be immediate, and based on the agreement that representatives to the ZCC will be the same representing the indigenous population; the establishment of the PAMCs are to be spelled out in the Regulations of the Protected Areas Law and will require a technical and legal procedure through INRENA; (v) ZCCs working plan will include an specific training component for indigenous leaders on PAMCs and their participants' rights and obligations; (vi) ZCCs will have a say on project implementation while PAMCs will have a say on protected area management, including those project activities that have a direct relation to protected area management.
4.2 Implementation arrangements

Operations Manual (OM):

A draft Operations Manual (OM) was revised during appraisal and agreed during negotiations. The OM will contain: (i) mechanisms and procedures for project coordination and implementation including Terms of Reference for the SC; (ii) disbursement, procurement, accounts, auditing and reporting procedures including Terms of Reference (TOR) for external auditors; (iii) description of training programs and methodologies; (iv) project monitoring and evaluation plan; (v) an environmental framework for mitigating and remediating negative impacts of civil works. Adoption by INRENA of the Operations Manual is a condition for Grant effectiveness.

Sub-Projects Operations Manual:

Key beneficiary and subproject eligibility criteria as well as subproject processing procedures are already present in the OM to be agreed at negotiations. Preparation and approval by the World Bank of a Sub Projects Operations Manual to be edited and translated for beneficiaries' use will be a condition for disbursement of funds for Project Component 2 Sustainable Use of Biodiversity.

Monitoring and Evaluation:

The monitoring and evaluation of project activities will be the responsibility of the INRENA M&E Unit to be established under the project. Monitoring will be carried out in accordance with an agreed upon Monitoring Plan to be included in the project's Operation Manual. Progress will be measured against the project's Logical Framework Matrix and performance indicators by component and activity. Baseline activities, establishment of data bases and training of INRENA M&E staff, will be subcontracted to consultants.

Operating Plans and Budgets:

An Annual Operational Plan and Budget (AOPB) for project year 1 has been prepared during appraisal. Subsequently the SIU will prepare yearly AOPBs no later than 15 December of each project year.

Procurement arrangements: (see Annex 6)

The CPT will be responsible for all project procurement in accordance with standard Bank procedures. Annual procurement plans will be included in the AOPBs and submitted for consideration by the Bank. Procurement will include: civil works, consultant services, goods and equipment, and training.

Accounting, auditing and reporting (see Annex 6)

The financial administration of the project will be the responsibility of the CPT, which will employ a qualified financial manager and additional staff as required by Peruvian legislation for establishing SIUs in government departments. An adequate financial management system at the SIU including staff, accounting system, internal control and audit will be maintained throughout the project implementation period. The CPT will open a Special Account (SA) in a commercial bank acceptable to the Bank. External audits will carry out annual audits. They will be engaged at the beginning of the project with terms of reference acceptable to the Bank. The auditors will be contracted for multiple years with the selection of auditors being a condition of effectiveness. The opinion and related statements will be presented to the Bank within four months of the fiscal year end. The CPT will prepare mid-year and annual reports for consideration by the SC and submission to the Bank. Upon project completion INRENA will prepare an Implementation Completion Report (ICR).
Project Supervision

The project will be supervised by the Bank’s Peru office. An project launching mission composed of the Task Manager, a Procurement Officer and an Indigenous People specialist will assist INRENA during project start-up, once effectiveness has been declared. The Bank’s Task Manager, accompanied by skilled professionals from headquarters, will supervise the project twice a year. Supervision reports will take the form of an Aide Memoire to be signed by the Task Manager and the Director of INRENA.

Relation of project with other Bank funded projects in Peru:

The project will interface with two Bank funded projects: (i) the Indigenous People and Afro-Peruvian Development Learning and Innovation Loan and (ii) the Participatory Management of Protected Areas, second GEF Grant to PROFONANPE.

(i) Indigenous People and Afro-Peruvian Peoples Development LIL This US$ 5 million LIL to be implemented by the Secretariat of Indigenous Affairs (SETAI) of the Ministry of Women and Human Development (PROMUDEH) will strengthen the organizational capacity of indigenous communities involved in two intervention zones: the Alto Purus Reserved Zone and the Santiago-Comaima Reserved Zone. It will establish a Geographic Information System (GIS) at SETAI, provide training in management of entrepreneurial and income-generating activities and fund pre-feasibility and pre-investment studies. In order to ensure compatibility among the two projects a representative of SETAI will integrate the SC.

(ii) Participatory Management of Protected Areas Grant. This new GEF project - currently preparing its Project Concept Document for Bank and GEF consideration - will focus on the consolidation of 10 to 13 protected areas, promoting the involvement of the private sector and civil society in the management of protected areas. There will no area overlap between these projects, because the areas selected for the PROFONANPE proposal are different from the ones considered in this one. The areas considered under the proposed project are areas where civil society and the private sector are not yet interested for reasons of security and isolation. The PROFONANPE proposal will focus on areas where private sector and civil society can be easily mobilized and will include private sector, civil society and local stakeholders. It will promote decentralization of conservation and protected area management, including the possibility of turning park administration over to the private sector and making the system more financially sustainable. Both projects will interface when it comes to INRENA’s institutional strengthening for M&E developed by the proposed project. PROFONANPE will implement the designed M&E system in 10 to 13 additional areas. The PROFONANPE proposal also considers strengthening INRENA’s capacities regarding internal SINANPE communications and external oriented awareness and dissemination.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

The following were options considered but rejected:

a) Focus on non-protected areas.
This option was rejected because of its inherent weaknesses related to the lack of clear land-use rules and tenure and lack of institutional enforcement capacities concerning natural resources management outside of protected areas and because the project aims at strengthening the sustainability of conservation through indigenous participation in protected area management.

b) Establishing protected areas only under the strictest management regimes.
This alternative - which excluded the communal reserves - was rejected because, at present, communal reserves are under-represented in the system, and respond to strong social demand. Establishing only protected areas with the strictest management regimes, in most cases, would not be socially sustainable, would be more expensive to execute, may involve displacement and resettlement, and would not directly support the objectives of increasing
the participation of local people as beneficiaries of biodiversity conservation.

c) A series of GEF mid-size grants to support activities within each conservation area.
This option was rejected bearing in mind the existence of economies of scale during project implementation at INRENA's level and the convenience of strengthening INRENA as a national institution in its capacity to develop a national policy on participatory management on the basis of the experiences promoted by the project.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned). Includes GEF financed projects along with Bank ones.

<table>
<thead>
<tr>
<th>Sector Issue</th>
<th>Project</th>
<th>Latest Supervision (PSR) Ratings (Bank-financed projects only)</th>
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<tr>
<td>Bank-financed</td>
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<tr>
<td>Indigenous People</td>
<td>Indigenous and Afro-peruvian Peoples Development Project</td>
<td>S</td>
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<tr>
<td>Natural Resources Management</td>
<td>Sierra-Natural Resources Management and Poverty Alleviation -PRONAMACHCS</td>
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<tr>
<td>Agriculture</td>
<td>Agricultural Research and Extension project</td>
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<tr>
<td>Natural Resources Management</td>
<td>Collaborative Management for the Conservation and Sustainable Development of the Northwest Biosphere Reserve (MSP/GEF)</td>
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<tr>
<td>Natural Resources Management</td>
<td>Participatory Conservation and Sustainable Development Program with Indigenous Communities in Vilcabamba (MSP/GEF)</td>
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<tr>
<td>Other development agencies</td>
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<tr>
<td>Natural Resources Management</td>
<td>Netherlands: Forest Conservation in the Central Amazon of Peru</td>
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<tr>
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<td>Netherlands: Support to National Strategy for Forestry Development</td>
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<td>Protected Area Management</td>
<td>European Union: Use and Sustainable Management in the Manu Biosphere Reserve and National Park</td>
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</tbody>
</table>
3. Lessons learned and reflected in the project design:

Experience in Peru and elsewhere shows that: (i) the sustainability of protected areas is greatly enhanced when local populations participate and benefit directly from their establishment; (ii) financial sustainability of managing the protected areas by the government has to be ensured by continual funding of recurrent costs; (iii) local organizational capacities need to be strengthened; (iv) environmentally sustainable activities that also provide economic benefits need to be offered as an alternative to practices that encourage indiscriminate use of natural resources.

3.1 The Peruvian Amazon Region contains numerous indigenous groups who have expressed their desire to ensure the maintenance of forest integrity through conservation and the promotion of development options that maintain forest cover to the greatest possible extent. Therefore, directly incorporating indigenous groups in the management of these protected areas builds upon the synergistic potential brought about by two complementary objectives: biodiversity conservation and indigenous people’s right to self-determination. Peruvian legislation recognizes this approach through several management categories of protected areas, including communal reserves, national reserves, and the clustering of various categories within a biosphere reserve model.

3.2 Progress towards achieving the sustainability of the present system has been adequate, with increased budget allocations by the central government and the growing role of PROFONANPE in transferring funds to finance recurrent costs. The system now has a total of 52 areas, most of which have permanent presence and enjoy some form of management (the Alto Purus Reserved Zone, is of very recent creation and still lacks any state presence); 39 of these areas have a Protected Area Director on the ground. It is widely recognized, however, that additional efforts are required to achieve effective management for the entire system, including further state funding and creative alternatives of resource self generation and private investment in conservation and sustainable management of protected areas and natural resources. This project’s design includes INRENA’s commitment to
fund 50% of personnel and operational costs during the life of the project, and to assign enough budget allocations as to absorb key personnel and activities at the end of the project.

3.3 The project includes strategies and activities designed to strengthen local indigenous capacities to participate in protected area management and surveillance and to implement natural resources sustainable use initiatives.

3.4 Economic activities from sustainable natural resource use in protected areas have helped to strengthen conservation efforts by: (i) providing funds for recurrent costs; and (ii) providing economic benefits and incentives to those living within the confines of protected areas to participate in conservation. The Manu National Park has reached a level of funding of recurrent costs and substantial progress towards social sustainability through direct community involvement in management. The Machiguenga within Manu have created a lodge, where tourists can come and visit the park. This lodge is one example of how eco-tourism and other sustainable activities can benefit local populations involved in conservation. From the perspective of biodiversity conservation, however, the system is incomplete and additional protected areas need to be created in accordance with the Master Plan of the Protected Areas System.

4. Indications of borrower and recipient commitment and ownership:

During project reparation, the GoP has given clear indications of its commitment through the creation and later expansion of the Santiago-Comaina Reserved Zone, the creation of the Gueppi and Alto Purus Reserved Zones, and the drafting of the Pacaya-Samiria National Reserve Master Plan. Similarly, the GoP and INRENA have stated their will to commit the resources necessary for this project to be properly implemented. Also, INRENA, the executing agency, has been leading the process of protected area expansion and consolidation and has also promoted a participatory process to draft the regulations of the Protected Areas Law. In this process, INRENA has benefited from the technical and financial assistance of donor agencies.

5. Value added of Bank and Global support in this project:

World Bank support is warranted for several reasons: (i) The Bank has a good understanding of the sector in Peru, through the execution of successful conservation and natural resources management projects including the initial PROFONANPE GEF Grant; the Natural Resources Management and Poverty Alleviation in the Peruvian Sierra Project, executed through PRONAMACHCS; and NGO projects supported by GEF mid-size grants; (ii) The Bank has conducted sector work related to indigenous peoples needs and rights, that resulted in the recently approved LIL; (iii) The Bank has conducted extensive participatory exercises with indigenous peoples as part of its sector work; (iv) The Bank has technical capacity for project preparation and supervision and has also developed linkages with SETAI, INRENA, PROFONANPE, and the Consejo Nacional del Ambiente (CONAM) as well as with national and international NGOs such as the World Wildlife Fund (WWF) and indigenous organizations and communities.

GEF support is warranted because of the global significance of the Peruvian Amazon Region as a site of high biodiversity.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):
   - Cost benefit: NPV=US$ million; ERR = % (see Annex 4)
   - Cost effectiveness
   - Incremental Cost
   - Other (specify)

The project's activities are expected to generate the following benefits: (a) biodiversity conservation and its sustainable use; (b) stronger governmental and community institutional capacity to formulate and implement indigenous managed biodiversity conservation; (c) income for indigenous communities from intellectual property remittances related to genetic resources and indigenous knowledge; (d) increased income from sustainable
harvesting of non-timber products, eco-tourism, and other sustainable activities related to biodiversity. The incremental costs of generating the global benefits from conservation of globally significant biodiversity is estimated at US$10 million. Details of the incremental cost analysis are provided in Annex 4.

2. Financial (see Annex 4 and Annex 5):
NPV=US$ million; FRR = % (see Annex 4)
N/A

Fiscal Impact:
The net fiscal impact over the project period is estimated at US$1,400,000. The net incremental costs of INRENA over the project period will be about US$3.14 million, of which a large part will have to be financed in the last two years. This amount is compensated by the estimated US$1.74 million of value added and income taxes the grant expenditures should generate. In the years after the project, recurrent management costs of the five areas are estimated at about US$850,000 per year. This assumes that the communities will have become aware of the need for better conservation and carry out most of the protection in the conservation areas. This assumption is based on existing cultural traditions through which community members volunteer work on a regular basis towards achieving community goals. The conservation areas may also generate some taxes on tourism revenue. Another possible source of financing of recurrent conservation expenditures is PROFONANPE, which has several trust funds to finance conservation management costs.

3. Technical:
The project design is technically sound and has taken into consideration experiences from other countries along with lessons learned from Bank and other internationally funded projects. The design is built on: (i) collaborative mechanisms; and (ii) beneficiary participation co-financing and ownership. There will be collaboration with the Indigenous and Afro-Peruvian People Development project, which will operate training programs addressed to public officials at the national level, will promote an overall review of Peruvian legislation to ensure that indigenous rights are properly addressed, and will implement field activities in Alto Purus and Santiago-Comaina protected areas. Experience gained in Peru and elsewhere corroborates that sub-projects identified and managed by indigenous communities themselves have a greater chance to succeed than those imposed from outside. The design of the Sustainable Use of Biodiversity component has taken into account lessons learned in similar projects by incorporating participatory mechanisms in sub-project identification, management and administration. A number of feasible investments were identified during project preparation and small-scale indigenous projects assessed. The design of the Monitoring and Evaluation component -which was drafted by WWF during project preparation- reflects the considerable experience gained by WWF in designing and implementing similar systems in other locations.

4. Institutional:

4.1 Executing agencies:
Project implementation arrangements will require the establishment within INRENA of a Special Implementation Unit (SIU) in order to provide the project with legal, administrative and technical autonomy in accordance with Peruvian legislation, and to ensure project management effectiveness. INRENA is a normative institution of the Ministry of Agriculture. Its management procedures are in many instances cumbersome, legalistic and non-operational especially at the field level, but in recent years, with international donor support and contributions made by PROFONANPE, implementation capacity has improved and a drive towards internal decentralization has been launched. The establishment of the SIU is part of such process and greatly reduces the risk of management inefficiencies as the Central and Field project teams will have sufficient authority to operate in an autonomous manner. The establishment of the SIU and the selection of key personnel is a condition of project effectiveness.

The indigenous communities have actively participated in the consultation process during project preparation.
Some indigenous organizations are institutionally weak and lack experience in participatory management of protected area and in implementing biodiversity use related economic activities. Organizations will require strengthening and technical assistance from the project. The project will provide training in participatory management and the provision of technical assistance has been included under the Sustainable Use of Biodiversity component. Indigenous umbrella organizations and NGOs will provide additional support. Given the innovative nature of these activities and the challenges implied in fostering a new relation between conservationism and indigenous participation, some substantial impact might be appreciated only after project implementation is over.

4.2 Project management:

The Steering Committee and Zonal Coordination Committees will have major responsibilities for project management. At the SC level, national indigenous leaders and representatives of public and private environmental organizations who will be part of these policy coordination bodies do guarantee stakeholder involvement. At the local level, grassroots indigenous representatives will form the ZCC. During appraisal INRENA suggested that the role of Local Project Coordinator be assumed by the INRENA appointed Protected Area Chief in each of the areas of project intervention. This proposal ensures that there will be no conflicting views between two authorities operating under the same institution and in similar geographic areas. INRENA will partially and increasingly assume the cost of the project's staff.

