



# WORLD WILDLIFE FUND- GEF PROJECT DOCUMENT



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## Acronyms and abbreviations

AAF	Andes Amazon Fund
ACN	Andean Community of Nations
AGRORURAL	Productive Development Program of Rural Agriculture
AIDSESP	Interethnic Association of Development of the Peruvian Rainforest (Indigenous Federation)
AMR	Annual Monitoring Review
ANA	National Water Authority
AOP	Annual Operational Plan
ARPA	Amazon Region Protected Areas
ASL	Amazon Sustainable Landscapes Program
AWPB	Annual Work Plan and Budget
BZ	Buffer Zone
CBD	Convention on Biological Diversity
CC	Climate Change
CENDIPP	Center for Research and Popular Promotion
CI	Conservation International
CIAM	Amazon Interregional Council
CITES	The Convention on International Trade in Endangered Species of Wild Fauna and Flora
CIUP	Research Center of the Pacific University
DDE	SERNANP Directorate for Strategic Development
DGANP	SERNANP Directorate for NPA Management
DGFFS	General Directorate of Forestry and Wildlife
DL	Legislative decree
DS	Supreme decree
EBA	Ecosystem-based Adaptation
ECA	Administration Contract Executors
ECLAC	Economic Commission for Latin America and the Caribbean
ENBCC	National Strategy on Forests and Climate Change
ERDB	Regional Biological Diversity Strategies
FCPF	Forest Carbon Partnership Facility
FONANPE	Protected Areas Fund
FUNBIO	Brazilian Biodiversity Fund
GBMF	Gordon and Betty Moore Foundation
GDI	Gender Development Index
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEF RBM	GEF Results Based Management
GEF TF	GEF Trust Fund
GIZ	German Society for International Cooperation
GOLO	Local Government
GoP	Government of Peru
GORE	Regional Government
GPAN	Participative Management of Protected Areas Project
HDI	Human Development Index
IADB	Inter-American Development Bank
IBA	Important Bird and Biodiversity Area
IIAP	Peruvian Amazon Research Institute

IIRSA	Initiative for the Integration of the Regional Infrastructure of South America
ILO	International Labor Organization
INRENA	Natural Resources Institute
IUCN	International Union for Conservation of Nature
KBA	Key Biodiversity Areas
KFW	German Development Bank
LDCF	Least Developed Countries Fund
LTC	Linden Trust for Conservation
LULUCF	Land use, land-use change and forestry
M&E	Monitoring and Evaluation
MAAP	Monitoring of the Andean Amazon Project
Master Plan	Protected area management plan
MEF	Ministry of Economy and Finance
METT	Management Effectiveness Tracking Tool
MIMP	Ministry of Women and Vulnerable Populations
MINAGRI	Ministry of Agriculture and Irrigation
MINAM	Ministry of Environment
MINCETUR	Ministry of Foreign Commerce and Tourism
MMM	Multi-Year Macroeconomic Framework
MoU	Memorandum of understanding
NBSAP	National Biodiversity Strategy and Action Plan
NDC	Nationally Determined Contributions
NGO	Non-Governmental Organization
NORAD	Norwegian Agency for Development Cooperation
NPA	Natural Protected Area managed by the National Government
OECD	Organization for Economic Cooperation and Development
OM	Operations Manual
OPP	SERNANP's Office of Budget and Planning
OSINFOR	Supervisory Agency for Forest and Wildlife Resources
PA	Protected Area
PCA	Private Conservation Areas
PCM	Presidency of the minister's council
PdP	Peru's Natural Legacy
PEI	Institutional Strategic Plan
PES	Payment for Environmental Services
PFP	Project Finance for Permanence
PIF	Project Identification Form
PIMA	Project Management of Natural Protected Areas in the Peruvian Amazon
PIR	Project Implementation Review
PLANAA	National Environmental Action Plan
PMU	Project Management Unit
PNCB	National Forest Conservation Program
PNCBMCC	National Forest Conservation Program for Climate Change Mitigation
POI	Institutional Operational Plan
PPMS	WWF Programme and Project Management Standards
PPR	Project Progress Report
PRODOC	Project Document
PRODUCE	Ministry of Production
PROFONANPE	Peruvian Trust for National Parks
PROMPERU	Commission of Promotion of Peru

PRONANP	Project Reinforcing the Biodiversity Conservation through the Protected Natural Areas
PRONATURALEZA	Peruvian Foundation for Nature Conservation
PSC	Project Steering Committee
RAMSAR	Convention on Wetlands of International Importance
RBB	Results-Based Budget
RCA	Regional Conservation Areas
RDR	Directly Collected Resources
REDD+	Reducing emissions from deforestation and forest degradation
REDLAC	Latin American and Caribbean Network of Environmental Funds
REDPARQUES	Latin American Technical Cooperation Network on National Parks
RM	Ministerial Resolution
RO	Ordinary Resources
RP	Presidential Resolution
RZ	Reserved Zones
SAL	Project Amazon Sustainable Landscape
SCCF	Special Climate Change Fund
SDG	Sustainable Development Goals
SENAMHI	National Meteorology Service
SERNANP	National Service of Natural Protected Areas
SERVIR	National Authority of the Civil Service
SFM	Sustainable Forest Management
SIGA	Integrated Management system
SINAC	National System of Conservation Areas of Costa Rica
SINANPE	National System of Natural Protected Areas managed by the National Government
SINIA	National System of Environmental Information
SPDA	Peruvian Society for Environmental Law
SPE	Strategic Planning System by All Sources of Financing
STAP	Scientific and Technical Advisory Panel
SUZ	Special Use Zone
TF	Transition Fund
TNC	The Nature Conservancy
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention about Climate Change
UNIQ	National Intercultural University of Quillabamba
USAID	United States Agency for International Development
WBG	World Bank Group
WCS	Wildlife Conservation Society
WDPA	World Database of Protected Areas
WHO	World Health Organization
WWF	World Wildlife Fund
ZEE	Ecological and Economic Zoning

## Executive Summary

Peru hosts the second-largest portion of the Amazon biome after Brazil, harboring 78,288,000 ha accounting for over 11% of the biome or over 60% of Peru's national territory. It is characterized by rich biodiversity, extensive forest ecosystems and land cover which provides critical benefits, including carbon sequestration and erosion prevention. The region is also home to more than 300,000 indigenous people belonging to 51 different ethnic groups. In recent years, accelerated development in Peru has translated into unprecedented new infrastructure, which in turn, has opened up this globally significant region to incursion from legal and illegal activities, such as shifting small and medium scale agriculture, cattle grazing, and illegal gold mining. A key strategy of the Peruvian Government to safeguard the globally significant biodiversity of its portion of the Amazon biome has been the establishment of natural protected areas. Currently the National Service of Natural Protected Areas (SERNANP) manages over 16.7 million ha or 86% of total land area of the NPA system (or SINANPE for its acronym in Spanish). These areas provide protection to more than 24% of the Peruvian Amazon or 8.75% of the global Amazon Biome.