4.3 Procurement issues:

Procurement issues relate to: (i) the absence of past experience of the SIU as an implementing agency for Bank supported projects; and (ii) the difficulties to be faced at the zonal level to implement competitive procedures for the procurement of goods and services.

The establishment of the SIU is a condition for effectiveness. Most goods and services will be procured at the central level; locally, prudent shopping procurement will be followed, under close supervision of the CPT.

4.4 Financial management issues:

INRENA's financial management systems have been successfully assessed by a Bank financial management specialist. Disbursement procedures to sub grant beneficiaries, to take place only in the second year of project implementation, will be spelled out in the Sub Grants Operational Manual which is a condition for disbursement of this category.

5. Environmental:

Environmental Category: C (Not Required)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

The project has been designed to have a positive impact on the environment. Activities, which are not explicitly allowed in Area Management Plans and in the specific zoning regulations established for each protected area, will not be funded. Biodiversity subprojects will have to meet specific environmental criteria to filter out any potential damaging activities. Sub-grant proposals will be appraised based on the selection criteria to be determined in the Sub Project Operations Manual.

5.2 What are the main features of the EMP and are they adequate?

N/A

5.3 For Category A and B projects, timeline and status of EA:

Date of receipt of final draft:

N/A

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

N/A
5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

N/A

6. Social:
6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

6.1 Key social issues and social development objectives

a) Social issues were addressed during project preparation: (i) participation; (ii) ownership and (iii) gender.

(i) Participation. Experience in Peru and elsewhere has demonstrated that rural and natural resource development projects have a greater potential for success when they are participatory in nature from the identification and design stage through to execution and ex-post evaluation. This project has benefited from the extensive social assessment and legal analysis sector work done during preparation of the Indigenous and Afro-Peruvian Peoples Development project (LILI). During Block B preparation a highly decentralized and participatory consultation process was undertaken. Indigenous communities were consulted in regards to their present needs and their vision of the future. Concrete suggestions were made which have been taken into account in the final design of the project.

(ii) Ownership. As with participation, ownership of project initiatives is essential for achieving success in the implementation of project activities. The mechanisms envisaged for implementing biodiversity use investments ensures that beneficiary groups will have ownership of their initiatives as they will identify, with project support, feasible economic activities and carry them out with technical assistance to be provided by the project. The project will assist beneficiary organizations in identifying technical assistance sources and guide them contracting the services they require and supervising the provision of assistance services.

(iii) Gender. Distinguishing the different roles and responsibilities of men and women in natural resource management especially among indigenous groups is also essential. Indigenous women were included during the consultative process for this project and during preparation of the Indigenous and Afro-Peruvian Peoples Development Project. A targeted consultation was undertaken during which gender-specific issues were raised and distinct recommendations made. Main recommendations relate to (i) guaranteeing the presence of indigenous women representatives in project management bodies (ii) inclusion of indigenous women in training programs; (iii) provision of sub-grants to indigenous women groups for them to carry out natural resource use activities in which women have a predominant role such as cultivating and marketing medicinal plants and handicrafts.

b) Collaboration with NGOs and other civil society organizations

During Block B preparation local and international NGOs were fully involved and will continue to actively participate in project implementation. Representatives of indigenous umbrella organizations and environmental organizations such as National Environmental Society (SNA) and the local chapter of the International Union for the Conservation of Nature (IUCN) will be represented in the Project's Steering Committee.

c) Institutional arrangements to ensure social development objectives

Institutional arrangements ensure that the social development objectives of the project will be achieved. The essential participatory mechanisms envisaged guarantees that indigenous representatives are involved in project planning, implementation and monitoring. Sub-grants to beneficiary organizations to undertake biodiversity use initiatives including pre-investment and provision of technical assistance will have an impact on living conditions and income-generation leading to better living conditions for beneficiary groups.
d) Performance monitoring of social development outcomes

The proposed M&E system for this project includes establishing socio-economic indicators, creating a baseline database and a socio-economic monitoring plan which will measure impact on the social and economic conditions of the indigenous beneficiary communities in the project areas. Income and nutritional values will be ascertained.

6.2 Participatory Approach: How are key stakeholders participating in the project?

a) Primary beneficiaries:

During project preparation, indigenous communities were consulted through participatory workshops, and community assemblies. A total of 29 participatory workshops were convened involving nearly 500 indigenous community leaders. Community assemblies were held in 40 communities during which participants responded to survey questionnaires and prepared situational maps using Participatory Rapid Appraisal techniques. Additionally, 10 indigenous leaders and technicians joined the project preparation teams in their respective areas. Consultations were carried out using indigenous languages. The consultative process confirmed the general approach of the project specifically in terms of the need to advance in the categorization of protected areas, establishment of communal reserves and natural resource use contracts and concessions. Possible investments were identified and monitoring issues discussed. The indigenous federations AIDESEP and CONAP were part of the Block B Board.

During project implementation indigenous people representatives will be included in the SC and ZCCs. Beneficiaries will identify investment opportunities, manage investment sub-grants and participate in project monitoring and evaluation.

b) Other key stakeholders:

Municipal governments, local NGOs, universities and other representatives of civil society as well as private sector enterprises were also consulted. These stakeholders are important, as they are members by law of the PAMCs that will be established with project support. Environmental public sector institutions and NGOs were part of a Block B specially established Board and will continue to be represented in the SC.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

During Block B preparation local and international NGOs were fully involved and will continue to actively participate in project implementation. Representatives of indigenous umbrella organizations and environmental organizations such as National Environmental Society (SNA) and the local chapter of the International Union for the Conservation of Nature (IUCN) will be represented in the Project's Steering Committee.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

Institutional arrangements ensure that the social development objectives of the project will be achieved. The essential participatory mechanisms envisaged guarantees that indigenous representatives are involved in project planning, implementation and monitoring. Sub-grants to beneficiary organizations to undertake biodiversity use initiatives including pre-investment and provision of technical assistance will have an impact on living conditions and income-generation leading to better living conditions of beneficiary groups.

6.5 How will the project monitor performance in terms of social development outcomes?

The proposed M&E system for this project includes establishing socio-economic indicators, creating a baseline database and a socio-economic monitoring plan which will measure impact on the social and economic conditions of the indigenous beneficiary communities in the project areas. Income values will be ascertained.
7. Safeguard Policies:
7.1 Do any of the following safeguard policies apply to the project?

<table>
<thead>
<tr>
<th>Policy</th>
<th>Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)</td>
<td>O Yes □ No</td>
</tr>
<tr>
<td>Natural habitats (OP 4.04, BP 4.04, GP 4.04)</td>
<td>□ Yes O No</td>
</tr>
<tr>
<td>Forestry (OP 4.36, GP 4.36)</td>
<td>□ Yes O No</td>
</tr>
<tr>
<td>Pest Management (OP 4.09)</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>Cultural Property (OPN 11.03)</td>
<td>O Yes O No</td>
</tr>
<tr>
<td>Indigenous Peoples (OD 4.20)</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>Involuntary Resettlement (OD 4.30)</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>Safety of Dams (OP 4.37, BP 4.37)</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>Projects In Disputed Areas (OP 7.60, BP 7.60, GP 7.60)</td>
<td>□ Yes □ No</td>
</tr>
</tbody>
</table>

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

The project is consistent with national land use and environmental planning initiatives, conservation strategies and legislation. It will assist in preserving and managing intact forest areas by providing effective management and enforcement in new and existing protected areas.

The project faces no resettlement issues either from a physical nor income displacement point of view. No population will be displaced in the process of establishing a new protected area and the populations' incomes will not be affected by conservation activities.

In El Sira, 93 out of the existing 100 native communities are properly titled. The 7 that remain to be titled do not have standing nor potential conflicts with the proposed communal reserve in terms of land rights; and the proposed categorization of the area as a communal reserve assures them exclusive access and the continuity of their traditional sustainable extractive practices, avoiding the emergence of resettlement issues.

In Gueppi, the 6 native communities are properly titled. There are 3 other settlements (a mixture of colonists and voluntarily reallocated indigenous families) which do not have traditional lands nor have initiated legal procedures to denounce and title new ones. The categorization of the current Reserved Zone will respect the titled lands along the river basin, create a communal reserve west of the titled lands (where traditional sustainable indigenous practices will be allowed and protected from other users) and create a national reserve further inland. Again, no resettlement issue will arise because the communal reserve (where indigenous communities will maintain traditional uses of natural resources) will behave as a buffer between the titled lands and the stricter conservation area.

In Santiago-Comaina all native communities are titled and have agreed with INRENA not to establish protected areas of any nature which may include such titled lands, avoiding the risk of an overlap of property rights. In Purus, all 25 native communities are titled. The creation of a communal reserve is considered, where these communities will have exclusive access.

Regarding the Mascho Piro populations, in the southern area of the Purus Reserved Zone, the project will respect their choice to establish no contacts with non indigenous peoples, and will not contact them for education, health, titling or any other matter.

In Pacaya-Samiria, there are around 300 communities, with lands inside and outside of the national reserve boundaries (defined by the Pacaya and Samiria rivers), all lacking titles. The agreement here is to provide these communities with natural resources use contracts to assure and formalize their access to resources inside the reserve and to title their lands north of the Samiria and south of the Pacaya, that is north and south of the Reserve.
It has been agreed during negotiations that the Government before establishing the proposed El Sira Protected Area or recategorizing any other Project Protected Area will review, in consultation with the appropriate agencies, any land claims of the respective indigenous communities under Peruvian laws and determine any measures necessary or advisable to regularize their legal status, and to finalize the land titling process. It will also take the measures determined above to regularize the legal status of the indigenous communities, and to finalize the land titling process and provide adequate compensation to the affected indigenous communities for any restriction on the use of land, or access to natural resources, arising from the establishment of the proposed El Sira Protected Area or the recategorization of any other protected area. Such compensation will be made through access to equivalent and culturally acceptable resources and earning opportunities.

The Government will set the boundaries of the project protected areas so established or recategorized outside the boundaries of any lands titled to, or claimed by, indigenous communities.

The Government will prior to carrying out any of the activities above furnish to the Bank an action plan for its review and approval; and thereafter, carry out the action plan approved by the Bank.

F. Sustainability and Risks

1. Sustainability:

The long term sustainability of project outcomes is highly probable due to an enabling policy environment which encourages the use of participatory planning in project implementation. Important responsibilities for protected area management and co-management will rest with indigenous communities, who will use traditional community structures of participation by members of the community for surveillance, enforcement and management. This assumption is sustainable as long as: (i) the project responds to the desires of indigenous peoples in the Peruvian Amazon Region; (ii) the legal framework for protected areas restricts non-sustainable use, and; (iii) recurrent costs are manageable within Government's fiscal capabilities. Also, the GoP has expressed strong commitment to provision the basic resources needed to cover the recurrent costs of protected areas as well as to channel to these same areas additional foreign aid resources.

The recurrent management costs of the five protected areas is estimated at US$850,000 per year. Pacaya-Samiria's recurrent costs are already covered with fiscal resources and donor's support, and INRENA has also allocated resources to meet basic requirements of control and supervision in Gueppi (where a Reserved Zone administration is already in place) and Santiago-Comaina. Similarly, INRENA has expressed it's commitment to allocate resources to initiate activities in the recently established Alto Purus Resrved Zone. There is strong confidence that funds to cover these costs will be maintained, and that additional funds for the protected areas to be created will be forthcoming. There is commitment on the part of the Government to support the recurrent project costs, expressed in its agreement to assume 50% or personnel and operating costs in the life of the project, and 100% of it after project implementation. The promotion of partnerships between local government agencies and indigenous organizations within the framework of common zonal operation plans will free up some funds for management of the conservation areas.

Also, income will be generated from the successful development and implementation of sub-projects. And the cumulative effect of local participatory processes and dialog with government will increase the likelihood of continued support for community based natural resources management and biodiversity conservation. Finally, sustainability is also assured by the increasing amount of funds that PROFONANPE is channeling to SINANPE through a variety of projects and financial mechanisms.

The project contributes to both long term socio-cultural and socio-economic development of indigenous communities by strengthening local capacity to manage natural resources which are abundant but still threatened. The project attempts to encourage stakeholder involvement and ownership through the use of existing local institutional structures and new consultative/decision making bodies (Steering Committee and the Zonal Coordinating Committees) created during project implementation.
2. **Critical Risks** (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Rating</th>
<th>Risk Mitigation Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Outputs to Objective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of continued political will to create, categorize and manage</td>
<td>N</td>
<td>During project preparation, GoP has demonstrated willingness to expand the system</td>
</tr>
<tr>
<td>protected areas in targeted zones.</td>
<td></td>
<td>by establishing three new Reserved Zones.</td>
</tr>
<tr>
<td>PAMCs receiving insufficient powers to influence PA management in a</td>
<td>M</td>
<td>Decentralization of some central powers to municipalities will increase the likelihood</td>
</tr>
<tr>
<td>sustainable manner</td>
<td></td>
<td>that PAMC will receive power; adequate training of PAMC members will sustain the powers</td>
</tr>
<tr>
<td>Communities insufficiently aware of need for surveillance or not</td>
<td>M</td>
<td>Project provides for substantial awareness training and management training</td>
</tr>
<tr>
<td>capable of implementing the surveillance system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communities not willing to adhere to management plans and zoning</td>
<td>M</td>
<td>Awareness training and participatory management will increase willingness to adhere to</td>
</tr>
<tr>
<td>arrangements</td>
<td></td>
<td>the agreed plans and zoning arrangements</td>
</tr>
<tr>
<td>Adequate consulting and technical assistance services not readily</td>
<td>S</td>
<td>Continuity of project and other operations will attract capable consultants to remain</td>
</tr>
<tr>
<td>available</td>
<td></td>
<td>in isolated areas.</td>
</tr>
<tr>
<td>Not many biodiversity subprojects to be implemented by indigenous</td>
<td>M</td>
<td>Beneficiary and subproject eligibility criteria will be carefully designed and tested to</td>
</tr>
<tr>
<td>people are feasible on technical, economic and social grounds.</td>
<td></td>
<td>ensure technical, economic and social feasibility</td>
</tr>
<tr>
<td>Few biological and socio-economic indicators available for participatory</td>
<td>M</td>
<td>Existing indicators will be tested and piloted to evaluate in how far they are suitable</td>
</tr>
<tr>
<td>monitoring purposes</td>
<td></td>
<td>for participatory use; experienced consultants will be recruited to assist with the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>design and testing</td>
</tr>
<tr>
<td>Steering Committee becomes politicized</td>
<td>N</td>
<td>Appropriate balance between government, indigenous representatives and civil society in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Steering Committee</td>
</tr>
<tr>
<td>Lack of counterpart funds</td>
<td>S</td>
<td>INRENA commitment to gradually and incrementally assume recurrent costs. Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>institutions (PROFONANPE) are in the process of obtaining funds for protected areas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>management</td>
</tr>
<tr>
<td>From Components to Outputs</td>
<td>Rating</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Government does not remain committed to biodiversity conservation and protected area management</td>
<td>N</td>
<td>Democratic processes ensure continuity in policies and support to protection of valuable biodiversity and protected area management.</td>
</tr>
<tr>
<td>Indigenous people's are not capable of implementing biodiversity investment projects</td>
<td>M</td>
<td>Training and technical assistance will be provided to indigenous leaders who will participate in ZCCs.</td>
</tr>
<tr>
<td>Bidding process does not end up with a highly qualified firm/institution to implement monitoring and evaluation system</td>
<td>S</td>
<td>Quality based bidding process to be implemented/terms of reference to be very specific and international consultants to be contracted to help write the bidding documents.</td>
</tr>
<tr>
<td>Overall Risk Rating</td>
<td>M</td>
<td>Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)</td>
</tr>
</tbody>
</table>
3. Possible Controversial Aspects:

Controversy may result from disagreements among indigenous peoples regarding the appropriate balance between conservation and sustainable biodiversity use. The project will work closely with indigenous groups and their representatives to ensure a high level of participation and consensus as management plans are developed and approved.