The Peruvian government has made great efforts to expand the national protected area system and improve NPA management, especially since the creation of SERNANP in 2008. However, despite significant increases in annual budget appropriations (from 2.2 million to approximately US\$ 17 million between 2009 and 2016), the necessary resources for effective protected area management have not kept pace with the NPA system growth. Hence, SERNANP still faces significant shortages in staff, equipment, infrastructure, and other resources and capacities to guarantee the long-term conservation and effective management of protected areas. This hampers the ability of the NPA system to ensure the long-term conservation of the Peruvian Amazon. The great challenge for SERNANP is to be able to increase current levels of funding to improve NPA management effectiveness in the context of a system that has grown significantly but in a non-systematic way (i.e., without consolidating minimum requirements for effective PA management across the system), with economic policies that impose greater restrictions on public spending and a projected trend of decreasing international cooperation

One of the main ongoing actions towards improving financial sustainability of Peru's NPAs is a multi-partner, public-private initiative known as "Peru's Natural Legacy" or PdP (for its name in Spanish). This initiative is a joint effort between Peru's Ministry of Environment (MINAM), SERNANP and a group of partners including the Peruvian Society for Environmental Law (SPDA), Fund for the Promotion of National Protected Areas in Peru (PROFONANPE), Andes Amazon Fund, the Moore Foundation, and WWF, aimed at developing and implementing an innovative model for the financial sustainability of the NPA System based on the Project Finance for Permanence (PFP) approach. One of the key features of the PFP approach is mobilizing all of the resources, institutional commitments, policy changes and other conditions needed for successful long-term conservation of globally important places at one time. Through a single closing or single framework agreement, pledged funds are delivered once the agreed necessary conditions are met; this helps motivate the parties and draw out additional financial and political commitments.

Under the leadership of SERNANP and PROFONANPE, this six year GEF-funded project aims to promote long-term financial sustainability for the effective management of Peru's National System of Protected Natural Areas for the protection of globally important biodiversity and ecosystem services in the Amazon Biome. Given current suboptimal management and heterogeneous levels of management across the Amazon NPAs, SERNANP aspires to consolidate at least a structural level of management which is operationalized by several

attributes/processes/activities an area must have to effectively control threats and conserve the biodiversity they purport to protect.

The project is designed around four key components to develop and implement a financial sustainability strategy that will not only help close the funding gap for improved management by bringing in supplementary resources, but also help build institutional capacity, bring key governmental stakeholders together, catalyze long-term strategic planning, and coordinate different funding institutions, among other. As a result, the project will help leverage funding to allow for 100% of the Peruvian Amazon NPAs to achieve a structural level of management in ten years and enable some of them to advance towards optimal level through the development of tourism and sustainable natural resource management. By developing capacities and securing funding for the implementation of a multi-partner, agreed strategic action plan the project will catalyze improvements in management effectiveness of 16,748,518 ha under protected areas in ten years.

The project is an integral part of a larger GEF Amazon initiative titled the Amazon Sustainable Landscapes Program. The World Bank-led Program aims to protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover for the Amazon, and will also strengthen cooperation and synergies between initiatives that operate to promote the conservation and sustainable management of the Amazon forests and associated natural resources, which will lead to an integrated intervention that includes protected areas, landscapes and productive corridors in Brazil, Colombia, and Peru.

## SECTION 1: PROJECT BACKGROUND

### 1.1 BACKGROUND AND CONTEXT

#### 1.1.1 Introduction to the Amazon Sustainable Landscapes Program

The Amazon Region contains both the largest block of contiguous tropical forests and the largest river basin in the world. The Amazon River basin covers an area of almost 8 million square kilometers and the Amazon biome almost 7 million square kilometers, extending into eight countries (Brazil, Bolivia, Peru, Ecuador, Colombia, Venezuela, Guyana, Suriname, and French Guyana). It is considered one of the most diverse regions on the planet, defined by unique freshwater ecosystems and tropical rainforests interspersed with other vegetation (such as savannas, flooded forests, grasslands, swamps, moist forests, and montane forests). Around 40% of the rainforest remaining on Earth is found in the Amazon and it is home to at least 10% of the world's known species, including endemic and endangered flora and fauna<sup>1</sup>.

In addition to hosting globally significant biodiversity, the Amazon biome provides ecosystem services of local, national, and global importance, including the maintenance of the region's intricate network of watersheds that sustain fisheries, maintain soil fertility, provide transport, and generate energy; the regulation of hydrological cycles; climate regulation (the basin's native forests and savannahs return an estimated 9,600km<sup>3</sup> y<sup>-1</sup> of rainwater to the atmosphere via evapotranspiration<sup>2</sup>); carbon sequestration (the region contains almost 10% of the global reserve of carbon stored in land ecosystems); oxygen production; soil conservation; and erosion control, among others<sup>3</sup>. These important ecosystem services help support the 34 million people inhabiting the Amazon, among them three million indigenous people from 350 indigenous groups<sup>4</sup>.

In 2015, the Global Environment Facility (GEF) approved the **Amazon Sustainable Landscapes Program**, led by the World Bank as the GEF agency, in order to safeguard this megadiverse region and the diverse ecosystem services it provides. This program will be financed via the focal areas of Biodiversity, Climate Change Mitigation, Sustainable Forests Management, and Land Degradation. The objective of the program is **to protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover**. The Program is organized into four components: (1) Integrated Amazon Protected Areas, (2) Integrated Landscape Management, (3) Policies for Protected and Productive Landscapes, and (4) Capacity Building and Regional Cooperation. Its objective will be achieved through five child projects working in Brazil, Peru, and Colombia, which together comprise 83% of the total Amazon biome: (1) Amazon Sustainable Landscapes in Brazil (WBG); (2) Connectivity and Biodiversity Conservation in the Colombian Amazon (UNDP/WBG); (3) Sustainable Productive Landscapes in the Peruvian Amazon (UNDP); (4) *Securing the Future of Peru's Protected Areas* (WWF); and (5) Capacity Building and Regional Coordination for Amazon Sustainable Landscape Program (WBG).

The proposed child project, ***Securing the Future of Peru's Protected Areas***, will contribute directly to this program by supporting an innovative financial model and developing key institutional and technical capacities that will ensure that Peru's Amazon protected areas have adequate and long-term sustainable financing to

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<sup>1</sup> WWF. 2009. "Amazon Initiative: Facts and Figures." [https://assets.wwf.ch/downloads/fact\\_figures\\_feb09.pdf](https://assets.wwf.ch/downloads/fact_figures_feb09.pdf).

<sup>2</sup> Estimates are based on the MODIS ET (MOD16) data product, available at <http://www.nts.gov/mod16>.

<sup>3</sup> Maretti, C.C., Riveros S., J.C., Hofstede, R., Oliveira, D., Charity, S., Granizo, T., Alvarez, C., Valdujo, P. & C. Thompson. 2014. State of the Amazon: Ecological Representation in Protected Areas and Indigenous Territories. Brasilia and Quito: WWF Living Amazon (Global) Initiative

<sup>4</sup> REDPARQUES 2016

consolidate a standard level of management across the PA system and significantly improve their management effectiveness. As a result of the project interventions, over 16.7 million hectares (ha) of Amazon protected areas (accounting for 21% of the Peruvian Amazon or 8.75% of the global Amazon Biome) will have strengthened their management effectiveness, including improved capacities for threat control, thereby safeguarding the nation's and region's valuable biodiversity.

### 1.1.2 Regional and global significance of the Peruvian Amazon

The Amazon River has its source high in the Peruvian Andes, at an elevation of 5,598 m. From there, the river winds its way through South America to its final destination, the Atlantic Ocean, almost 4,000 miles away. The Amazon hydrographic basin in Peru covers an area of 96,177,631 ha, equivalent to 74.83% of the country<sup>5</sup> (see Figure 9 in Appendix 1). The Andes Mountains supply the vast majority of the sediments, nutrients and organic matter found in the main-stem Amazon, fueling floodplain ecosystems that are among the most productive on Earth. Given its upstream location --and considering that the Amazon functions as a single ecological unit and has a complex system of interactions among its highly interdependent parts-- the Peruvian Amazon plays a key role in the conservation of the whole basin and its biodiversity<sup>6</sup>.

Peru has the second-largest portion of the Amazon biome after Brazil, harboring over 11% of the biome, or over 60% of Peru's national territory (78,288,000 ha). It extends from east of the Andes to the borders with Ecuador, Colombia, Brazil and Bolivia. The Peruvian Amazon is characterized by a web of landscapes and ecosystems that give the region its unique biological richness and hence, its national, regional and global value. The global significance of the Peruvian Amazon is reflected in 2 Ramsar Sites, 13 IBAs, 3 Biosphere Reserves, and 3 World Heritage Sites, many of which also comprise protected areas.

**Species Biodiversity:** The Peruvian Amazon is considered an epicenter of global biodiversity richness. The species present represent a large percentage of each taxon globally, including 806 species of birds, 7,372 species of angiosperms, 262 species of amphibians, 2,500 species of butterflies, and 697 species of river fish<sup>7</sup>. Beta diversity is also important, as there are numerous endemic species including the pink (*Inia geoffrensis*) and gray (*Sotalia fluviatilis*) Amazon River dolphins, and the big leaf mahogany (*Swietenia macrophylla*) — one of the most valuable and overexploited hardwood species globally<sup>8</sup>.

**Forests:** Much of this rich biodiversity is built upon the forest ecosystems present in Peru's Amazon, which account for 94.06% of the total national forest cover. Forest products and contingent ecosystem services support many indigenous and local communities.<sup>9</sup> In addition, Peru's dense tropical rainforests play an important role in carbon sequestration. Indeed, the Peruvian Amazon represents one of the world's largest carbon sinks, and stores the largest portion of the country's carbon stock, estimated at 7 billion tons.<sup>10</sup>

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<sup>5</sup>Peruvian Amazon Research Institute (IIAP, as per its Spanish acronym) Amazon Biodiversity Project – BIODAMAZ. 2004. Analysis on the reality and major biodiversity issues in the Amazon region. Technical paper No. 7

<sup>6</sup> Macedo, M. and L. Castello. 2015. State of the Amazon: Freshwater Connectivity and Ecosystem Health; edited by D. Oliveira, C. C. Maretti and S. Charity. Brasília, Brazil: WWF Living Amazon Initiative. 136pp.

<sup>7</sup> World Heritage Encyclopedia. 2017. "Peruvian Heritage." Accessed January 6 [http://self.gutenberg.org/articles/eng/Peruvian\\_rainforest](http://self.gutenberg.org/articles/eng/Peruvian_rainforest).

<sup>8</sup> WWF. 2017. "Big Leaf Mahogany." Accessed January 6 [http://wwf.panda.org/what\\_we\\_do/endangered\\_species/bigleaf\\_mahogany/](http://wwf.panda.org/what_we_do/endangered_species/bigleaf_mahogany/)

<sup>9</sup> Smith, Julian and Jill Schwartz. 2015. "Deforestation in Peru." WWF Magazine, Fall. <https://www.worldwildlife.org/magazine/issues/fall-2015/articles/deforestation-in-peru>.

<sup>10</sup> Collyns, Dan. 2014. "Peru's forests store more CO2 than US emits in a year, research shows." The Guardian, November 12. <https://www.theguardian.com/world/2014/nov/12/perus-forests-store-more-co2-than-us-emits-in-a-year-research-shows>.

**Fresh water ecosystems:** The Peruvian Amazon has a high diversity of aquatic ecosystems, including whitewater rivers, clear water rivers, black water rivers, lakes, and marshes, each hosting different types of wildlife. Freshwater ecosystems in the Amazon play a key role in climate regulation, nutrient cycling, water quality, biodiversity support, and food production<sup>11</sup> and provide a wealth of goods and services, which have supported Amazonian peoples for thousands of years<sup>12</sup>.

**Land conservation values:** Like its forests, the Amazon's land cover provides critical benefits for the local and global environment, including carbon sequestration and erosion prevention. For example, peatlands in the Peruvian Amazon store ten times the amount of carbon as undisturbed rainforest in adjacent areas, making them critical in the battle to fight climate change<sup>13</sup>.

**Socio-cultural importance:** The Amazon River is the largest source of fresh water in the world. The Peruvian Amazon region is home to more than 300,000 indigenous people belonging to 51 different ethnic groups<sup>14</sup>. It is the last refuge of nearly 10,000 indigenous peoples in voluntary isolation from modern society, for whom these forests and rivers are a vital source of life<sup>15</sup>. The natural and cultural diversity of this region is a source of scenic beauty and spiritual values, not only locally and nationally but also for all humankind as revealed in the presence of three UNESCO World Heritage Sites: Machu Picchu Historic Sanctuary, Manu National Park, and Huascaran National Park.

In order to conserve the nationally, regionally and globally significant biodiversity of the Amazon region, the Government of Peru has taken significant measures including the development of policy and institutional frameworks for environmental management, land use planning, and forest management. Among them, the Forest and Wildlife Law and Policy<sup>16</sup> and the National Forestry and Wildlife Plan, the National Biodiversity Strategy and Action Plan, decentralization of environmental management through the National Environmental Action Plan 2011-2021, the National Forest Conservation Program for Climate Change Mitigation, and the creation of an impressive network of natural protected areas.

## 1.2 PROTECTED AREAS IN PERU

The National System of Natural Protected Areas of Peru was established in 1990 to help safeguard the country's rich biodiversity against the threats that prevail in the broader productive landscape. Its objective is "to contribute to sustainable development in Peru, via the conservation of representative samples of biological diversity"<sup>17</sup>. The Peruvian protected area system is comprised of the *National System of Protected Natural Areas Managed by the National Government* (SINANPE), *Regional Conservation Areas* (established and managed by subnational governments), and *Private Conservation Areas* (voluntary conservation efforts that are recognized by the national government and managed by individual landowners or their representatives). Both National Protected Areas (NPAs) and Regional Conservation Areas (RCAs) are established in perpetuity,

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<sup>11</sup> Castello, L. and Macedo, M. N. (2015) Large-scale degradation of Amazonian freshwater ecosystems. *Global Change Biology*, doi: 10.1111/gcb.13173

<sup>12</sup> Castello, L., McGrath, D. G., Hess, L. L., Coe, M. T., Lefebvre, P. A., Petry, P., Macedo, M. N., Renó, V. F. and Arantes, C. C. (2013), The vulnerability of Amazon freshwater ecosystems. *Conservation Letters*, 6: 217–229. doi:10.1111/conl.12008

<sup>13</sup> Frederick C Draper et al (2014). The distribution and amount of carbon in the largest peatland complex in Amazonia. *Environmental Research Letters*. 9 124017 doi:10.1088/1748-9326/9/12/124017

<sup>14</sup> Resolución Ministerial N° 208-2016-MC

<sup>15</sup> <http://www.aidesep.org.pe/aidesep-y-los-pueblos-autonomos-aislamiento-voluntario-y-contacto-inicial/>

<sup>16</sup> Peru's Forest and Fauna Law affords protection to riparian zones, mandating the conservation of a 50m buffer zone along rivers and lakes.