A second possible controversial issue arises from the different interpretations and long term views that government officials and indigenous leaders may derive from the notions of land and territory. Some public officials may maintain a traditional view of land as basically and only an economic asset in the market, with no social or cultural implications for the long term sustainability of indigenous communities. While some indigenous sectors may understand communal reserves as the basis of indigenous territories, despite them being public properties. The project will promote in depth discussion on these issues in order to reach long term consensus that can incorporate the issues of indigenous lands and identities into the country's multicultural nature.

G. Main Grant Conditions

1. Effectiveness Conditions

1. Project Operations Manual acceptable to the Bank has been adopted by INRENA.
2. Special Implementation Unit in INRENA has been established with adequate financial management system including the selection of auditors.
3. A Project Coordinator and core staff acceptable to the Bank, have been selected.
4. Regulations to the Law of Protected Areas have been issued and are conducive to the participation of local communities in protected areas and natural resources management, in line with the project's participatory approach.

2. Other [classify according to covenant types used in the Legal Agreements.]

1. The approval by the Bank of a Biodiversity Sub Project Operations Manual and adequate financial management by Field project teams, acceptable to the Bank, is a condition for disbursement of funds under Category 4. Sub grants.

H. Readiness for Implementation

☐ 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
☒ 1. b) Not applicable.

☐ 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
☒ 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
☒ 4. The following items are lacking and are discussed under loan conditions (Section G):

Sub Projects Operations Manual
I. Compliance with Bank Policies

☒ 1. This project complies with all applicable Bank policies.

☐ 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.

Signed:

Franz Werbrouck
Team Leader

Teresa Serra for John Redwood
Sector Manager

Isabel M. Guerrero
Country Manager
### Annex 1: Project Design Summary

**PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)**

<table>
<thead>
<tr>
<th>Hierarchy of Objectives</th>
<th>Key Performance Indicators</th>
<th>Monitoring &amp; Evaluation</th>
<th>Critical Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector-related CAS Goal:</strong> Sustained continuous reduction of poverty by maintaining economic stability and improving access to basic services</td>
<td><strong>Sector Indicators:</strong> Improvement in indicators of poverty and extreme poverty.</td>
<td><strong>Sector/ country reports:</strong> 1. Poverty Assessment 2. Encuesta Nacional de Niveles Vida (ENNIV) Statistics</td>
<td>(from Goal to Bank Mission) Macro-economic stability</td>
</tr>
<tr>
<td><strong>GEF Operational Program:</strong> Operational Program 2 Freshwater Ecosystems</td>
<td>Population of native species loss is stopped.</td>
<td><strong>Annual Biological and Socio-economic Monitoring Reports</strong></td>
<td>Resources and activities correspond to stated goals Absorptive capacity of NGOs and indigenous communities</td>
</tr>
<tr>
<td>Operation Program 3 Forest Ecosystems</td>
<td>Deforestation is stopped.</td>
<td><strong>Annual Biological and Socio-economic Monitoring Reports</strong></td>
<td>Resources and activities correspond to stated goals Absorptive capacity of NGOs and indigenous communities</td>
</tr>
<tr>
<td><strong>Global Objective:</strong> DEVELOPMENT OBJECTIVE</td>
<td><strong>Outcome / Impact Indicators:</strong> 1. Indigenous people co-manage protected areas in the five target zones through their participation in the corresponding Protected Areas Management Committees. 2. Biodiversity loss, as measured by monitoring indicators, is stopped in five target areas.</td>
<td><strong>Project reports:</strong> Annual scorecards measuring management effectiveness of protected areas</td>
<td>(from Objective to Goal) Competent protected area management staff, availability of funds to cover recurrent costs</td>
</tr>
<tr>
<td><strong>Key Performance Indicators:</strong></td>
<td><strong>Monitoring &amp; Evaluation:</strong></td>
<td><strong>Critical Assumptions:</strong></td>
<td></td>
</tr>
</tbody>
</table>

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**PROJECT OBJECTIVES**

To improve the conservation and sustainable utilization of forest ecosystems in the Peruvian Amazon through the involvement of indigenous communities in the management of Project Protected Areas.
<table>
<thead>
<tr>
<th>Hierarchy of Objectives</th>
<th>Key Performance Indicators</th>
<th>Monitoring &amp; Evaluation</th>
<th>Critical Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output from each Component:</td>
<td>Output indicators:</td>
<td>Project reports:</td>
<td>Continued political will to create, categorize and adequately manage protected areas in targeted zones.</td>
</tr>
<tr>
<td>Component 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participatory Biodiversity Conservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion, legal categorization and participatory management of SINANPE areas; area facilities built and upgraded and area stakeholders participatory capacities strengthened.</td>
<td>15 planning documents (Master Plans, Public Use Plans and Management Plans) for one new protected area (El Sira); three Reserved Zones (Santiago -Comaina Guéppi and Purus) and one National Reserve (Pacaya- Samiria)</td>
<td>Project Implementation Reports; Project Monitoring and Evaluation reports and Bank Supervision reports; Mid-term Evaluation</td>
<td></td>
</tr>
<tr>
<td>1.1 Creation and Permanent Categorization of Protected Areas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Preparation of planning documents.</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>b) Legal establishment of protected areas.</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>1.2. Strengthening Participatory Mechanisms</td>
<td>One new protected area established (El Sira) in PY1; Three Reserved Zones categorized in PY2 (Santiago -Comaina Guéppi and Purus)</td>
<td></td>
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</tr>
<tr>
<td>a) Establishment of PAMCs.</td>
<td>Three PAMCs established by PY2, Five PAMCs by PY4; representatives of 200 indigenous communities trained for participation in PAMCs.</td>
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<td>PAMCs receiving sufficient powers to influence PA management in a sustainable manner</td>
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<tr>
<td>b) Establishment of Community Based protected areas surveillance system.</td>
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<tr>
<td>Two protected areas surveillance contracts signed and system operating by PY3.</td>
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<tr>
<td>Five Indigenous Community Centers built and equipped.</td>
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<tr>
<th>c) Public Awareness and Environmental Education</th>
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<tr>
<td>Five public awareness campaigns implemented by PY5</td>
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<tr>
<th>d) Analysis of Best Practices and Lessons Learned</th>
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<tbody>
<tr>
<td>Four regional workshops held by PY5</td>
</tr>
<tr>
<td>126 scholarships for indigenous leaders implemented by PY5.</td>
</tr>
<tr>
<td>126 internships implemented by PY5</td>
</tr>
<tr>
<td>5 Park Management Facilities; 6 Interpretation Centers; 13 Park Control Posts; minor infrastructure built or refurbished. 5 indigenous community centers built; trails maintained; equipment purchased.</td>
</tr>
<tr>
<td>Local INRENA teams strengthened to implement project activities and local participatory mechanisms in place with permanent indigenous participation.</td>
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<tr>
<td>Communities sufficiently aware of need for surveillance and capable of implementing the surveillance system</td>
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<td>Component 2</td>
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| 2.1 Management Plans for Titled Indigenous Land |
| 15 plans prepared; 10 implemented by PY4. |

| 2.2 Community Natural Resource Use Contracts |
| 60 contracts awarded by PY5. |

| 2.3 Demand and Market Studies |
| 50 market and demand studies carried out by PY5. |

| 2.4 Biodiversity Investment Sub-grants |
| a) Pre-investment studies |
| 220 pre-investment studies implemented between PY2 and PY4. |

| b) Investment Sub-grants |
| 123 sub-grants awarded by PY4; 50% successfully implemented by PY5. |

| c) Technical Assistance |
| 100 technical assistance contracts implemented by PY5. |

| d) Analysis of Best Practices and Lessons Learned |
| Four regional workshops implemented by PY5 |

| Implementation Progress Reports |
| Bank Supervision Reports |
| Mid-term Evaluation Report |

| Indigenous communities willing to adhere to management plans and zoning agreements |
| Monitoring reports |
| Contract documents between FPTs and communities |

| Adequate consulting services are available to assist communities in subproject preparation |
| Biodiversity subprojects are feasible on technical, economic and social grounds |
| Appropriate technical assistance sources are available |

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<table>
<thead>
<tr>
<th>Component 3</th>
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<tbody>
<tr>
<td><strong>Monitoring and Evaluation System</strong></td>
<td><strong>Compendium of secondary information for five areas in PY1 and</strong></td>
<td><strong>Biological and socio-economic indicators suitable for participatory monitoring purposes</strong></td>
</tr>
<tr>
<td>Participatory monitoring and evaluation system based on quantitative and qualitative indicators established and operating adequately.</td>
<td>biological and socio-economic indicators.</td>
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<tr>
<td><strong>3.1 Analysis of Biodiversity Conservation and Socio-economic Conditions</strong></td>
<td>Evaluation protocols and standards and analytical tools in PY1.</td>
<td></td>
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<tr>
<td><strong>3.2 Biological and Socio-economic Databases</strong></td>
<td>GIS data layer formats and fauna and flora maps in PY1.</td>
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<td>Baseline studies prepared in PY1.</td>
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<td>1 website developed and maintained in PY1.</td>
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<tr>
<td><strong>3.3 Monitoring of Biological and Socio-economic Indicators</strong></td>
<td>Five annual status reports of acceptable quality prepared</td>
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<tr>
<td><strong>3.4 Monitoring of Area Management Effectiveness</strong></td>
<td>Five annual status reports of acceptable quality prepared</td>
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<tr>
<td><strong>3.5 Training and Technical Assistance</strong></td>
<td>Workshops and person months of technical assistance</td>
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<td><strong>Component 4</strong></td>
<td><strong>Steering Committee has provided leadership to project</strong></td>
<td><strong>Availability of counterpart funds</strong></td>
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<tr>
<td><strong>Project Implementation</strong></td>
<td><strong>implementation.</strong></td>
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<tr>
<td>INRENA management capacity increased.</td>
<td>SIU established at the DGANPFS level, staffed with highly</td>
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<td>qualified people and operating adequately DGANPFS has enhanced</td>
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<td>capacity to address legal, social/indigenous and gender</td>
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<td>issues related to protected area management and enhanced M&amp;E</td>
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<td>capacities.</td>
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<td><strong>4.1 Project national coordination mechanisms.</strong></td>
<td>Project reports</td>
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<tr>
<td><strong>4.2 Project Special Implementation Unit</strong></td>
<td>Bank Supervision Reports</td>
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<tr>
<td><strong>4.3 Technical Assistance</strong></td>
<td>Mid-term Evaluation Report</td>
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<td>Financial Audit reports</td>
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<td>GEF external evaluations</td>
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<td>Project reports</td>
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<tr>
<td>Hierarchy of Objectives</td>
<td>Key Performance Indicators</td>
<td>Monitoring &amp; Evaluation</td>
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<tr>
<td>Project Components / Sub-components:</td>
<td>Inputs: (budget for each component)</td>
<td>Project reports:</td>
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<tr>
<td>Sub-components:</td>
<td></td>
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<tr>
<td>1. Participatory Biodiversity Conservation</td>
<td>Participatory Biodiversity Conservation (US$9.24 M)</td>
<td>Project implementation reports</td>
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<tr>
<td>Strengthening Participatory Mechanism</td>
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<td>Indigenous People Training in Participatory Mechanisms</td>
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<td>Provision of Local Infrastructure</td>
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<td>Strengthening of Field Project Teams and Zonal Coordinating Committees</td>
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<tr>
<td>2. Sustainable Uses of Biodiversity Management Plans for Titled Indigenous Land</td>
<td>Sustainable Uses of Biodiversity (US$7.75 M)</td>
<td>Project implementation reports</td>
</tr>
<tr>
<td>Community Natural Resource Use Contracts</td>
<td>1. Sub grants 2. Consultant Services</td>
<td>Supervision Mission Reports Disbursement Reports Mid Term Evaluation</td>
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<tr>
<td>Demand and Market Studies</td>
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<tr>
<td>Biodiversity Investment Sub-grants</td>
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### 3. Monitoring and Evaluation System

<table>
<thead>
<tr>
<th>Biological and Socio-economic databases</th>
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<tbody>
<tr>
<td>Analysis of Biodiversity Conservation Status</td>
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<td>Monitoring of Biological and Socio-economic indicators</td>
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<tr>
<td>Monitoring of Protected Area Management Effectiveness</td>
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#### 4. Project Implementation

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<tr>
<th>Project Implementation (US$3.76 M)</th>
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<tbody>
<tr>
<td>1. Works</td>
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<tr>
<td>2. Goods</td>
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<tr>
<td>3 Consultant services</td>
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<tr>
<td>4. Operating costs</td>
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<tr>
<th>Annual biological and socio-economic monitoring reports</th>
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<tr>
<td>Bidding process selects high level consulting firms/institutions capable of designing and implementing participatory M&amp;E system and training INRENA field staff.</td>
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<tr>
<th>Project Implementation Reports</th>
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<td>Supervision Mission Reports</td>
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<td>Disbursement Reports</td>
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<td>Mid Term Evaluation</td>
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<th>Availability of counterpart funds</th>
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- 31 -
Annex 2: Detailed Project Description

PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF) Project

By Component:

Project Component 1 - US$9.24 million
1. Participatory Biodiversity Conservation

The project will finance: (i) preparation of planning documents and the consultative process for creation of a new protected area and the permanent categorization of three existing Reserved Zones as part of the National System of Protected Areas (SINANPE); (ii) establishment of Protected Area Management Committees (PAMCO) in the five target areas; (iii) creation of a community based and managed Protected Area Surveillance System (PASS); (iv) training in participatory methods for indigenous community leaders; (v) implementation of a public awareness program; (vi) the construction and refurbishment of facilities (Park Management Facilities, Interpretation Centers, and other minor infrastructure) in the project areas; (vii) specialists on indigenous affairs and monitoring evaluation to be part of the protected areas administration and the provision to staff to be deployed to those areas of the necessary office, transportation and communications equipment.

1.1 Creation and Categorization of Protected Areas

During project preparation the social consultation process and technical analyses underlined the merits of incorporating a new Reserved Zone to SINANPE and assigning a definite category to three already established Reserved Zones, bearing in mind that Reserved Zones are a transitional category within SINANPE.

The protected area to be created is that of El Sira, which includes areas of three departments of the Peruvian Amazon region (Pasco, Huanuco and Ucayali) and covers an area of 613,813 has. It is representative of primary forests in pristine conditions. The future Reserved Zone is threatened by gold exploration, overfishing and road construction. Shipibo Conibo, Ashanika and Yanesha indigenous people inhabit the area.

A permanent category will be assigned to: (i) the Alto Purus Reserved Zone, (ii) Santiago-Comaina Reserved Zone and Guepí Reserved Zone, all established in the process of project preparation. A description of these areas is provided in Annex 12. As a result of technical analysis and the consultation processes it has been initially estimated that on the basis of the currently existing reserved status, different categories of protected areas would be established. Within the Alto Purus Reserved Zone, options are to create a National Reserve and a Communal Reserve. The Santiago-Comaina Reserved Zone would become a National Park, a Protected Forest and a Communal Reserve. In the Guepí Reserved Zone a National Reserve and a Communal Reserve would be established. In all cases, these initial technical recommendations and social agreements need to be further developed during project implementation.