<sup>17</sup> SERNANP. 2016. Accessed December 20 <http://www.sernanp.gob.pe/>.

whereas Private Conservation Areas (PCAs) are based on an agreement between the national government and the landowner, with the aim of conserving the biodiversity on the property for a renewable period of not less than 10 years.

In the last two decades, Peru's national protected area system has expanded rapidly and significantly: from 7.2 million ha in 1996 to over 22.58 million ha in 2017 (or 17% of the country's territory) including NPAs, RCAs and PCAs. Of these, the national government directly manages over 19 million ha, equivalent to 15% of the country's territory (See Table 30 in Appendix 2.)

### 1.2.1 Legal, planning and policy framework

Peru's National System of Protected Areas is governed by Law N° 26.834/97 and its regulatory decree (DS N° 038-2001-AG). In accordance with this law the Master Plan for Natural Protected Areas (*Plan Director*) is the highest level policy and strategic planning document for the National PA System for a 10 year period. During project implementation, this strategic document will undergo a process of evaluation and updating, hence providing an opportunity to guide activities over the next 10 years towards improving management effectiveness of the SINANPE and its areas.

At the site level, protected area management plans (*planes maestros*) set strategic guidelines for each individual NPA and its buffer zone; policies for NPA management; definition of the NPA's zoning and buffer zone; strategic objectives; programmatic guidelines; and frameworks for cooperation, coordination and participation related to the NPA and its buffer zone, among others. Management plans are prepared with a 20-year vision shared among the key stakeholders, and a 5-year horizon for prioritizing objectives and the respective strategic lines of action. Based on the NPA management plan, annual operational plans (AOP) define the activities for any given year. There are also specific plans for activities or themes, such as natural resource management and public use, and site plans, all of which must respond to the NPA management plan.

Additional information on legal and planning instruments and policies related to protected areas and natural resource conservation is included in Table 32 and 33 in Appendix 2.

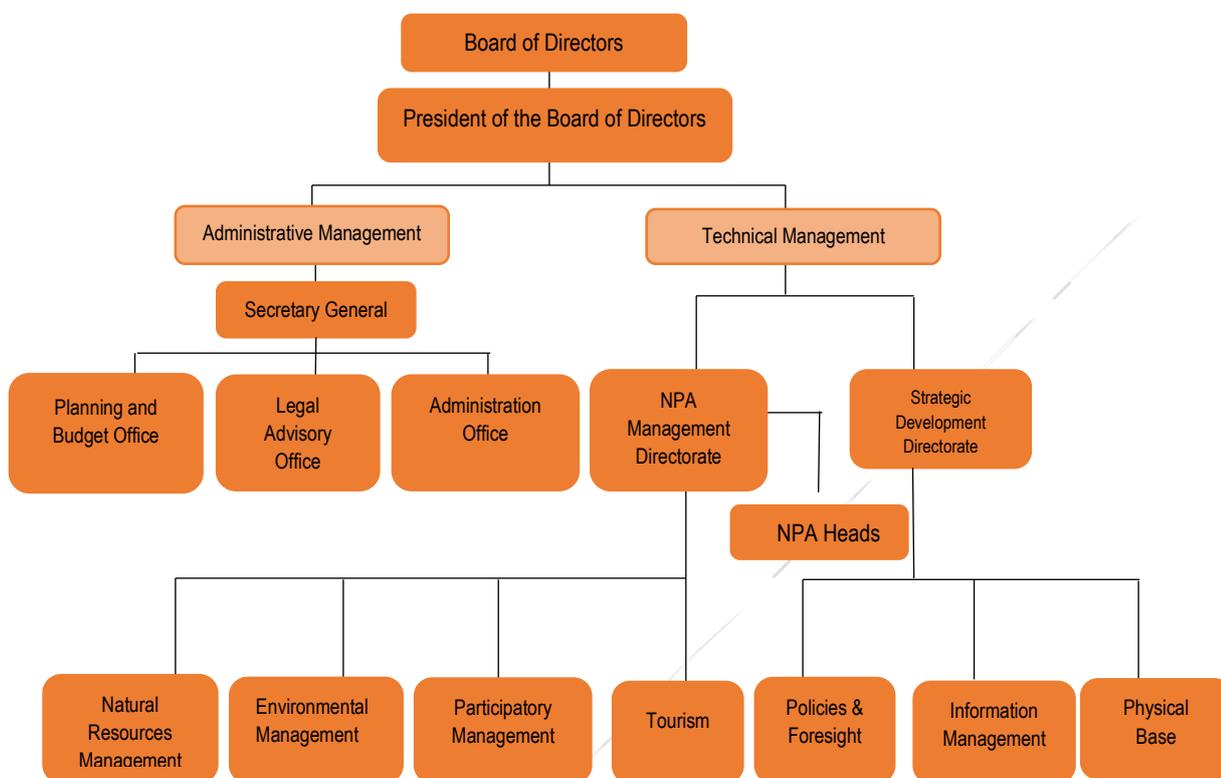
### 1.2.2 Institutional setup

Protected areas fall under the authority of the **National Service of Natural Protected Areas (SERNANP)**, established in 2008 by Legislative Decree N° 1013, as a specialized unit under the Ministry of the Environment (MINAM). Its mission is to lead the National System of Protected Areas with an ecosystem, integral and participatory approach, to ensure the conservation of biodiversity and the maintenance of ecosystem services that benefit society. SERNANP's main functions include: Management of the NPAs that constitute the SINANPE ensuring its operations as a unitary system; define the technical and administrative mechanisms and procedures for the establishment and management of NPAs; guide and support the management of Regional Conservation Areas and Private Conservation Areas; enforcement and control; issue prior binding opinion for the authorization of activities aimed at the exploitation of natural resources or the authorization of infrastructure in NPAs, among other. As a technical-regulatory authority SERNANP carries out its work in coordination with regional and local governments and owners of recognized private conservation areas.

SERNANP's main strategic document is its Institutional Strategic Plan (PEI) which is articulated to the Master Plan for Protected Natural Areas (*Plan Director*), as well as to the Multiannual Strategic Plan of the Ministry of the Environment and other national environmental strategic planning instruments. SERNANP's Institutional Strategic Plan is operationalized through annual Institutional Operational Plans (POI).

SERNANP exercises its responsibilities on a national level, through its Head Office in Lima and decentralized offices in the territories (NPA Head Offices of “Jefaturas”). Figure 1 shows the organizational structure of the institution. Additional information on the functions of each unit can be found in Table 31 in Appendix 2. Approximately 75% of the staff assigned to the management of the SINANPE work at the site level and the remaining 25% are based in SERNANP’s Head Office.

Figure 1 SERNANP’s Organizational Structure



**Other Institutions.** In addition to SERNANP, other institutions and sectoral authorities play key roles with regard to protected areas and natural resource management. Among them:

- The **Peruvian Trust Fund for National Parks (PROFONANPE)** is a private non-profit entity of public interest, specialized in raising and managing financial resources with the objective of implementing programs and projects that contribute to the conservation of biodiversity, mitigation and adaptation to climate change. It was created in 1992 through a GEF-World Bank project in order to improve NPA financing in Peru. PROFONANPE has 25 years of experience as a reliable institutional mechanism for fundraising, managing and channeling, with efficiency and transparency, an important volume of financial resources from bilateral and multilateral donors, international foundations and the national and international private sector. As of December 2016 it has managed / negotiated 61% of all the resources allocated by the GEF to Peru in the biodiversity focal area, involving 9 programs and projects for a total amount of US\$ 56,908,183 (See Appendix 3). Likewise, PROFONANPE is the only institution that has managed debt-for-nature swaps with countries such as the United States, Finland, Germany and Canada, as well as bilateral operations with countries such as Belgium, Finland and Germany (KfW and BMUB). Since 2014 to 2017 PROFONANPE has become national implementing entity to Green Climate Fund and Adaptation Fund.
- The **General Directorate of Forestry and Wildlife (DGFFS)** is responsible for the formulation of national policies, strategies, norms, plans, programs and projects related to the sustainable use of forest and

wildlife resources in accordance with the National Environmental Policy and environmental regulations.

- **Supervisory Agency for Forest and Wildlife Resources** (OSINFOR) is the agency responsible for supervising and monitoring the sustainable harvesting and conservation of forest and wildlife resources as well as the utilization of services from forest and other wild plant ecosystems.
- The **National Water Authority** (ANA) is responsible for the development and implementation of the national policy and strategy for the sustainable management of freshwater resources, in coordination with regional and local governments and related sectors.
- **Regional and Local Governments:** Besides management of Regional Conservation Areas, under the process of decentralization the Regions have assumed greater responsibilities in relation to territorial planning, environmental and natural resource management, including taking the necessary actions to grant use rights (concessions, permits and authorizations), manage and control forest and wildlife resources (approval of management plans, issuance of forest transport guides, management of existing rights of use within its geographical limits), the transformation and commercialization of forest products and wildlife, and the development and approval of the Ecological and Economic Zoning (ZEE) process, among others.

### 1.2.3 Natural protected areas managed by the National Government (SINANPE)

SERNANP manages the SINANPE (the National System of Natural Protected Areas Managed by the National Government/*Sistema Nacional de Areas Naturales Protegidas por el Estado*), comprised of 65 NPAs with permanent status, each of which is classified in one of 10 management categories. National protected areas of indirect use include 14 *National Parks*, 9 *National Sanctuaries*, and 4 *Historical Sanctuaries*. Direct use NPAs include: 15 *National Reserves*, 10 *Communal Reserves*, 6 *Protected Forests*, three *Wildlife Refuges*, two *Protected Landscapes*, and two *Hunting Reserves* (See Table 34 in Appendix 2 for their equivalence to IUCN management categories). Once categorized, NPAs are established in perpetuity by Supreme Decree (the highest-ranking instrument of the national government) with approval by the Council of Ministers.

Under Peru's legislation SERNANP also supervises a special type of area with a temporary protection status, known as *Reserved Zones* (RZ). These areas are earmarked for the conservation of biodiversity, but this status does not limit pre-existing rights nor define conditions of use in perpetuity. This preventive declaration marks the beginning of a participatory process and further studies aimed at defining the exact delimitation and the appropriate NPA management category. The categorization process has nearly always led to the creation of one or more NPAs, but it also may be decided to establish a regional conservation area. In some cases, reserved zones have been de-categorized, without designating them as --or incorporating them into-- a protected area.<sup>18</sup>

Appendix 2 shows a map with all the NPAs with permanent status and Reserved Zones in the SINANPE. Among them, **52% of all NPAs and one third of all the RZs are located in the Peruvian Amazon Biome, covering over 16.7 million ha or 86% of total area of the total protected areas managed by the national government** (see Figure 2, and Table 34 in Appendix 2). These include 16 NPAs of indirect use (11 National Parks, 4 National Sanctuaries and 1 Historic Sanctuary); 18 NPAs of direct use (5 National Reserves, 10 Communal Reserves and,

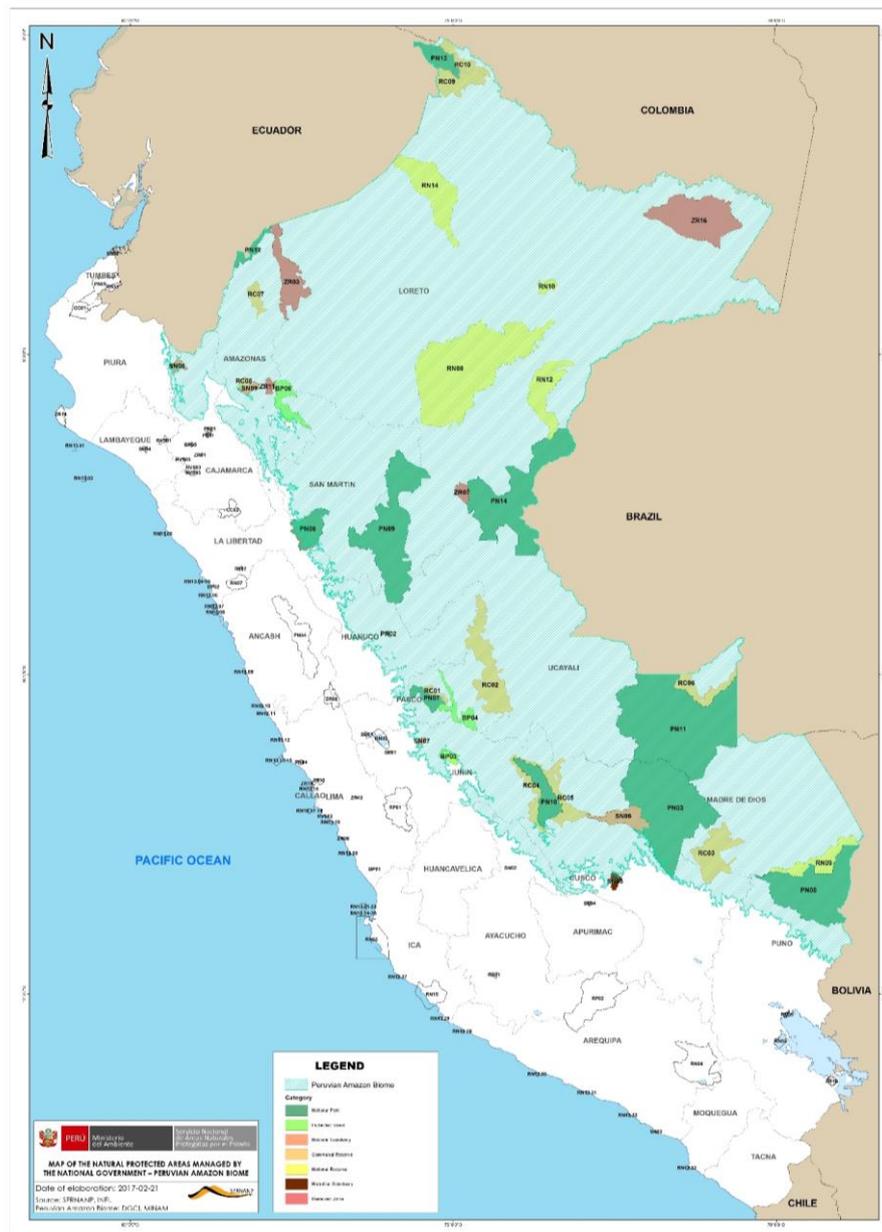
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<sup>18</sup> Solano, P. 2009. Legal Framework for Protected Areas: Peru. IUCN-EPLP No. 81

3 Protected Forests); and 4 Reserved Zones<sup>19</sup>. These areas provide protection to more than 21% of the Peruvian Amazon or 8.75% of the global Amazon Biome.