In order to complete this process, the project will finance: (i) preparing planning documents as required by Peruvian legislation, (ii) implementing participatory consultative processes, and (ii) drafting administrative resolutions and legislative decrees.

a) Preparation of planning documents. Four types of planning documents are required: (i) Master Plans, (ii) Public Use Plans, (iii) Management Plans and, (iv) Resources Use Zoning Plans. All plans require approval by INRENA after being drafted in consultation with local stakeholders. Master Plans include zoning arrangements and information on coordination and participation mechanisms for the area. They provide information on area potential for use of existing resources and possible economic activities, with details on the manner in which the area will be organized and managed. Master Plans must be updated every five years. Public Use Plans. These plans are an integral part of the area Master Plan. They provide information on possible public use for recreational, scientific, educational and or tourism development of the area. Site specific information, especially referred to construction of infrastructure, such as
measures based on baseline information for monitoring and continuous recording of plant and animal populations. Management Plans contain information on issues such as culling of native species, eradicating exotic species, and restocking and or reintroduction of species as well as habitat restoration measures. Preparation of these plans entails identifying the most significant biological resources in the area, determining objectives and management strategies and outlining a biodiversity conservation plan as well as the community consultative process for adoption of the plan. These plans detail information on: (i) zoning proposals, (ii) existing natural resources in the area, (iii) potential risks to ecosystems, (iv) cultural and economic impacts, and options for use of renewable natural resources by local inhabitants, (v) potential benefits, including potential markets for existing renewable natural resources and, (vi) natural resource management issues for the areas. Resources Use Zoning Plans These plans provide the technical support for use authorizations to be given to indigenous peoples to pursue sustainable practices currently under implementation.

b) Implementation of the consultative process. The preparation of plans will be participatory in nature. Stakeholders will be consulted during the initial stages of the process. Their opinions and suggestions recorded and taken into account in the drafting of final documents. Plans' drafts will be distributed to all participants in a series of workshops to be organized to present findings and conclusions. The proposals for the establishment of Communal Reserves will be discussed with the participation of representatives of already established communal reserves in Yaneshca and Tamshiyacu-Tahuayo. Experience gained by indigenous communities in these areas will be useful in advancing on the definition of the new Communal Reserves to be created within the project area.

c) Drafting administrative resolutions and legislative decrees. Creation of new areas and their categorization implies drafting numerous administrative resolutions and resolving legal questions. Furthermore, Peruvian legislation also requires that proposals for new areas and categorization must be consulted with sectoral ministries such as agriculture, energy, tourism among others. The project will finance the services of a legal counsel at INRENA to support this process.

1.2 Strengthening Participatory Mechanisms

Indigenous participation in management of selected protected areas will be ensured by: (i) establishing PAMCs; and (ii) instituting community based and managed Protected Areas Surveillance Systems (PASS).

(a) Establishment of Protected Areas Management Committees (PAMC). The project will assist INRENA in establishing these committees which are required by the National Biodiversity Conservation Law and the SINANPE Plan Director, and to ensure indigenous participation such committees. PAMCs include representatives of all stakeholders present in the area including private and public institutions and grass root organizations. Committees provide guidance in the management of the area proposing measures that harmonize the use of natural resources with conservation objectives. Bylaws outlining PAMC mandates, responsibilities and operational parameters are presently being discussed. The project will provide assistance to indigenous community organizations to ensure their involvement. Subsistence allowance and travel costs will be covered. Training in management aspects will be provided.

(b) Creation of Community Based and Management Protected Areas Surveillance System PASS). In order to insure basic protection against illegal use of natural resources within the protected areas, the project will provide funding to the area administrations for them to contract with local indigenous communities the implementation of a surveillance system. Contracts will cover provision of equipment and subsistence costs.

(c) Implementation of a Public Awareness and Environmental Education Program. In order to further understanding of the importance of biodiversity conservation in the target areas, the project will finance implementation of a public awareness program aimed at local authorities and the population at large. The program will use mass media outlets in the project area and face to face communication methods. The production of audiovisual and printed matter will be undertaken.
production of audiovisual and printed matter will be undertaken.

(d) Analysis of Best Practices and Lessons Learned. In order to benefit from the experience of project implementation, the project will finance four regional workshops (Santiago-Comaina, Gueppi and Pacaya-Samiria, Alto Purus, and Sira) where the experience of project implementation at the target area level, and recommendations for future action, will be presented and debated.

1.3 Indigenous People Training In Participatory Mechanisms and Methods for Protected Areas Management

The project will finance training of indigenous leaders in participatory approaches for area management. In order to raise the level of awareness among indigenous leaders of project area communities, field visits to other Amazon region communities where participatory approaches are being implemented will be organized. Young indigenous leaders will be trained during the life of the project in short technical careers in fields related to biodiversity conservation and sustainable use of natural resources. It is estimated that 5 study tours will be organized and 125 scholarships awarded.

1.4 Provision of Infrastructure and Equipment to Protected Areas

The establishment, categorization and management of areas will require the construction of new facilities and or improvement of already existing structures as well as the provision of the required equipment for area management and communications. New operation centers will be built in Santa Maria de Nieva (Santiago-Comaina), Puerto Bermudez (El Sira) and Esperanza (Alto Purus); improvements will be made to existing INRENA facilities in Nauta (Pacaya-Samiria) and Santa Teresa (Gueppi). Five indigenous community centers will be built in the project area. Funding will also be provided for the maintenance of existing trails in the selected areas. Boats, vehicles, office furniture and equipment will be purchased. Minor field infrastructure will also be implemented in the five target areas, exact locations will be determined by FPTs.

1.5 Strengthening of Field Project Teams and Zonal Coordinating Committees

The project will finance five Field Project Teams (FPT) to be established in the cities of Esperanza, Gueppi, Santa Maria de Nieva, Puerto Bermudez and Santa Teresa. Each FPT will be staffed by: (i) a Field Coordinator (the Park Chief); (ii) an administrator; and (iii) support staff. The FPTs will be responsible for field implementation and coordination of project activities with public and private institutions operating in the project area. They will be responsible for: (i) supervising the work of outside contractors responsible for the preparation of master, public use and management plans; (ii) assisting local communities in the preparation of funding proposals; (iii) supervising the execution of sub projects by beneficiary communities; (iv) preparing annual operating plans; (v) supporting the work of each area's Zonal Coordinating Committees ZCC Core staff will be appointed to the satisfaction of the Bank. The project will also fund the services of an indigenous specialist for each Field Project Team.

The project will also fund the activities of Zonal Coordinating Committees (ZCCs), which will be established in the five project implementation areas. These committees will be composed of: (i) the Field Coordinator; and ii) representatives of the indigenous communities in the area. One of the representatives of the local indigenous communities will act as Indigenous People Coordinator (IPC) being responsible for permanent liaison with local groups. These committees will: (i) review annual operating plans; (ii) evaluate sub grant proposals for sustainable productive investments submitted by local organizations; (iii) assess implementation of contracts awarded for implementation of project activities; and (iv) ensure coordination of project activities with overall participatory mechanisms within the area PAMCs.
Project Component 2 - US$7.75 million

2. Sustainable Uses of Biodiversity

The project will finance: (i) preparation of management plans for titled indigenous lands; (ii) communal natural resource use contracts; (ii) demand and market studies; and (iii) biodiversity investment sub-grants including pre-investment in natural resource use projects and technical assistance.

2.1 Management Plans for Titled Indigenous Lands

Peruvian legislation recognizes "native communities" as a form of organization of indigenous communities. These communities have in most cases registered land titles. It is estimated that in the project area there are around 300 indigenous communities governed by legally recognized and traditional authorities. Currently, community structures are weak and have limited capacities to exercise adequate control and assure sustainable management of the natural resources in areas under their jurisdiction. The project will assist three organizations in each of the five selected project areas by providing technical assistance and training in land use planning and zoning procedures, design of community management plans for specific natural resources, and use of traditional knowledge for biodiversity conservation and sustainable use of the resources for community well-being.

2.2 Communal Natural Resource Use Contracts

The project will fund the technical analysis needed to grant use concession contracts to indigenous groups within National Reserves. Peruvian legislation allows for use of natural resources within this protected area category. The use of these resources needs to be established in the areas' Master Plans, approved by INRENA. Resource use contracts will be considered by the Zonal Coordinating Committee (ZCC) in each area, based on a submission made by local organizations. These requests will need prior approval of the area head and consideration of the area PAMC based on the area Master Plan. Proposals will be identified by local communities who will submit a written proposal including: (i) a detailed description of the economic activities to be pursued; (ii) an assessment of the present situation of the resource to be put to economic use, (iii) a detailed budget calculation and economic impact based on a cost benefit analysis; and (iv) the names of those responsible for implementation of the contract and the legal status of the organization. Once the proposal has been considered by the ZCC, organizations will sign a contract with the head of the protected area. The project will assist organizations in the preparation of proposals and provide supervision during contract execution. During the preparatory process for this project local communities identified economic activities related to the production of medicinal plants, traditional crop systems, forest management, breeding and marketing of wildlife species and eco-tourism development. It is estimated that 30 contracts will be awarded during the life of the project. An average of US$20,000 for each contract has been established. The first natural resource use contract is expected by August 31, 2001.

2.3 Studies

During Block B preparation a number of economic activities were identified and discussed with local inhabitants. Notwithstanding, it is necessary to carry out further research on the economic potential of initiatives such as captive breeding of wild fauna, forestry products, eco-tourism, among others. There fore the project will carry out demand and market studies on the economic potential of proposals of indigenous communities for biodiversity subprojects as well as studies on protection of property rights on biodiversity materials. The studies could include: (i) legal protection of the Peruvian Native crops; (ii) sui-generis regime for the protection of the property of intellectual rights of the indigenous communities' collective knowledge; and (iii) agreements regarding access to genetic resources.
2.4 Biodiversity Investments.

The project will finance local investments which adhere to the Master Plan of the specific area and are socially, environmentally and financially sustainable. The types of subprojects have been identified during project preparation, and include *inter alia:* (i) captive breeding of wild fauna; (ii) non timber forest products; (iii) traditional indigenous handicrafts using native materials; (iv) processing of native medicinal plants using traditional knowledge; (v) processing of food products; (vi) eco-tourism; and (vii) sustainable farming of native fish species. The sub-project cycle -to be further detailed in an specific Subprojects Operations Manual which is a condition for disbursement- consists basically of:

(a) **Pre-investment** This activity entails the provision of financial resources to local groups for the identification and preparation of project proposals for funding by the project. Interested organizations will submit a request for assistance to be appraised by the PFT and forwarded to the area ZCC for approval. An average of US$5,000 has been determined for each pre investment study. Project proponents should contribute 10% of total costs. It is estimated that 220 pre-investment projects will be financed during the life of the project.

(b) **Investment** The project will provide the requesting organization the investment resources for those sub projects that have been technically identified as environmentally, socially and economically sustainable as a result of pre-investment activities. The project will fund 123 sub grant investments, at the estimated average cost of US$20,000 each. Beneficiaries will be requested to commit 50% of the total investment cost, for which they may seek co-financing from government and or private development agencies. This co financing mechanism is a prerequisite for project funding.

(c) **Technical Assistance** The project will also provide funding for contracting technical assistance services. Communities will include within the budget for investment the required technical assistance to carry out the proposed investment. The project will fund 100% of technical assistance, with an average of US$5,000 assigned per project.

(d) **Analysis of Best Practices and Lessons Learned** In order to benefit from the experience gained in preparing, implementing and providing technical assistance to sub projects developed by the local indigenous organizations, the project will finance four regional workshops (Santiago-Comaina, Gueppi and Pacaya-Samiria, Alto Purus, and Sira) where the experience of sub project implementation at the target area level, and recommendations for future action, will be presented and debated.

All along the sub project investment cycle, financial management will be the responsibility of the beneficiary organizations. They will open an account and handle the resources, contracting out the pre-investment studies, the acquisition of goods and services required for project implementation, and the technical assistance, providing the FPT with narrative and financial reports as required in the corresponding contracts. The FPT will establish for each target area a roster of qualified consultants and consulting firms from which beneficiaries will be able to recruit the services needed for pre investment and technical assistance services.

**Project Component 3 - US$ 2.00 million**

3. Monitoring and Evaluation

The project will finance the design and implementation of a monitoring and evaluation system for INRENA. The system is based on participatory mechanisms and will be initially tested within the context of the project and project areas of intervention. It can be later expanded to all SINANPE areas. The design of this component was undertaken by the World Wildlife Fund for Nature (WWF) during Block B, and has been refined during appraisal, mainly in order to build INRENA’s capacity to use the system for SINANPE as a whole. The proposed system is multi-dimensional, addressing impact on biological and socio-economic processes as well as institutional performance. It is based on: (i) development of biological and socio-economic baselines and databases; (ii) design and implementation of participatory biological and socio economic monitoring instruments; and (iii) design and
implementation of instruments for measuring the management efficiency of protected areas.

3.1 Biological and Socio Economic Baselines and Data Bases

(i) Constructing biological and socio-economic baselines. The baselines will be determined by following evaluation protocols and standards established for implementation of the system. A preliminary biological and socio-economic database structure has been developed during Block B preparation. Data will be stored using a Geographic Information System (GIS) to be located at INRENA.

(ii) Collecting and organizing biological and socio-economic information. Biological information will be organized taxonomically and according to single ecological processes. Threatened or rare flora and fauna species and taxa of a high hierarchical level will receive special attention. Socio economic information will include distribution of economic activities in community territories, occurrence of productive activities over time and data related to community organizational structure as it refers to natural resource use.

(iii) Designing habitat conservation monitoring plans. Threats to habitat integrity will be determined including ecological processes.

(iv) Developing and maintaining georeferenced biological and socio-economic databases.

3.2 Biological and Socio Economic Monitoring

Biological monitoring is necessary to ensure that the conservation goals of the project are being met and that community conservation plans and other activities are having a positive impact on the stability, size and biological richness of priority habitats and species. Biological monitoring allows detection of changes in habitat stability and species abundance. A key element to monitor is the stability of the habitat through vegetation cover and land use analysis. The other central component of biological monitoring is indicator species. Flora and fauna indicator species will be selected for each project area based on representation and persistence analysis. Reproductive information on these species will also be collected and analyzed.

Socio-economic monitoring includes indicators to determine impact on the income and quality of life of local communities the use of biodiversity resources on household income. Information will be collected by using a structured survey administered to a statistically representative household sample.

3.3 Area Management Monitoring

In order to determine if effective management and co-management of areas is being provided an area management monitoring system will be put in place. This will allow to measure strengths and weaknesses in protected area management practices and determine improvements over time. A management score card will be used to measure progress. The score card will provide information on: (i) legal status of the protected area, (ii) grassroots participation, (iii) community leadership and governance, (iv) gender issues, (v) participatory organization and planning, (vi) financial sustainability, (vii) management programs, (viii) environmental education and interpretation programs, (ix) technical assistance, (x) information availability, (xi) biological and socio-economic monitoring programs, (xii) formal and informal natural resource use, (xiii) infrastructure and, (xiv) biodiversity threats and conflicts. The scorecard has been developed during Block B preparation by the Conservation Data Center (CDC).

3.4 Training, technical assistance and operational support.

The project will finance technical assistance for developing and implementing the system and provide training to INRENA personnel, project staff and community leaders in the use of monitoring tools.
Project Component 4 - US$3.76 million

4. Project Implementation

The project will strengthen the capacity of INRENA to manage SINANPE. It will finance: (i) the operation of a coordinating body to provide guidance to project implementation; (ii) the staff and operating costs of a special implementing unit, in charge of project implementation; (iii) additional staff costs of specialists on legal issues, social/indigenous affairs, gender and monitoring and evaluation at the central level;

4.1 Project national coordination mechanisms.

Guidance in project implementation will be provided by a Project Steering Committee (SC). The SC will be composed of representatives of the government, the indigenous people and environmental NGOs. The Director of DGANPFS of INRENA who will preside the Steering Committee. The Government representation may include representatives of the Ministry of Agriculture, Foreign Relations, Presidency of the Council of Ministers (SECTI), PROMUDEH (in particular SETAI), and other sectoral ministries. The representatives of indigenous people organizations will be appointed by the Interethnic Association for the Development of the Peruvian Rain Forest (AIDESEP) and the Peruvian Confederation of Amazonian Nationalities (CONAP). the representatives of the environmental NGOs will come from the National Environmental Society, the International Union for Conservation of Nature (IUCN) or other NGOs. An IBRD official may participate in SC meetings as an observer. The SC will: (i) provide policy guidelines for project implementation; (ii) approve core staff appointments; (iii) approve annual operating plans and budgets (AOPB); (iv) review annual project implementation reports; (v) consider project implementation monitoring reports; and (vi) review annual auditing reports prepared by external auditors.