However, this progress is subject to major economic pressures that respond to the perception that the Amazon region’s potential to generate economic growth that would benefit the nation is yet to be fully leveraged. This pattern is exacerbated by the lack of knowledge of the true market value of the ecosystem services that the region’s biodiversity provides.

Figure 2 Natural Protected Areas and Reserved Zones<sup>20</sup> managed by the National Government in the Peruvian Amazon Biome



<sup>19</sup> One of the most significant achievements of Peru in its efforts to protect the Amazon biome was the categorization in 2015 of 95% of the Sierra del Divisor Reserved Zone, located in the western part of the country neighboring Brazil, as National Park. The establishment of this NPA of over 1.3 million hectares secures the final link in a 27,113,938 hectare conservation corridor that extends for more than 1,100 miles from the banks of the Amazon in Brazil to the snowy peaks of the Peruvian Andes. A small portion of 62,234.62 ha remain as RZ.

<sup>20</sup> Reserved Zones refer to a preventive declaration of areas earmarked for conservation, that marks the beginning of a participatory process and further studies aimed at defining the exact delimitation and the appropriate NPA management category.

## 1.3 ENVIRONMENTAL PROBLEM, LONG TERM SOLUTION AND BARRIERS

### 1.3.1 Environmental problem

As seen in the previous section, a key strategy of the Peruvian Government to safeguard the globally significant biodiversity of the Amazon biome has been the establishment of natural protected areas, which encompass 23% of Amazon forests and over 21% of the biome<sup>21</sup>. As stated by the National Forest Conservation Program for Climate Change Mitigation (Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático), NPAs play a key role in forest conservation and are more effective in controlling deforestation than other areas in the surrounding landscape. For example, while 55,891 ha of forests within NPAs were lost between 2000 and 2015, accounting for just 3.09% of the total forest loss of Amazon rainforest, other lands with no assigned forest rights (i.e., areas that do not correspond to any legal territorial category for forest management and which comprise over 21% of Amazon forests) accounted for the highest percentage of accumulated deforestation in the same period: 40.23% of total forest loss<sup>22</sup>. This shows that although NPAs are being able to shield forests and other biodiversity features against pressures prevailing in the wider production landscape, they are nonetheless vulnerable to threats and, consequently, to loss and degradation of the valuable Amazon biodiversity (see Conceptual Model in Appendix 4).

In recent years, accelerated development in the country has translated into unprecedented new communications infrastructure, which, in turn, has opened up this globally significant region to incursion from legal and illegal activities.<sup>23</sup> (Figure 10 in Appendix 1 shows a map of deforestation and degradation drivers in the Peruvian Amazon.)

According to the Management Effectiveness Tracking Tool (METT) assessment performed during project preparation a number of threats were reported across the Peruvian NPA system, including logging/wood harvesting (reported by 53.9% of the NPAs), livestock grazing (44.7%), small scale agriculture (44.7%), illegal hunting/collection of terrestrial wildlife (40.8%), human occupation (36.8%), fishing/harvesting of aquatic resources (31.6%), contamination (27.6%), roads (27.6%), illegal mining (21.1%), unregulated recreational activities (15.8%), and spread of non-native species (6.6%).

The Peruvian government has made great efforts to expand the national protected area system and improve NPA management, especially since the creation of the National Service of Natural Protected Areas (SERNANP) in 2008. However, despite significant increases in annual budget appropriations (from 2.2 million to approximately US\$ 17 million between 2009 and 2016), the necessary resources for effective protected area management have not kept pace with the NPA system growth. Hence, SERNANP still faces significant shortages in staff, equipment, infrastructure, and other resources to guarantee the long-term conservation and effective management of NPAs. Consequently, the NPA system is characterized by sub-optimal levels of management.

To guide management actions from the current situation towards improved effectiveness SERNANP recently defined four *standard management levels* that show the different stages through which a natural protected area should pass as it optimizes its management (from the transitory status of the Reserved Zones to an

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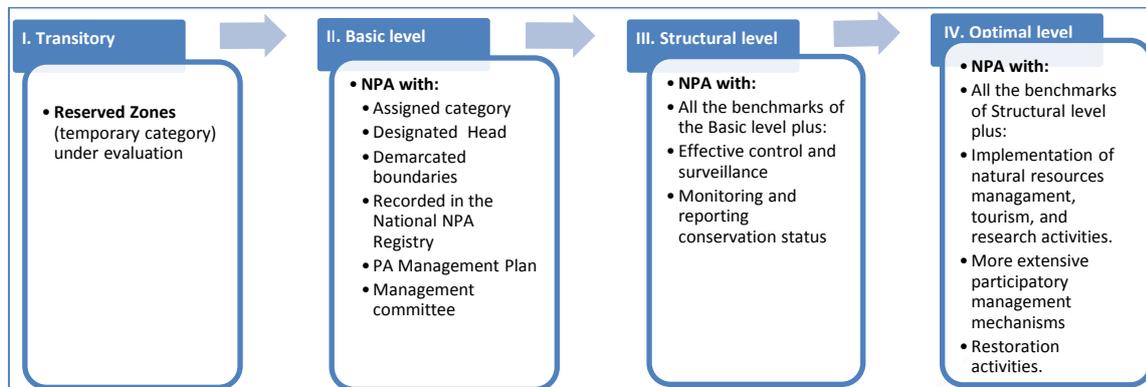
<sup>21</sup> Twenty seven percent when also considering regional conservation areas. MINAM, Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático. 2016. Bosque y pérdida de bosque por categorías territoriales al 2015.

<sup>22</sup> Territorial categories include: Natural protected areas (NPAs, RCAs and PCAs); territories of Native Communities; territorial reservations in favor of Indigenous Peoples in voluntary isolation and initial contact; logging concessions; concessions for non-timber forest products; permanent production forests under reserve (future concessions or local forests); rural properties; and special zones (Amazon wetlands). MINAM, Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático. 2016. Bosque y pérdida de bosque por categorías territoriales al 2015.

<sup>23</sup> Butler, Rhett A. 2013. "Deforestation Rates for Amazon Countries Outside Brazil." Mongabay, June 26.

optimal level of management). These standard management levels are defined through a number of benchmarks, as shown in Figure 3 and described in Appendix 5a.