4.2 Project Special Implementation Unit

The project will finance the establishment of a Special Implementation Unit (SIU) within INRENA. The SIU will have legal, administrative and financial autonomy. The establishment of the SIU, to the satisfaction of the Bank, will be a condition for grant effectiveness. The SIU will be composed of a Central Project Team (CPT) and five Field Project Teams (FPT). At both the central and field levels, guidance to project implementation will be provided by a SC and ZCCs.

The Central Project Team (CPT), will be staffed by: (i) a Project Coordinator, (ii) an administrative manager, (iii) an accountant, (iv) a treasurer; (v) and support staff. Its main task will be to: (i) administer and manage the project; (ii) ensure coordination of project activities with INRENA projects and programs and government institutions involved in indigenous people issues; (iii) call for public tenders for implementation of project activities in accordance with agreed upon procurement guidelines; (iv) establish, administer and supervise the work of FPTs; (v) monitor and evaluate project progress; (vi) contract annual external auditing of project accounts and represent the project before a Project Steering Committee (SC).

4.3 Technical Assistance

The project will finance the services of an legal, a social/indigenous affairs and a gender specialist, attached to the DGANPFS at INRENA, to enhance its capacity to address a number of new issues arising from the process of bringing in indigenous participation into protected area and natural resources management.

4.4 Project Monitoring

The project will finance a mid-term evaluation and an End-of-Project evaluation. These evaluations will be out-sourced. Monitoring during project implementation will be carried out by the CPT and ZPTs based on indicators included in the logical framework matrix in Annex 1.
## Annex 3: Estimated Project Costs

**PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)**

<table>
<thead>
<tr>
<th>Project Cost By Component</th>
<th>Local US $million</th>
<th>Foreign US $million</th>
<th>Total US $million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participatory Biodiversity Conservation</td>
<td>8.39</td>
<td>0.46</td>
<td>8.85</td>
</tr>
<tr>
<td>Sustainable Uses of Biodiversity</td>
<td>7.47</td>
<td>0.00</td>
<td>7.47</td>
</tr>
<tr>
<td>Monitoring and Evaluation System</td>
<td>1.87</td>
<td>0.01</td>
<td>1.88</td>
</tr>
<tr>
<td>Project Management</td>
<td>3.57</td>
<td>0.08</td>
<td>3.65</td>
</tr>
<tr>
<td>Total Baseline Cost</td>
<td>21.30</td>
<td>0.55</td>
<td>21.85</td>
</tr>
<tr>
<td>Physical Contingencies</td>
<td>0.41</td>
<td>0.00</td>
<td>0.41</td>
</tr>
<tr>
<td>Price Contingencies</td>
<td>0.49</td>
<td>0.00</td>
<td>0.49</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>22.20</strong></td>
<td><strong>0.55</strong></td>
<td><strong>22.75</strong></td>
</tr>
</tbody>
</table>

| Total Financing Required           | 22.20             | 0.55                | 22.75             |

<table>
<thead>
<tr>
<th>Project Cost By Category</th>
<th>Local US $million</th>
<th>Foreign US $million</th>
<th>Total US $million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works</td>
<td>1.00</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Goods</td>
<td>0.67</td>
<td>0.38</td>
<td>1.05</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>9.38</td>
<td>0.06</td>
<td>9.44</td>
</tr>
<tr>
<td>Grants for Sub Projects</td>
<td>5.57</td>
<td>0.00</td>
<td>5.57</td>
</tr>
<tr>
<td>Personnel and operation costs</td>
<td>4.68</td>
<td>0.11</td>
<td>4.79</td>
</tr>
<tr>
<td>Unallocated</td>
<td>0.90</td>
<td>0.00</td>
<td>0.90</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>22.20</strong></td>
<td><strong>0.55</strong></td>
<td><strong>22.75</strong></td>
</tr>
</tbody>
</table>

| Total Financing Required           | 22.20             | 0.55                | 22.75             |

1 Identifiable taxes and duties are 0 (US$m) and the total project cost, net of taxes, is 22.75 (US$m). Therefore, the project cost sharing ratio is 43.96% of total project cost net of taxes.
Annex 4

PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)
Incremental Cost Analysis

Overview

The general objective of the GEF alternative is to support biodiversity conservation and its sustainable use in the Amazon through the creation of new protected areas under communal management by indigenous peoples. The GEF alternative intends to achieve these outputs at a total incremental cost of approximately US$ 10.24 million.

Context and Broad Development Goals

The project will support sound and participatory protected area and natural resource indigenous management in the Peruvian Amazon, as a strategy to alleviate rural poverty. The GoP commitment to this goal is expressed in the recent establishment of Reserved Zones in three of the five target areas of the project; preparation of the bylaws for the Law of Natural Protected Areas, and by the approval of the Master Plan for the SINANPE. In parallel to this commitment, the GoP is also promoting a greater involvement of local communities, particularly indigenous peoples in the direct management of protected areas to ensure equitable benefits resulting from the establishment of communal reserves as part of an overall strategy for rural poverty alleviation.

Currently, the System of National Protected Areas (SINANPE) covers around 6.5 % of the Peruvian Amazon. An expansion of the protected area coverage is required to maximize the chances for achieving long-term biodiversity conservation from a landscape approach. In 1994, and with the support of GTZ and the NGO community, the Government of Peru produced a Master Plan for the National System of Protected Areas. The Plan identifies new protected areas that need to be established in order to achieve ecoregional representation and to protect the highest priorities from a biological perspective. This "ideal" representative system would eventually include approximately 65 areas of national importance covering between 12 and 15 percent of the territory. The national system currently includes 52 protected areas. Adding new areas to the system, however, must be done with caution, carefully weighing the positive incentives of new political opportunities and commitment against the realities of institutional management capacities that need to be strengthened over the long term.

Baseline

The expansion of the system of protected areas in Peru to achieve the long-term targets identified in the Master Plan is limited by the lack of financial resources. Progress towards achieving the sustainability of the present system has been good, with increased budget allocations by the central government and a growing role of PROFONANPE in transferring funds to finance recurrent costs (Table below). The system now has a total of 52 areas, most of which have permanent presence and enjoy some form of management; 39 of these areas have a Park Director on the ground. It is widely recognized, however, that additional efforts are required to achieve a level of adequate management for the entire system, even though many areas are receiving adequate support from the central government, PROFONANPE, international bilateral agencies, and NGOs. A few of them, such as the Manu National Park, have reached a level of funding of recurrent costs and substantial progress towards social sustainability through direct community involvement in their management affairs. From the perspective of biodiversity conservation, however, the system is incomplete and additional protected areas need to be created in accordance with the Master Plan of the Protected Areas System.
<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Protected Areas</th>
<th>Number of Areas with a Park Director</th>
<th>Total Park Guards</th>
<th>State Budget Allocation (US$)*</th>
<th>Allocation through INRENA (US$)</th>
<th>Allocation through PROFONA NPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>39</td>
<td>10</td>
<td>60</td>
<td>163,400</td>
<td>Not available</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>39</td>
<td>10</td>
<td>35</td>
<td>190,000</td>
<td>Not available</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>39</td>
<td>10</td>
<td>70</td>
<td>264,500</td>
<td>Not available</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>40</td>
<td>15</td>
<td>100</td>
<td>331,900</td>
<td>Not available</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>41</td>
<td>22</td>
<td>120</td>
<td>634,891</td>
<td>Not available</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>44</td>
<td>32</td>
<td>190</td>
<td>459,850</td>
<td>Not available</td>
<td>500,000</td>
</tr>
<tr>
<td>1997</td>
<td>45</td>
<td>35</td>
<td>220</td>
<td>1,399,627</td>
<td>430,000</td>
<td>1,700,000</td>
</tr>
<tr>
<td>1998</td>
<td>48</td>
<td>39</td>
<td>240</td>
<td>4,593,708*</td>
<td>410,000</td>
<td>2,400,000</td>
</tr>
</tbody>
</table>

* Includes resources from agencies other than INRENA that directly support park management activities
** Includes a large one-time buffer-zone project in the Tumbes Mangroves (Manglares de Tumbes)

The baseline situation, however, does not allow an expansion of the system with a concomitant achievement of long-term sustainability from financial and social perspectives. The creation of new areas in this vacuum could result in creating new paper parks without sufficient consultation and support from local communities.

Global Environmental Objectives

The Amazon of Peru is a part of the largest continuous forest on the planet, which includes 40 percent of all remaining tropical forests of the world. The fact that it is the most important repository of biological diversity on earth is undisputed. Given its strategic location in the upper watershed of the basin, Peru's Amazon contains a very rich biodiversity expressed in terms of unique species richness, high levels of endemism, and habitat diversity. Even though the region needs to be studied in greater detail, many areas in the Peruvian Amazon already hold world records in terms of biodiversity richness.

The project will support conservation in least 9 million ha. of mostly recently created protected areas in the Peruvian Amazon, while supporting greater management participation by indigenous communities as a strategy to ensure social sustainability.

GEF Alternative

Under GEF support, the Government of Peru will be able to, in addition to implement the baseline activities: (i) designate new areas for conservation and categorize recently created ones, incorporating indigenous communities into the conservation effort through communal reserves, Protected Area Management Committees, or other similar means; (ii) develop management plans and management agreements to transfer responsibility to indigenous communities with assistance from INRENA; (iii) strengthen institutional and organizational capacity of indigenous peoples to assist them in conservation and management of the communal reserves; (iv) develop pilot projects on sustainable use of biodiversity to provide economic incentives for conservation; and (v) establish biodiversity, socio-economic and protected area management monitoring through a project M&E system. The total cost of the GEF alternative is $19.17M.

Incremental Costs

The GEF is therefore requested to finance the incremental costs of creating and/or categorizing new areas and for ensuring a meaningful level of participation in the management by local indigenous communities in order to work
towards the achievement of their long-term biological and social sustainability. The agreed incremental costs for which GEF support is requested in order to achieve the global environmental benefits of the GEF alternative are estimated at US$ 10.24 million.

### Incremental Cost Matrix for GEF Funding

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost Category</th>
<th>Cost US$ Million*</th>
<th>Domestic Benefit</th>
<th>Global Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Participatory Biodiversity</td>
<td>Baseline</td>
<td>$4.93</td>
<td>Incipient use of resources by indigenous communities</td>
<td>Maintenance of forest cover and habitats in the short-term</td>
</tr>
<tr>
<td>Conservation</td>
<td>GEF Alternative</td>
<td>$9.24</td>
<td>Empowering of local indigenous communities to use natural resources sustainably and to support their goals of self-determination</td>
<td>Conservation and sustainable use of at least 6 million ha. of Amazonian rainforest</td>
</tr>
<tr>
<td>Incremental</td>
<td></td>
<td>$4.31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Sustainable Uses of Biodiversity</td>
<td>Baseline</td>
<td>$4.64</td>
<td>Incipient level of indigenous people's organization at community and national levels</td>
<td>Some biodiversity conservation due to traditional use systems by indigenous people</td>
</tr>
<tr>
<td></td>
<td>GEF Alternative</td>
<td>$7.75</td>
<td>Greater capacity by indigenous people to manage and benefit from sustainable use projects</td>
<td>Greater opportunities to empower indigenous communities to conserve biodiversity</td>
</tr>
<tr>
<td>Incremental</td>
<td></td>
<td>$3.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Monitoring and Evaluation</td>
<td>Baseline</td>
<td>$0.71</td>
<td>Use of resources by indigenous people in the Amazon may not be sustainable</td>
<td>Some biodiversity is conserved in the short-term due to complementarities between indigenous traditions and biodiversity conservation</td>
</tr>
<tr>
<td></td>
<td>GEF Alternative</td>
<td>$1.99</td>
<td>Increase likelihood of achieving sustainable use of natural resources</td>
<td>Sustainable use of biodiversity in the Peruvian Amazon</td>
</tr>
<tr>
<td>Incremental</td>
<td></td>
<td>$1.28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Project Management</td>
<td>Baseline</td>
<td>$2.46</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>GEF Alternative</td>
<td>$3.76</td>
<td>Opportunities for promotion of successful experiences of sustainable management of natural resources</td>
<td>Accurate understanding of status and impact of management regimes upon biodiversity</td>
</tr>
<tr>
<td>Incremental</td>
<td></td>
<td>$1.30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTALS</td>
<td>Baseline</td>
<td>$12.75</td>
<td>Use of natural resources by indigenous people in the Amazon allows for insufficient income generation and may not be sustainable in the long-term</td>
<td>Ecosystems and biodiversity are conserved to some extent due to compatibilities between indigenous traditions of resource use and biodiversity conservation objectives.</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------</td>
<td>--------</td>
<td>---------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>GEF Alternative</td>
<td>$22.75</td>
<td>Greater opportunities for sound natural resources management and poverty alleviation of indigenous communities</td>
<td>Sustainability of conserving at least 6 million ha. in new protected areas in the Amazon managed by indigenous people.</td>
<td></td>
</tr>
<tr>
<td>Incremental</td>
<td>$10.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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## Annex 5: Financial Summary

**PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)**

The project will become effective on April 2001.

### Perú

**Indigenous Management of Protected Areas in the Peruvian Amazon**

**Components by Funding**

(US$ '000)

<table>
<thead>
<tr>
<th></th>
<th>GEF</th>
<th>INRE*</th>
<th>WB</th>
<th>Other</th>
<th>Benefit</th>
<th>Total</th>
<th>Dut &amp; Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
<td>$</td>
<td>%</td>
<td>$</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td><strong>A. Participatory Conservation</strong></td>
<td>4,308</td>
<td>46.6</td>
<td>1,571</td>
<td>17.0</td>
<td>2,287</td>
<td>24.7</td>
<td>1,076 11.6</td>
</tr>
<tr>
<td>1. Creat &amp; Categor Prot Areas</td>
<td>598</td>
<td>73.9</td>
<td>141</td>
<td>17.4</td>
<td>-</td>
<td>70</td>
<td>8.6</td>
</tr>
<tr>
<td>2. Strength Participat Mech</td>
<td>1,253</td>
<td>51.0</td>
<td>220</td>
<td>9.0</td>
<td>928</td>
<td>37.8</td>
<td>57 2.3</td>
</tr>
<tr>
<td>3. Indig Train Participat Mech</td>
<td>266</td>
<td>23.6</td>
<td>24</td>
<td>2.1</td>
<td>836</td>
<td>74.2</td>
<td>-</td>
</tr>
<tr>
<td>4. Prov Infrastr Protec Areas</td>
<td>1,290</td>
<td>79.4</td>
<td>296</td>
<td>18.2</td>
<td>-</td>
<td>36</td>
<td>2.4</td>
</tr>
<tr>
<td>5. Zonal Project Team</td>
<td>901</td>
<td>27.9</td>
<td>880</td>
<td>27.6</td>
<td>523</td>
<td>16.2</td>
<td>911 28.3</td>
</tr>
<tr>
<td><strong>B. Sustainable Use Biodiversity</strong></td>
<td>3,112</td>
<td>40.2</td>
<td>272</td>
<td>3.5</td>
<td>2,531</td>
<td>32.7</td>
<td>823 10.6</td>
</tr>
<tr>
<td>1. Community NRM Studies</td>
<td>490</td>
<td>50.9</td>
<td>110</td>
<td>11.4</td>
<td>230</td>
<td>23.9</td>
<td>123 12.8</td>
</tr>
<tr>
<td>2. Demand and Market Studies</td>
<td>280</td>
<td>38.5</td>
<td>89</td>
<td>12.3</td>
<td>296</td>
<td>40.6</td>
<td>62 8.5</td>
</tr>
<tr>
<td>3. Manager Plans Indigenous Lands</td>
<td>240</td>
<td>47.4</td>
<td>66</td>
<td>13.0</td>
<td>145</td>
<td>28.6</td>
<td>46 9.0</td>
</tr>
<tr>
<td>4. Pre Investment Studies</td>
<td>750</td>
<td>38.4</td>
<td>-</td>
<td>-</td>
<td>960</td>
<td>50.2</td>
<td>221 11.3</td>
</tr>
<tr>
<td>5. Investment Sub Grants</td>
<td>990</td>
<td>43.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>287</td>
<td>-</td>
</tr>
<tr>
<td>6. Technical Assistance</td>
<td>362</td>
<td>27.1</td>
<td>8</td>
<td>0.6</td>
<td>881</td>
<td>66.0</td>
<td>85 6.4</td>
</tr>
<tr>
<td><strong>C. Monit &amp; Evaluat System</strong></td>
<td>1,283</td>
<td>64.2</td>
<td>443</td>
<td>22.2</td>
<td>-</td>
<td>271</td>
<td>13.6</td>
</tr>
<tr>
<td>1. Monitoring &amp; Evaluat System</td>
<td>953</td>
<td>66.7</td>
<td>205</td>
<td>14.3</td>
<td>-</td>
<td>271</td>
<td>19.0</td>
</tr>
<tr>
<td>2. M&amp;E System Operat Support</td>
<td>330</td>
<td>58.1</td>
<td>238</td>
<td>41.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>D. Project Implementaition</strong></td>
<td>1,297</td>
<td>34.5</td>
<td>849</td>
<td>22.6</td>
<td>183</td>
<td>4.9</td>
<td>1,432 38.1</td>
</tr>
<tr>
<td>1. Steering &amp; Zonal Committees</td>
<td>229</td>
<td>54.4</td>
<td>182</td>
<td>45.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2. Central Project Team</td>
<td>636</td>
<td>63.0</td>
<td>373</td>
<td>37.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. DGAPNFS Tech Assist</td>
<td>432</td>
<td>18.5</td>
<td>284</td>
<td>12.2</td>
<td>183</td>
<td>7.9</td>
<td>1,432 61.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,000</td>
<td>44.0</td>
<td>3,135</td>
<td>13.8</td>
<td>5,000</td>
<td>22.0</td>
<td>3,603 15.8</td>
</tr>
</tbody>
</table>

* includes INRENA's direct contributions + duties and taxes
### Peru

Indigenous Management of Protected Areas in the Peruvian Amazon

Local/Foreign/Taxes by Financiers

(US$ ‘000)

<table>
<thead>
<tr>
<th>INRENA</th>
<th>GEF</th>
<th>WB</th>
<th>Others</th>
<th>Benefici.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>%</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td>Foreign</td>
<td>55</td>
<td>-</td>
<td>447</td>
<td>81.6</td>
<td>30</td>
</tr>
<tr>
<td>Local (Exc)</td>
<td>1,339</td>
<td>-</td>
<td>9,553</td>
<td>56.0</td>
<td>4,970</td>
</tr>
<tr>
<td>Taxes</td>
<td>1,741</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,135</td>
<td>9.1</td>
<td>10,000</td>
<td>53.5</td>
<td>5,000</td>
</tr>
</tbody>
</table>

The Project would finance Operating Costs that include salaries for core staff of the Centro de Investigaciones Regionales en el Amazonas (CIRPA). It would also finance expenditures such as office rent, utilities, office supplies, fuel, maintenance, and travel for Project staff. The Project would finance infrastructure works in order to improve management facilities, support project implementation, and improve operating costs. The Project would finance local administrative costs incurred by the local staff. The costs of infrastructure is not included in the estimate of the project. The costs of salaries for core staff are included in the estimate.

The Project would finance local administrative costs incurred by the local staff.

The Project would finance the salaries of all local staff and their administrative costs. The costs of infrastructure is not included in the estimate of the project. The costs of salaries for core staff are included in the estimate.

The Project’s activities would include managing and monitoring project activities under the Project. The INRENA would manage and monitor project activities under the Project. The INRENA would manage and monitor project activities under the Project.
Annex 6: Procurement and Disbursement Arrangements
PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)

Procurement

A) Procurement Arrangements


The Special Implementation Unit (SIU) to be established within INRENA will be responsible for carrying out procurement under the Project.

1) Procurement methods: The methods described below and their estimated amounts are summarized in Table A. The threshold contract values for the use of each method are established in Table B.

Procurement of Works

Contracts for civil works are minor and would be awarded through shopping procedures; an aggregate amount is set at $1.20m. Individual contracts would range between $7,000 and $60,000. These include construction of new facilities and/or renovation works at eight Park Management Facilities, seven Interpretation Centers and twelve Indigenous Community Centers in the project areas. There would also be some maintenance works of existing trails in the selected areas. Comparison of price quotations from at least three qualified suppliers would be required per contract.

Procurement of Goods

Goods include 4 vehicles, 18 computers, 28 motorboats, minor office equipment (radio, telephone, etc.) and furniture. Contracts for vehicles and motorboats estimated to cost over $50,000 would be awarded through national competitive bidding (NCB) procedures; standard NCB documents acceptable to the Bank would be used. Contracts valued at less than $50,000, up to an aggregate amount of $450,000, would be procured using shopping procedures based on a model request for quotations satisfactory to the Bank. No ICB operations are expected.

Selection of Consultant Services and Training

Consulting services include monitoring & evaluation, technical assistance, studies, promotional services and provision of training. Contracts for Monitoring and Evaluation activities estimated at over $200,000 would be awarded through international competition using QCBS (Quality & Cost) procedures. Studies and technical assistance for preparation of management of protected areas, design of master plans, assistance to the community-executed investments and training services would include participation of private firms, NGOs, universities and scientific institutions. Contracts valued at over $100,000, up to an aggregate of $600,000 would be awarded on the basis of quality using Fixed Budget procedures. Contracts estimated at $100,000 or less would be awarded, in cases of studies/technical assistance, through Consultants' Qualifications procedures and through Least Cost Selection method, in cases of services of a straightforward nature that can be clearly defined. The combined aggregate amount is set at $2,000,000.

Training services would include financing of training fees, rents, materials, meals and travel expenses for participants.
Specialized advisory services would be provided by individual consultants selected in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Investment Subgrants

The Project includes a US$1.7 million fund to finance initiatives proposed by communities. The amount of individual initiatives would average US$30,000 and will not exceed US$60,000. Each individual subproject budget includes 1/6th for feasibility studies and 1/6th for technical assistance. A subproject operations manual indicating requirements and procedures applicable to the subprojects will be prepared and its submission is a condition of disbursements for this specific disbursement category. The manual will stipulate, in addition to eligibility, selection criteria and conditions, the requirement that procurement would be done through comparison of three price quotations to the extent that it is possible. The subprojects are to be community-executed; the communities will be required to provide matching funds at a ratio of 1:1 for the investment components of the subprojects.

The SIU would have responsibility to see that the agreed procedures for the investment subprojects are being followed.

Operating Costs

The Project would finance Operating Costs that include salaries for core staff of the Central and Regional Project Teams. It would also finance sundry items such as office rental, utilities, office supplies, fuel, communications, transportation and other expenses related to the daily operation of the project. These items would be procured according to shopping procedures to the extent that it is practical.

2) Prior review thresholds: The proposed thresholds for prior review are based on the procurement capacity assessment of the project implementing unit and are summarized in Table B. In addition to this prior review of individual procurement actions, an Annual Operating Plan and budget for the Project will be reviewed and approved by the Bank each year. Terms of Reference of all consultant assignments not included in the annual operating plan will have to be reviewed by the Bank prior to their contracting.

B) Assessment of the agency's capacity to implement procurement

An assessment of the capacity of a prospective SIU that would implement procurement actions for the project has been carried out and was approved by the Regional Procurement Advisor on March 8, 2000. This assessment reviewed the organizational structure of the SIU to be formed, and included meetings with the INRENA’s Project preparation team, and its Administrative and Legal Departments. Recommendations on actions to be taken by the Client include: (i) selection of qualified SIU core staff, with particular attention to the identification of an administrative manager with experience in contracting; (ii) preparation of the Project Operations Manual; (iv) preparation of standard documents for National Bidding; and (iii) presentation of the Procurement Plan for the first year of implementation. The rating of risk assessment below may be revised upon satisfactory compliance of these recommendations.

The overall project risk for procurement is High

Procurement activities would be carried out by a SIU central team, which would have a high degree of autonomy within INRENA. At the time of assessment the SIU central core staff had not been identified; however, its composition, as discussed with INRENA, seems adequate to carry out the procurement/contracting activities specific to this Project. The core team would consist of a Project Coordinator, an administrative manager who would have procurement/contracting responsibilities, an accountant, a treasurer, and an assistant.

The SIU central team would manage and monitor procurement activities under the Project. As field teams become operational in the Project areas, they would be delegated to carry out smaller acquisitions under guidance of the
central team.

Risks identified in the assessment relate mostly to the absence of past experience, since the SIU is to be created. Considering that organization, functioning and procedure of procurement aspects will be contained in the Operational Manual, its clarity and timely preparation, in addition to the qualifications of the administrator, is of utmost importance. The Operations Manual has been presented to the Bank and appropriate staffing of the SIU is condition of Grant Effectiveness.

To ensure SIU’s adherence to the processes established for the Project, the Grant Agreement states that Bank Guidelines only will be followed. In addition, standard provisions on discrepancies between National Law and Bank guidelines have been included.

C) Procurement Plan

An indicative plan for the 5-year period of project implementation has been prepared which provides the basis for the aggregate amounts for the procurement methods (per Table A). A preliminary Procurement Plan has been prepared for the first year of project implementation; an updated Plan will be presented to the Bank by Grant Effectiveness. Subsequent plans will be submitted yearly.

D) Frequency of Procurement Supervision

In addition to the prior review it is recommended that one full supervision mission visit the field to carry out post review of procurement actions every 6 months after project initiation. Such post-review field analysis should cover a sample of not less than 1 in 5 contracts signed. This recommendation may be revised according to risk assessment, as already indicated.

Procurement methods (Table A)

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>ICB</th>
<th>NCB</th>
<th>Other</th>
<th>N.B.F.</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Works</td>
<td>0.00</td>
<td>0.00</td>
<td>1.20</td>
<td>0.00</td>
<td>1.20</td>
</tr>
<tr>
<td></td>
<td>(0.00)</td>
<td>(0.00)</td>
<td>(0.99)</td>
<td>(0.00)</td>
<td>(0.99)</td>
</tr>
<tr>
<td>2. Goods</td>
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<td>0.40</td>
<td>0.65</td>
<td>0.20</td>
<td>1.25</td>
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<tr>
<td></td>
<td>(0.00)</td>
<td>(0.35)</td>
<td>(0.57)</td>
<td>(0.00)</td>
<td>(0.92)</td>
</tr>
<tr>
<td>3. Services</td>
<td>0.00</td>
<td>0.00</td>
<td>4.80</td>
<td>5.20</td>
<td>10.00</td>
</tr>
<tr>
<td></td>
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<td>(0.00)</td>
<td>(4.43)</td>
<td>(0.00)</td>
<td>(4.43)</td>
</tr>
<tr>
<td>4. Sub Grants</td>
<td>0.00</td>
<td>0.00</td>
<td>1.75</td>
<td>3.82</td>
<td>5.57</td>
</tr>
<tr>
<td></td>
<td>(0.00)</td>
<td>(0.00)</td>
<td>(1.75)</td>
<td>(0.00)</td>
<td>(1.75)</td>
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<tr>
<td>5. Incremental Operating Costs</td>
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<td>4.51</td>
<td>0.47</td>
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<td>(1.91)</td>
<td>(0.00)</td>
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<td>0.40</td>
<td>12.91</td>
<td>9.69</td>
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<td>(9.65)</td>
<td>(0.00)</td>
<td>(10.00)</td>
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</tbody>
</table>

" Figures in parenthesis are the amounts to be financed by the Bank Grant. All costs include contingencies
Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Personnel refers to CTP and FPT staff in charge of project implementation; operating costs refers to office rental, utilities, office supplies, fuel, communications, transportation and other expenses related to the daily operation of the project.
Prior review thresholds (Table B)

Table B: Thresholds for Procurement Methods and Prior Review

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Contract Value Threshold (US$ thousands)</th>
<th>Procurement Method</th>
<th>Contracts Subject to Prior Review (US$ millions)</th>
</tr>
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<tbody>
<tr>
<td>1. Works</td>
<td>&lt;100</td>
<td>Shopping</td>
<td>First contract only 0.05</td>
</tr>
<tr>
<td>2. Goods</td>
<td>&gt;50</td>
<td>NCB</td>
<td>First contract only 0.10</td>
</tr>
<tr>
<td></td>
<td>&lt;50</td>
<td>Shopping</td>
<td></td>
</tr>
<tr>
<td>3. Services: Firms</td>
<td>&gt;200</td>
<td>QCBS</td>
<td>All contracts 0.80</td>
</tr>
<tr>
<td></td>
<td>&gt;100</td>
<td>Fixed Budget</td>
<td>All contracts 0.60</td>
</tr>
<tr>
<td></td>
<td>&lt;100</td>
<td>Consultant Qualifications &amp; Least Cost Selection</td>
<td>First contract under each method 0.15</td>
</tr>
<tr>
<td>4. Individual Consultant</td>
<td>&gt;50</td>
<td>Per Section V of Consultants Guidelines</td>
<td>Two contracts 0.15</td>
</tr>
<tr>
<td></td>
<td>&gt;20</td>
<td>Per Section V of Consultants Guidelines</td>
<td>Terms of Reference only</td>
</tr>
<tr>
<td>5. Biodiversity Sub grants</td>
<td></td>
<td></td>
<td>First Sub Grant only</td>
</tr>
</tbody>
</table>

Total value of contracts subject to prior review: US$2.4 m.

Overall Procurement Risk Assessment

- High

Frequency of procurement supervision missions proposed: One every 6 months (includes special procurement supervision for post-review/audits)

---

1Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.
Disbursement

Allocation of grant proceeds (Table C)
Disbursements will be made over a five-year period. Effectiveness expected in April 2001 and a grant Closing Date of December 31, 2006. An amount of USS250,000 of eligible expenditures made after October 15, 2000 may be financed retroactively from the grant account.

A Subproject Operations Manual and adequate FPT financial management capacity are conditions for Disbursement for Expenditure Category 4 (Sub Grants for Biodiversity Investments).

When Project Management Reports (PMRs) start to be produced, semi-annual projections will be the mechanism for making disbursement estimates and measuring disbursement performance. The allocation of loan proceeds is indicated in Table C of this annex.

Initially INRENA will follow the disbursement mechanism based on expenditures. It intends to move onto PMR based disbursement by January 31, 2002. An action plan has been agreed upon with INRENA to this end.

Table C: Allocation of Grant Proceeds

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount in US$million</th>
<th>Financing Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Works</td>
<td>0.79</td>
<td>85%</td>
</tr>
<tr>
<td>2. Goods</td>
<td>0.73</td>
<td>85%</td>
</tr>
<tr>
<td>3. Consulting Services, Training and Auditors Fees</td>
<td>4.12</td>
<td>100% excluding identifiable taxes</td>
</tr>
<tr>
<td>4. Sub Grants</td>
<td>1.75</td>
<td>100% of disbursed amounts</td>
</tr>
<tr>
<td>5. Operating Costs</td>
<td>1.71</td>
<td>85% up to 12/31/2002</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65% up to 12/31/2004</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40% up to end</td>
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<tr>
<td>Unallocated</td>
<td>0.90</td>
<td></td>
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<tr>
<td>Total Project Costs</td>
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</tr>
<tr>
<td>Total</td>
<td>10.00</td>
<td></td>
</tr>
</tbody>
</table>

Use of statements of expenditures (SOEs):

Most grant funds are expected to be disbursed through Statement of Expenditure (SOEs) forms. For all other expenditures, e.g., contracts for (i) civil works valued at more than $60,000; (ii) goods valued at more than $50,000; (iii) individual consultant contracts valued at more than $50,000; and (iv) contracts with consulting firms valued at more than $100,000, full supporting documentation will be required until such time that INRENA chooses to use the PMR based disbursement

Special account:

A Special Account in US Dollars will be established in a Commercial Bank, acceptable to the Bank. Until aggregated disbursement amount to USS1’000,000, the Special Account will have an authorized allocation of USS250,000. After such threshold is met, the authorized allocation will be of USS700,000. The Special Account will be maintained by the depositary bank in a way that satisfies the requirements listed in Annex A of OP 12.2. Bank statements will show all transactions in and out of the account, including amounts advanced and reimbursed by the World Bank, and balance at the end of each month. Under PMR-based disbursement, the maximum amount in the Special Account shall not exceed USS1.5 million.
Accounting, financial reporting, and auditing arrangements. The SIU will employ qualified staff to keep adequate records specific to the project and prepare the financial statements, and auxiliary staff to execute financial operations and provide control over project assets. This system will have a double entry automated accounting system comprising a general ledger and supporting subsidiary records (check register, journal ledger). The account structure used to record expenditures will comprise 3 classifications: the government budget classifications, the component and sub-component of the project document, and sources of funds.