Figure 3 Standardized NPA Management Levels; Source: SERNANP 2016



A recent evaluation conducted by SERNANP to identify the degree of progress in relation to the different management levels showed that the NPAs in the system have developed and been implemented in diverse and non-systematic ways, without following the logical planned sequence shown in Figure 3 or even consolidating a basic level of management. For example, some NPAs have been categorized and gazetted but lack basic, minimum management conditions (like demarcated boundaries or sufficient park rangers for effective patrolling and control); other NPAs have been developing tourism or sustainable use of natural resources (which correspond to the optimum level of management) without having consolidated the previous management level, which includes adequate conditions for monitoring potential impacts of these activities. Moreover, four *Reserved Zones* in the Amazon region, covering over 1.3 million ha, remain with a temporary protection status (one of them for more than 16 years). Hence, without the necessary resources to complete the consultation process and studies to define the exact delimitation and the appropriate NPA management category, these RZ can revert back to non-protected status at any time. Detailed baseline data for each Amazon NPA regarding the benchmarks of the standard management levels can be found in Appendix 6.

The current situation of suboptimal management effectiveness and underfunding hampers the ability of the NPA system to ensure the long-term conservation of biodiversity and associated cultural, scenic and scientific values of the Peruvian Amazon; the maintenance of ecosystem services of national, regional and global significance (such as regulation of hydrological cycles, climate regulation, carbon sequestration, soil conservation and erosion control, among others); and the provision of environmental and social benefits which are crucial to the country's sustainable development.

The great challenge for SERNANP is to be able to increase current levels of funding to improve NPA management effectiveness in the context of a system that has grown significantly but in a non-systematic way (i.e., without consolidating minimum requirements for effective NPA management across the system), with national economic policies that impose greater restrictions on public spending<sup>24</sup>, and a projected trend of decreasing international cooperation<sup>25</sup>.

<sup>24</sup> SERNANP 2016. Plan Financiero del SINANPE 2016-2025.

<sup>25</sup> This projected decrease in international cooperation is mainly due to the significant economic growth of the country in the last fifteen years, its financial stability, progress in social indicators and democratic consolidation, and its categorization as upper-middle income country. Agencia Peruana de Cooperacion Internacional. 2016. Situación y Tendencias de la Cooperación Internacional en el Perú: 2011-2014. [http://www.apci.gob.pe/gestion/atach/Situacion\\_y\\_Tendencias/Situacion\\_y\\_Tendencia\\_2011\\_2014.pdf](http://www.apci.gob.pe/gestion/atach/Situacion_y_Tendencias/Situacion_y_Tendencia_2011_2014.pdf)

### 1.3.2 Long term solution and barriers

SERNANP defines “*effective management*” as management that allows the conservation of the values that justify the existence of protected areas, the maintenance of the ecosystem services they provide, and the generation of associated socio-economic benefits<sup>26</sup>. To achieve management effectiveness of Amazon NPAs and the NPA system, the long-term solution involves:

- Defining a strategy to guide the transition from current situation of suboptimal and heterogeneous levels of management towards consolidated/harmonized standard management levels across the NPA system, supported by
- A comprehensive financial strategy to address strategic management priorities/needs and conservation goals from a systemic perspective and secure the supply of stable and sufficient financial resources in the long run to be allocated in a timely and appropriate manner to cover the costs of the strategy for improved management effectiveness.

In synthesis, the long-term solution involves a strategy for securing the financial sustainability<sup>27</sup> of the NPA system to guarantee the conservation of nationally and globally significant biodiversity in perpetuity.

Furthermore, to achieve financial sustainability and effective management the country also needs strong and effective institutions capable of generating, managing, and investing funds according to the conservation and management objectives of the NPA system and its areas, as well as skilled staff and partners. However, a series of analyses, workshops and consultations undertaken with staff from SERNANP and other key stakeholders during project preparation (including application of the NPA Financial Sustainability Scorecard and the Management Effectiveness Tracking Tool/METT) revealed a number of problems and weaknesses, which act as barriers for reaching the long-term solution. These include:

- Insufficient budget allocation to cover the costs associated with effective NPA management
- Limited development of financial mechanisms to supplement the public budget
- Funds from international cooperation not necessarily aligned with the NPA system’s strategic priorities
- Insufficient integration between strategic conservation planning and long-term financial planning
- Insufficient integration of inter-institutional and multi-sectoral planning and management, and weak coordination

Another weakness underlies many of these barriers and, in turn, acts as a barrier to the sustainability of the NPA system:

- Insufficient or inadequate technical and institutional capacities for the sustainable finance and effective management of NPAs and the NPA system.

These barriers and contributing factors are described below.

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<sup>26</sup> SERNANP 2009. Plan Director de las Áreas Naturales Protegidas (Estrategia Nacional)

<sup>27</sup> Protected area financial sustainability can be defined as the ability to secure sufficient, stable and long-term financial resources, and to allocate them in a timely manner and in an appropriate form, to cover the full costs of NPAs and to ensure that NPAs are managed effectively and efficiently with respect to conservation and other objectives (Emerton et al. 2006).

**Barrier 1: Insufficient public budget allocation to cover the associated costs for effective NPA management.**

Since the creation of the SERNANP in 2008, the annual public budget for NPAs consistently increased by an average of 7% a year (from 2.2 million to approximately US\$ 17 million), accompanying the expansion of the NPA system. However, despite sustained increases in public budget appropriations, different studies<sup>28</sup> have shown that the degree of investment in SINANPE and its NPAs has been insufficient to guarantee the long-term effective management of a system that has expanded significantly, both in number of NPAs and hectares.

Protected area management plans should act as the foundation for all cost estimates, which then need to be aggregated up to the system level. However, in Peru, like in most South American countries, protected areas are subject to budgetary ceilings, which limits the likelihood for NPAs and NPA systems to do planning exercises that accurately reflect management needs<sup>29</sup> (see Barrier 4). Most of the public budget is used to cover staff costs, which on average amount to 60% of SERNANP's total budget (see Table 1). The remaining 40% of the public budget is insufficient to cover recurrent costs, necessary investment in equipment and basic infrastructure, and other key activities for adequate NPA management.

This barrier is expected to remain given that the most optimistic scenarios would see only moderate growth, with some reductions related on the economic cycle. With a high dependency on the public budget (representing 75.55% of the annual budget for SERNANP or 54.73 % of the total funding for the SINANPE in the period 2009-2015) and given the limited diversification of the finance portfolio (see Barrier 2), the NPA system is vulnerable to changes in government priorities.

*Table 1 Distribution by type of expenditure 2012-2015 (as percentages)*

Department	2012	2013	2014	2015
Type of expenditure				
<b>SERNANP-Head Office</b>	100	100	100	100
Personnel	53	56	61	43
Other operating costs	47	44	39	57
<b>SERNANP- NPA</b>	100	100	100	100
Personnel	64	57	70	66
Other operating costs	36	43	30	34
<b>Overall total-SERNANP</b>	100	100	100	100
Personnel	60	56	67	57
Other operating costs	40	44	33	43

Source: SERNANP 2016

An underlying cause of insufficient government funding for the NPA System is the limited recognition of the socioeconomic values of NPAs and the strong linkages between protected areas and development. Despite the significant economic values of these areas (mainly through tourism and provision of a series of ecosystem services), these values are not internalized within the national development and fiscal planning processes.

Hence, to increase budget appropriations for NPAs it is necessary to increase the level of awareness of the values of these areas among key stakeholders, in particular in responsible ministries and other national and regional entities related to planning, finance and the economy (for example, tourism, forestry, agriculture, and energy). Economic valuation studies so far developed did only little to help make the case for protected areas

<sup>28</sup> Villanueva Ruiz, 2004; Galarreta Encinas 2007; Cuba et al. 2016.