INRENA through SIU will develop and document the detailed procedures of all financial operations of the project: cash receipts, disbursements, control over advances, replenishment procedures, account reconciliation and controls, and reporting requirements and include these in the Operations Manual.

For the purposes of carrying out the project, deposits into the Special Account and their replenishments will be made on the basis of cash withdrawals statements based initially on Statements of Expenditure and documentation; later with the conversion to PMR, disbursement will be based on cash forecasts. Each of these reports would show: (i) actual sources and applications of funds for the project, both cumulatively and for the period, and projected sources and applications of funds for the project for the following six-months; (ii) list separately expenditures financed out of the credit during the period covered by the report and expenditures proposed to be financed during the following six-month period; (iii) describe physical progress in project implementation, both cumulatively and for the period covered, and explain variances between the actual and previously forecast implementation targets; and (iv) set forth the status of procurement under the project and expenditures under contracts financed from the credit, for the period covered.

In order to begin disbursements, INRENA will have in place by effectiveness both the staff and financial management systems satisfactory to the Bank, which will have undergone an assessment by a Bank Financial Management Specialist. The capacity to produce quarterly PMRs will be established by January 31, 2002.

External audits in accordance with the terms of reference acceptable to the Bank will be selected before effectiveness and contracted for a period of three years (extendable) including a non-performance clause. The auditors will not only review the financial accounts but also the whole management structure and operation. And they will audit the project during the whole year. The auditor's reports and opinions to the related statements will be presented to the Bank within six months of the fiscal year end. In addition to the financial year end audit, four quarterly concurrent audits will be conducted yearly to ensure acceptability of project financial management. All supporting records will be maintained at the project site for at least one year after the end of the year in which the last disbursement will take place.
Annex 7: Project Processing Schedule

PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)

<table>
<thead>
<tr>
<th>Project Schedule</th>
<th>Planned</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time taken to prepare the project (months)</td>
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<td>26</td>
</tr>
<tr>
<td>First Bank mission (Identification)</td>
<td>11/01/98</td>
<td>11/01/98</td>
</tr>
<tr>
<td>Appraisal mission departure</td>
<td>08/01/99</td>
<td>03/29/2000</td>
</tr>
<tr>
<td>Negotiations</td>
<td>10/01/99</td>
<td>01/09/2001</td>
</tr>
<tr>
<td>Planned Date of Effectiveness</td>
<td>01/01/2000</td>
<td>04/01/2001</td>
</tr>
</tbody>
</table>

Prepared by:

INRENA
Luis Alfaro, Director DGANPFS
Jorge Alarcon, Consultant
Roberto Espinoza, Consultant

Preparation assistance:

WWF, Research Institute of the Peruvian Amazon (IIAP)-Iquitos, SETAI, AIDESEP, CONAP, IUCN-Peru

Bank staff who worked on the project included:

<table>
<thead>
<tr>
<th>Name</th>
<th>Speciality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlos Monge</td>
<td>Task Team Leader up to negotiations</td>
</tr>
<tr>
<td>Gonzalo Castro</td>
<td>Biodiversity Specialist</td>
</tr>
<tr>
<td>Juan Martinez</td>
<td>Social Development Specialist</td>
</tr>
<tr>
<td>Vivian Weiner</td>
<td>Consultant</td>
</tr>
<tr>
<td>Pierre Werbrouck</td>
<td>Sector Leader and task manager during and after negotiations</td>
</tr>
<tr>
<td>Carmen Palaco-Nielsen</td>
<td>Procurement Specialist</td>
</tr>
<tr>
<td>Paul Sisk</td>
<td>Financial Management Specialist</td>
</tr>
<tr>
<td>David Varela</td>
<td>Legal Counsel</td>
</tr>
<tr>
<td>Issam Abousoleiman</td>
<td>Disbursement Officer</td>
</tr>
<tr>
<td>Hugo Wiener</td>
<td>Financial Analyst</td>
</tr>
<tr>
<td>Santiago Sandoval</td>
<td>Language Team Assistant</td>
</tr>
<tr>
<td>Gary Costello</td>
<td>Project Design Consultant</td>
</tr>
<tr>
<td>Dario Pulgar</td>
<td>Consultant</td>
</tr>
</tbody>
</table>
Annex 8: Documents in the Project File*

PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)

A. Project Implementation Plan

1. Project Procurement Plan Year 1

2. Project and Sub-Projects Operation Manuals (under preparation)

3. Institutional Directory (Draft)

4. Reports:

Project Participatory Monitoring and Evaluation Plan (Proposed) *

Plan Maestro de la Reserva Nacional Pacaya Samiria (Versión Preliminar)

Informe Técnicos Indígenas sobre el Alto Purús y la Reserva del Sira

Informe Final del Area Reservada Alto Purús y El Sira

Georeferenciación de las Areas Naturales Protegidas Santiago Comain, Alto Purús, Pacaya Samiria, El Sira, y Güeppí

Informe Final Componente Bioinversión Comunitaria

Aproximación Biológica a la Zona Reservada de Güeppí, Santiago Comain y a la Reserva Nacional Pacaya Samiria

Diagnóstico y Propuesta Preliminar para las Areas Reservadas El Sira, Alto Purús, Güeppí, Santiago Comain y Pacaya Samiria

Informe Técnico Final del Estudio Biológico de la Zona Reservada del Alto Purús y El Sira

Justificación para la Ampliación de la Zona Reservada Santiago Comain hacia la Cordillera del Campanquis y Margen Derecha del río Morona

Aproximación Social a la Zona Reservada Santiago Comain, Güeppí y a la Reserva Nacional Pacaya Samiria

Propuesta de Evaluación y Seguimiento de la Conversión de la Cobertura en Tres Areas Naturales Protegidas del Proyecto

Asesoría Forestal en Campo en la Zona Reservada de Santiago Comain, Güeppí y Pacaya Samiria

Consultoría de Cooperación Institucional y Financiera para el Proyecto

5. Aide Memoires:

Taller Final de Planificación Participativa para la Zona Reservada de Güeppí
Taller sobre Visión de Futuro de la Reserva Nacional Pacaya-Samiria
B. Bank Staff Assessments

Incremental Cost Analysis
Project Cost Analysis
Financial Management Analysis and Report

C. Other

1. Reports:

Estudio Justificatorio para el Establecimiento de una Zona Reservada en la Cordillera del Colán, Departamento de Amazonas, Perú

Delimitación y Categorización Definitiva de la Zona Reservada de Güéppí

Informe Taller de Planeación Estratégica con Enfoque y Cosmovisión Shipiba

Informe de Avance: Elaboración del Plan Maestro de la Reserva Nacional de Güéppí

Informe Técnico Final Sobre Diagnóstico Participativo de la Reserva El Sira

Estudio de Diagnóstico de los Recursos Naturales del ANPE Santiago Comaina y Mapa Base y Fisiográfico del ANPE Güéppí

Expediente Técnico Zona Reservada de la Cuenca del Río Alto Purús (INRENA)

Plan Maestro RNPS: Material Procesado de los Talleres Zonales en Huarmí Isla, Sapuena, Nueva Esperanza y Esperanza; y de los Talleres Zonales en Montebello, Victoria y Manco Cápac

2. Map: Capacidad de Uso Mayor de las Tierras de la Amazonía

*Including electronic files
## Annex 9: Statement of Loans and Credits
### PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)
#### Jan-2001

<table>
<thead>
<tr>
<th>Project ID</th>
<th>FY</th>
<th>Purpose</th>
<th>Original Amount in US$ Millions</th>
<th>Difference between expected and actual disbursements*</th>
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* Difference between expected and actual disbursements.
## PERU

### STATEMENT OF IFC's

#### Held and Disbursed Portfolio

Jan-2001

In Millions US Dollars

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Total Portfolio: 147.32  18.37  23.50  223.00  112.50  18.33  23.50  134.82

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Total Pending Commitment: 39000.00  5000.00  0.00  60000.00
Annex 10: Country at a Glance

PERU: Indigenous Management of Protected Areas in the Peruvian Amazon (GEF)

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<td>Population, mid-year (millions)</td>
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<td>Average annual growth, 1992-98</td>
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<td>Population (%)</td>
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<td>1.6</td>
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<td>Labor force (%)</td>
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<td>Most recent estimate (latest year available, 1992-98)</td>
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<td>Poverty (% of population below national poverty line)</td>
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<td>Urban population (% of total population)</td>
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<td>Life expectancy at birth (years)</td>
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<td>Infant mortality (per 1,000 live births)</td>
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<td>Child malnutrition (% of children under 5)</td>
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<td>Access to safe water (% of population)</td>
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<td>Illiteracy (% of population age 15+)</td>
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<td>Gross primary enrollment (% of school-age population)</td>
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<td>Male</td>
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KEY ECONOMIC RATIOS and LONG-TERM TRENDS

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<td>11.0</td>
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<td>Gross domestic savings/GDP</td>
<td>12.4</td>
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<td>GDP (average annual growth)</td>
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<td>3.9</td>
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<td>GNP per capita (average annual growth)</td>
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<td>Exports of goods and services (average annual growth)</td>
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STRUCTURE of the ECONOMY

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<td>Gross national product</td>
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Note: 1998 data are preliminary estimates.
* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.
### PRICES and GOVERNMENT FINANCE

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### TRADE

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<td>Capital goods</td>
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<td>Import price index (1995=100)</td>
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### BALANCE OF PAYMENTS

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<td>(US$ millions)</td>
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<td>Exports of goods and services</td>
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Memo:
- Reserves including gold (US$ millions): 398, 1,159, 11,254, 9,971
- Conversion rate (DLC, local/US$): 8.388E-8, 3.00E-8, 2.7, 2.9

### EXTERNAL DEBT and RESOURCE FLOWS

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(US$ millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total debt outstanding and disbursed</td>
<td>9,171</td>
<td>17,485</td>
<td>30,496</td>
<td>32,419</td>
</tr>
<tr>
<td>IBRD</td>
<td>171</td>
<td>1,214</td>
<td>1,920</td>
<td>2,128</td>
</tr>
<tr>
<td>IDA</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total debt service</td>
<td>1,136</td>
<td>481</td>
<td>2,936</td>
<td>2,452</td>
</tr>
<tr>
<td>IBRD</td>
<td>22</td>
<td>50</td>
<td>182</td>
<td>184</td>
</tr>
<tr>
<td>IDA</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Composition of net resource flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Official grants</td>
<td>19</td>
<td>94</td>
<td>222</td>
<td></td>
</tr>
<tr>
<td>Official creditors</td>
<td>586</td>
<td>292</td>
<td>963</td>
<td>-1,323</td>
</tr>
<tr>
<td>Private creditors</td>
<td>17</td>
<td>79</td>
<td>373</td>
<td>1,772</td>
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<tr>
<td>Foreign direct investment</td>
<td>54</td>
<td>32</td>
<td>2,005</td>
<td>1,968</td>
</tr>
<tr>
<td>Portfolio equity</td>
<td>0</td>
<td>0</td>
<td>346</td>
<td>-399</td>
</tr>
<tr>
<td>World Bank program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments</td>
<td>60</td>
<td>0</td>
<td>507</td>
<td>38</td>
</tr>
<tr>
<td>Disbursements</td>
<td>33</td>
<td>63</td>
<td>490</td>
<td>271</td>
</tr>
<tr>
<td>Principal repayments</td>
<td>10</td>
<td>31</td>
<td>65</td>
<td>64</td>
</tr>
<tr>
<td>Net flows</td>
<td>23</td>
<td>32</td>
<td>425</td>
<td>207</td>
</tr>
<tr>
<td>Interest payments</td>
<td>13</td>
<td>19</td>
<td>117</td>
<td>120</td>
</tr>
<tr>
<td>Net transfers</td>
<td>10</td>
<td>13</td>
<td>308</td>
<td>87</td>
</tr>
</tbody>
</table>

### Composition of total debt, 1998 (US$ millions)
- A: IBRD
- B: IDA
- C: Other multilateral
- D: Private
- E: IMF
- F: Short-term

- A: 2,128
- B: 906
- C: 2,320
- D: 7,450
- E: 7,932
- F: 11,486

- A: 2,128
- B: 906
- C: 2,320
- D: 7,450
- E: 7,932
- F: 11,486

\[ \text{Development Economics} \quad \text{9/9/99} \]
Additional
Annex 11

Monitoring and Evaluation System (MES)

Background

A preliminary design for the project's Monitoring and Evaluation System (MES) component was prepared by the World Wildlife Fund (WWF) in collaboration with INRENA, the Peruvian Center for Social Studies (CEPES), the Center for Conservation Data (CCD) and indigenous peoples organizations represented by the Peruvian Indigenous and Peasant Coordinating Committee (COICAP), the Interethnic Association for the Development of the Peruvian Rain Forest (AIDESEP) and the Confederación de Nacionalidades Amazónicas del Peru (CONAP). This component was to be implemented by WWF within the framework of the WWF-IBRD Alliance. WWF was to contribute approximately US$ 800,000 towards the implementation of the system. During appraisal the Regional Procurement Advisor (RPA) questioned the convenience of a single source contract for US$ 1.2 million to be the project's contribution towards achieving component objectives and recommended that the Task Team revise the MES component during appraisal. A number of options were suggested. During appraisal the Task Team discussed component implementation issues with the Director of INRENA, concluding that the main elements of the proposed design for the system should be maintained but they should be broken down so as to allow for procurement of distinct elements over time. It was further agreed that the proposed system should serve as the basis for use by SINANPE as a whole after a two-year implementation period. The project will strengthen the capacity of INRENA to implement the system and establish a MES Unit at the central level.

Component Design and Activities.

During preparation, a number of preliminary M&E instruments were developed including drafts of: (i) biological, quality of life and institutional strengthening indicators; (ii) biological and socio-economic database frameworks; (iii) Geographic Information System (GIS) formats and (iv) a scorecard to monitor effective management of protected areas. These documents are available in the project file and will serve as the basis for preparation of Requests for Proposals (RFP) and tendering documents for the contracts to be awarded based on the decisions made during appraisal.

Implementation of this component includes execution of four sub-components:

(i) Analysis of biodiversity conservation status
(ii) Preparation of biological and socio-economic databases
(iii) Monitoring of biological and socio-economic indicators
(iv) Monitoring of area management effectiveness.

(i) Preparation of biological and socio-economic databases. Existing information will be collected and organized for each of the five project areas. Analytical tools will be developed and information will be stored in a Geographic Information System (GIS) in digital data formats and maps. Training will be provided to field staff and indigenous promoters.

(ii) Analysis of biodiversity conservation status. This sub-component will be carried out with the participation of the local population in all project areas. Through field observation, relationships between resources and local inhabitants will be determined including the economic processes resulting from these relationships. A cause-effect relationship will be determined. Analysis of habitat representation and persistence of indicator species and analysis of key economic processes will be undertaken with local communities and mitigation measures proposed. Proposals will be made to modify existing policies and plans if needed.

(iii) Monitoring of biological and socio-economic indicators. Activities include (i) design of monitoring plans. Two main indicators for biological monitoring will be established (a) vegetation cover and land use analyses, and (b) flora and fauna indicator species. (ii) develop monitoring plans, (iii) train project field teams and
indigenous promoters in carrying out annual monitoring (iv) implement the monitoring exercise and (v) report findings.

(iv) Monitoring of protected area management effectiveness. Management effectiveness will be measured by using a score card and a community evaluation worksheet, Training will be provided to field staff and indigenous promoters.

Implementation Arrangements

The preparation of databases and monitoring plans; two years of monitoring and evaluation activities; and permanent training of INRENA staff and indigenous promoters at the local and central level, will be contracted out in accordance with Bank Procurement Guidelines. Supervision will be the responsibility of the Director of the MES Unit to be established at INRENA. Contractors will prepare quarterly and annual progress reports for the duration of their contracts. Contracts will be subject to prior review and awarded on a Quality and Cost Based Selection (QCBS) basis.

Table 1: Activity Responsibility Framework

<table>
<thead>
<tr>
<th>Sub Component (contracts)</th>
<th>Activities</th>
<th>Outputs</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| Biological and            | - Compile existing information  
Socio-economic                 | - Compendium of existing information  
          | databases                              | - Evaluation protocols, standards and analytical tools  
忽视内容 | - GIS data layer formats  
忽视内容 | - Technical assistance and training  
忽视内容 | INRENA MES  
忽视内容 | Unit  
忽视内容 | Contractors  
忽视内容 | Indigenous  
忽视内容 | promoters  
忽视内容 |
| Biodiversity              | - Implement Field surveys  
conservation status          | Status report and indicators                                               | INRENA MES  
忽视内容 | Unit  
忽视内容 | Contractors  
忽视内容 | Indigenous  
忽视内容 | promoters  
忽视内容 |
| Biological and            | - Measure vegetation cover and land                                      | Monitoring plan  
忽视内容 | Socio-economic               | use patterns                  | Training and technical  
忽视内容 | Monitoring  
忽视内容 | Monitoring  
忽视内容 | assistance                  | INRENA MES  
忽视内容 | Unit  
忽视内容 | Contractors  
忽视内容 | Indigenous  
忽视内容 | promoters  
忽视内容 |
| Monitoring               | - Test, adjust scorecard and                                            | - Score cards and  
忽视内容 | Area Management               | community evaluation worksheets already developed  
忽视内容 | implemented in five  
忽视内容 | INRENA M&E  
忽视内容 | Monitoring  
忽视内容 | collected and worksheet      | - Project areas annually.  
忽视内容 | - Field Teams                | Unit  
忽视内容 | already developed   
忽视内容 | - Indigenous  
忽视内容 | Contractors  
忽视内容 | promoters  
忽视内容 | community evaluation worksheets already developed  
忽视内容 | - Indigenous  
忽视内容 | - Apply methodology on an annual basis                             | - Project areas annually.  
忽视内容 | - Indigenous  
忽视内容 | promoters  
忽视内容 | basis                            
忽视内容 | - Indigenous  
忽视内容 | promoters  
忽视内容 |
Additional
Annex 12

Social Characteristics and Biodiversity Situation of Project Areas

This document presents social and biological information on the proposed El Sira Reserved Zone and the Gueppi, Purus and Santiago-Comaina Reserved Zones and the Pacaya-Samiria National Reserve. It also includes information on biodiversity threats in each area.

El Sira (proposed Reserved Zone)

The proposed El Sira Reserved Zone is located within three departments of the Amazon region of Peru (Pasco, Huanuco and Ucayali). The proposed reserve would cover an area of 600,000 hectares. Since 1975 indigenous communities have suggested the creation of a Communal Reserve in the area. Technical studies, which have been prepared, need to be updated and brought to INRENA attention. The proposed Reserved Zone can be reached from Pucallpa by following the Ucayali River reaching the provincial capital of Atalaya.

Social Characteristics. There are two distinct types of area inhabitants with particular differences in terms of use of natural resources. Indigenous hunter gatherer groups (Shipibo-Conibo, Ashanika and Yaneshia) established in 128 communities along the Ucayali, Unini, Pichis and Pachitea rivers who maintain traditional cultural values and colonizers involved in agricultural production, forestry and fishing activities. The population has been estimated to include 22,202 inhabitants of which 82 percent are considered indigenous. Economic activities are more intense in areas close to urban centers such as Pucallpa while fishing is the main activity in the Ucayali River. In the Pichis and Pachitea areas, forest extraction is predominant.

Biodiversity characteristics. Pristine forests characterize the area. There are several tree species of biodiversity importance, orchids and medicinal plants, there are 299 bird species, 124 mammals, 140 reptiles and 109 fish species. Gold exploration in the Lupapichis and Negro rivers threaten the proposed area. Intensive fishing and the use of toxins in the Pachitea river and the construction of a road through the San Matias-San Carlos Protected Forest are also considered threats to the biodiversity of the area.

Gueppi Reserved Zone

The Gueppi Reserved Zone was established in March 1997 and covers an area of 625,971 hectares. It is situated in Santa Clotilde district of Maynas province in the department of Loreto. This reserve borders protected areas in Ecuador (Cuyabeno) and Colombia (La Paya). Access to the area is difficult. It can be reached by boat using the Putumayo River from Puerto Asis and Puerto Leguizamo. Road infrastructure is limited to trails linking river margin communities. Air transportation is restricted to one flight a week from Iquitos to El Estrecho. The Peruvian Army is presently constructing a new airport in Gueppi.

Social Characteristics. Quichua, Huitoto and Secoya indigenous groups inhabit the area. There are 22 rural human settlements with an estimated population of 2,250 inhabitants. Settlements are situated in the right margin of the Putumayo river and its three tributaries: Peneya, Yaricaya and Angustilla rivers. There are also four military posts in the Lagartococha and Aguarcito rivers. It is estimated that there are 677 Quichua individuals while the Huitototo and Secoya groups represent 100 and 425 individuals respectively. The Quicha are established in the Puerto Lupita, Miraflores, Puerto Velez, Puerto Argelia, Ipiranga and Angustilla settlements. Huitotos are settled in the Santa Teresita del Rio Penaya hamlet and the Secoya in Zambelin de Yaricaya and Mashunta on the Angustilla river.
Biodiversity characteristics. There are 50 flora species of economic importance mainly along river margins. There is a record number of fish species (112 species) in the lower basin of the Napo River. There are also 17 primate species and 560 bird species. The following tree species are considered threatened: cedro (Cedrela odorata), caoba, (Swietenia macrophylla,) lupuna (Chorisia insignis) and tornillo (Cedrelinga cateniformis). Existing fauna is also threatened among them the black lizard (Caiman niger) and boa (Boa constrictor). Biodiversity in the area is threatened by selective extraction of tree species, indiscriminate hunting and overfishing.

Purus Reserved Zone

The Purus Reserved Zone was established in July 2000. It is located in Purus province of the department of Ucayali and parts of the Madre de Dios province. It covers an area of 5101 945 hectares. The Reserved Zone can be reached by air once a week. The most important airstrip is located in Puerto Esperanza.

Social Characteristics. The population of the area is estimated to be 3,600 inhabitants of which 75 percent are indigenous. An estimated 40 indigenous communities of Cashinaguas, Sharanahua, Culinas, Mastanahua, Amahuacas, Ashanikas and Channahuas are settled along the Purus and Curanja rivers. There is also evidence of a non-contacted groups identified as Mashcos inhabiting an area of approximately 769 000 hectares. A group of approximately 130 colonizer families are settled in the Mi Peru and Palestina hamlets and the provincial capital of Puerto Esperanza.

Biodiversity Characteristics. Identified species include 132 mammals, Threatened species include 5 bird species 22 mammals and seven reptiles. Biodiversity is being threatened by the use of toxins for fishing and indiscriminate forestry extraction.

Santiago-Comaina Reserved Zone

The Santiago-Comaina Reserved Zone was established in January 1999 with an area of 863,277 hectares. It is located in the province of Condorcanqui, Imaza district of Bagua province of the department of Amazonas and Morona district Alto Marañón province of the department of Loreto. The Reserved Zone can be reached by boat using the Marañón, Santiago and Cenepa Rivers, by air using the Ciro Alegria and Puerto Galilea airports. The road network includes a road following the northern Peruvian oil pipeline and the Olmos-Corral Quemado-Mesones road.

Social characteristics. Agurutana and Huambisa indigenous communities inhabit areas along the Comaina, Cenepa, Santiago and Marañón rivers in the Cenepa and Rio Santiago districts of Condorcanqui province of the Amazon department. The population of Condorcanqui province is estimated in 30 520 inhabitants.

Biodiversity characteristics. The following flora species are considered vulnerable: huasai, (Euterpe precatoria) unguralhuí, (Oenocarpus bataua), yarina, Phytelephas macrocarpa) shiringa, (Hevea spp) uña de gato (Uncaria spp) shimbillo (Inga sp).

Pacaya-Samiria National Reserve

The Pacaya-Samiria National Reserve was established in 1982. It is located in the department of Loreto and cover an area of 2080,000 hectares.
Social characteristics. Indigenous communities of the Cocama-Cocamilla group inhabit the Reserve. The other indigenous group is composed of Shipibo-Conibo. There are 203 human settlements within the borders of the Reserve with an estimated population of 92,000 inhabitants. There are 24 indigenous communities. A considerable number of migrants from Yurimaguas and Pucallpa have also settled in the area.

Biodiversity Characteristics. The Reserve is characterized by its rich biodiversity. There are 330 bird species, 79 mammals, 40 reptiles and 55 fish species. The area of the Reserve has been subject to direct use including rubber production, livestock breeding and forestry activities. According to the CDC there are 8 species in critical situation and 5 considered threatened. Among the fauna species: the black lizard (Caiman niger), manati, (Trichechus inunguis) red guacamayo (Ara macao). The threatened flora species include ojé (Ficus insipida) cedro (Cedrela odorata), tornillo (Cedrelinga catenaeformis). The main threat to the Reserve is intense population pressure on existing resources and oil exploration.
Additional
Annex 13

Social Assessment and Public Participation Analysis

Objectives and methodology

The main objective of the social assessment and public participation analysis was to determine the social conditions of indigenous communities in the selected project areas and to establish institutional, economic and area management perceptions as well as the possible economic use of natural resources in selected areas. The consultation process was carried out using several methodologies including: (i) field surveys; (ii) workshops and (iii) field reconnaissance. Table 1 below provides information on the areas in which the workshops and assessments were carried out.

Table 1 Consultation Activities

<table>
<thead>
<tr>
<th>Methods</th>
<th>Area</th>
<th>Communities/Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field Surveys</td>
<td>El Sira</td>
<td>50 communities</td>
</tr>
<tr>
<td></td>
<td>Gueppi</td>
<td>22 communities</td>
</tr>
<tr>
<td></td>
<td>Purus</td>
<td>42 communities</td>
</tr>
<tr>
<td></td>
<td>Santiago-Comaina</td>
<td>56 communities</td>
</tr>
<tr>
<td>Workshops</td>
<td>El Sira</td>
<td>3 workshops (Nueva Italia, Puerto</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bermudez and Pucalipa)</td>
</tr>
<tr>
<td></td>
<td>Gueppi</td>
<td>2 workshops (Soplin Vargas and Nueva</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Angusilla)</td>
</tr>
<tr>
<td></td>
<td>Purus</td>
<td>2 workshops in Puerto Esperanza</td>
</tr>
<tr>
<td></td>
<td>Santiago-Comaina</td>
<td>4 workshops Marañon, Cenepa,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Santiago and Morona</td>
</tr>
<tr>
<td>Field reconnaissance</td>
<td>El Sira</td>
<td>Putumayo River basin</td>
</tr>
<tr>
<td></td>
<td>Gueppi</td>
<td>Penaya River basin</td>
</tr>
<tr>
<td></td>
<td>Purus</td>
<td>Purus River basin</td>
</tr>
<tr>
<td></td>
<td>Santiago-Comaina</td>
<td>Tuntanai and Campanquiz mountain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ranges</td>
</tr>
</tbody>
</table>

Key Findings and Recommendations

There are a number of findings, which are common to all project areas. A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis was carried out during the social assessment process. The analysis indicated that communities have the following strengths:

(i) They are organized and maintain their cultural values and identities. Although many communities are under severe outside pressures, they have umbrella organizations such as the Interethnic Association for the Peruvian Rain Forest (AIDESEP) and the National Confederation of Amazonian Nations of Peru (CONAP) who adequately represent them;

(ii) They have an understanding of the potential use of natural resources and possess traditional knowledge of the uses of flora and fauna resources;

(iii) Existence of abundant resources mainly in aquatic ecosystems;

(iv) There is an understanding of indigenous people's rights although, this knowledge is presently held by
Participants in social assessment workshops identified the following weaknesses:

(i) Weak organizational structures at the community level requiring training in participatory methodologies and democratic processes
(ii) Poor health conditions with high levels of morbidity
(iii) Limited availability of energy sources and poor transportation networks
(iv) Lack of management plans to allow for economic development activities
(v) Insufficient knowledge and understanding of market development and conditions for economic development

Participants concluded that there are several opportunities for their development. They concluded that there is a growing demand for natural products and a favorable international and legal framework, which would allow indigenous groups to further their economic development. Economic development projects could run into difficulties because of limited volumes for demanding markets. It was stated that in order to succeed project interventions should be highly participatory and be based on traditional knowledge and customs. The presence of colonists and drug traffickers is important in Gueppi and Santiago Comaina and pose a threat to the sustainable use of biodiversity natural resources.

Table 2 below summarizes main findings related to the potential economic activities which could be undertaken in given areas as well as the recommendations made concerning the status of project areas.

Table 2 Specific Findings and Recommendations by Area

<table>
<thead>
<tr>
<th>Area</th>
<th>Findings</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Sira</td>
<td>Economic development potential in eco tourism, medicinal plants and management and breeding of wild fauna.</td>
<td>Limit threats caused by gold mining and building of the Tahuania road</td>
</tr>
<tr>
<td>Gueppi</td>
<td>Economic development potential in the production of camu camu (Myrciaria dubia)</td>
<td>Establish a definite protection category to the present Reserved Zone</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expand the present Reserved Zone to include areas of the Siona-Secoya</td>
</tr>
<tr>
<td></td>
<td></td>
<td>indigenous communities</td>
</tr>
<tr>
<td>Purus</td>
<td>Economic development potential of handicrafts, medicinal plants, captive breeding of wild fauna</td>
<td>Take into account rights of the Mascho-Piro non-contacted indigenous groups incorporating new areas.</td>
</tr>
<tr>
<td>Santiago Comaina</td>
<td>Economic development potential in reforestation, medicinal plants, handicrafts, captive breeding of sajino, venado and Sachavaca (xxxx)</td>
<td>Further the establishment of a Biosphere Reserve and duplicate the present Reserved Zone Area</td>
</tr>
</tbody>
</table>
### Project Implementation Plan

#### Project Duration (in months): 60

<table>
<thead>
<tr>
<th>Project Components &amp; Subcomponents</th>
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<th>12</th>
<th>18</th>
<th>24</th>
<th>30</th>
<th>36</th>
<th>42</th>
<th>48</th>
<th>54</th>
<th>60</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
<td>Year 4</td>
<td>Year 5</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>1. Participatory Biodiversity Conservation</strong></td>
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</tr>
<tr>
<td>1.1 Creation and Categorization of Protected Areas</td>
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<td></td>
<td></td>
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<tr>
<td>a) Preparation of planning documents and implementation of the consultative process</td>
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<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b) Drafting of administrative resolutions and legislative decrees</td>
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<tr>
<td>1.2 Strengthening Participatory Mechanisms</td>
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</tr>
<tr>
<td>a) Establishment and Strengthening of Protected Areas Management Committees (PAMC)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>b) Creation of Community Based and Management Protected Areas Surveillance System (PASS)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>1.3 Indigenous Training in Participatory Mechanisms</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
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<td>1.4 Public Awareness Program</td>
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<td>x</td>
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<td>1.5. Provide Infrastructure Protected Areas</td>
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<td>1.6 Field Project Team</td>
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<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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</tr>
<tr>
<td><strong>2. Sustainable Uses of Biodiversity</strong></td>
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