<sup>29</sup> Bovarnick, A., J. Fernandez Baca, J. Galindo, and H. Negret. Financial Sustainability of Protected Areas in Latin America and the Caribbean: Investment Policy Guidance, United Nations Development Programme (UNDP) and The Nature Conservancy (TNC), 2010.

with the Ministry of Economy and Finance, because they failed to show the contribution of protected areas to socioeconomic development against a scenario without them<sup>30</sup>, or the case of current sub-optimal levels of management versus effective management conditions.

Furthermore, until very recently the country had not undertaken a comprehensive process to identify the financial needs and gaps of its NPA System for different standard levels of management (see Baseline), making it difficult to know and communicate to the MEF and other key stakeholders the extent to which the SINANPE is underfunded.

**Barrier 2. Limited development of financial mechanisms to supplement the public budget.** In addition to budgetary ordinary resources, the current legal and regulatory framework enables the development of various income-generating mechanisms at the NPA level, such as visitor entrance fees, concessions and other tourism-related agreements, NPA administration contracts (with private organizations and agreements with communities), sustainable natural resource use contracts, among few others. These self-generated resources grew from US\$3.4 million per year in 2009 to some US\$4.8 million in 2015 (accounting for 22.44 % of SERNANP budget or 16.25% of total resources for the SINANPE) which is insufficient to supplement the ordinary resources and cover the costs for effective management.

Despite the significant income-generating capacity of some of these mechanisms<sup>31</sup> at present they are not being able to develop their full economic potential due to: (i) limited information about which mechanisms could generate sufficient income for a specific NPA; (ii) lack of guidance about how to establish and implement some financial mechanisms that have already been proposed (see Baseline); (iii) insufficient/inadequate capacity of other key stakeholders for the efficient implementation of the mechanisms (for example, lack of qualified manpower and poor management skills at local community level); (iv) lack of the required initial investment capital to establish the necessary mechanisms and infrastructure for their development; and (v) limited information and/or coordination between SERNANP and other key stakeholders and sectors for the development and implementation of these various financial mechanisms.

Income generated at the site level is returned to SERNANP and subsequently allocated to the NPAs the following year. Consequently, the income that is produced by an NPA is not immediately available. Also, under current policies, only 70% of collected entrance fees can be returned to the area that generated them and the remaining 30% is shared with other areas. Furthermore, there is also the risk of the public budget for NPAs being reduced to the extent that their self-generated income increases. These policies may discourage NPA managers from developing mechanisms to generate income at the NPA level and limit their financial flexibility.

Other promising mechanisms of high revenue generation potential (such as dedicated taxes to recognize NPAs contribution to economic growth) that could contribute to diversify SINANPE's funding portfolio have been identified, but full in-depth studies to determine their viability, functionality and financial potential have not been developed so far (See Appendix 7).

**Barrier 3. Short-term cooperation funds not necessarily aligned with the strategic priorities of the NPA system.** For many years international donors have been active in channeling funding for the conservation of Peru's biodiversity and management of NPAs, either through the National Government or PROFONANPE. These donors include bilateral agencies (e.g., USAID, NORAD, GIZ/KFW, etc.), multilateral agencies (e.g., GEF,

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<sup>30</sup> For instance, according to the University of the Pacific Research Center (CIUP, 2015), families living in the influence area of a NPA earn an income 8.3% higher than families living in areas of similar characteristics, but are not NPAs.

<sup>31</sup> E.g., given the strong links between tourism and protected areas, Peru being a megadiverse country, and growing levels of tourism to South America (<http://www2.unwto.org/press-release/2017-01-17/sustained-growth-international-tourism-despite-challenges>).

World Bank, IDB, etc.), foundations (e.g., the Gordon and Betty Moore Foundation, Andes Amazon Fund), and international conservation NGOs (such as WWF, WCS, TNC, CI, among others). These funds have been key to supplement the public budget and help cover part of the financial shortfall for NPA management, especially before the creation of SERNANP in 2008, when they accounted for 70% of total available funding<sup>32</sup>. After the creation of the National Service of Natural Protected Areas (SERNANP) and with it, increased public funding, the share of international aid in relation to total available funds for NPAs decreased from about 54% in 2009 to over 27% in 2015 (see Table 35 in Appendix 3).

As to date there is no specific strategy for improved management effectiveness at the system level around which donors could align their contributions, these funds are usually linked to short-term programs/projects (3-5 years) at the NPA level. The lack of such strategy limits the role of cooperation funds in long term financial planning and in helping achieve a standard level of management across the NPA system.

***Barrier 4. Insufficient integration between strategic conservation planning and long-term financial planning.***

At the system level, as explained in Section 1.2.1, SINANPE's Master Plan for 2009-2019 establishes the strategic policy and planning guidelines for the system as a whole, within a 10-year term. However, it lacks an integrated financial plan to respond to the challenges that would enable the transition from the 2009 baseline situation to the desired vision and scenario. While in 2016 SERNANP prepared a Financial Plan that identifies a series of potential sources and opportunities for mobilizing and raising funds for the financing of SINANPE and the enabling conditions required to improve the effectiveness of its management, it is not linked to a strategic conservation plan.

At the site level, the allocation of public funds is based on previous spending performance and the availability of funds and resources that are allocated by the Ministry of Economy and Finance and which do not cover all the demands made by the NPAs. In fact, the activities planned in each NPA management plan and the associated financial needs must not exceed the NPA's projected budget and the fixed annual budget ceiling set by SERNANP's Office of Planning and Budget for the following five years. Due to budget limitations, the spending tends to focus on basic operating costs and staffing of NPAs. Consequently, key activities for biodiversity conservation and the achievement of management effectiveness do not receive sufficient budgetary coverage. These needs must be covered, to a significant extent, by projects funded by national and international cooperation partners.

Also, NPA Annual Operational Plans (AOP) mirror SERNANP's public budget structure (results, products, activities) more than the NPA's needs and costs for effective management. Moreover, AOPs only include the activities to be funded by SERNANP. This is a limitation because they cannot follow up the commitments from other donors and contributes to the likelihood of duplication of efforts. Therefore, the current structure of SERNANP's budget programs does not adequately reflect the objectives and strategies of NPA management plans.

On the other hand, although recently approved guidelines for the preparation of NPA management plans<sup>33</sup> require an assessment of the resources needed to implement the plan over five years, these estimated budgets do not constitute actual financial or business plans<sup>34</sup>, i.e., plans that analyze and identify the funding

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<sup>32</sup> Bovarnick, A., J. Fernandez Baca, J. Galindo, and H. Negret. Financial Sustainability of Protected Areas in Latin America and the Caribbean: Investment Policy Guidance, United Nations Development Programme (UNDP) and The Nature Conservancy (TNC), 2010.

<sup>33</sup> Documento de Trabajo N° 17, SERNANP

<sup>34</sup> A Business Plan guides the financial development that will be required to fully implement the site's management plan. The business plan is a decision-making tool, which gives a clear picture of the NPA's financial needs to conduct proposed activities under the

gap in NPA operations and present opportunities to supplement public budget allocations by matching funding to conservation priorities (through operational cost efficiencies or revenue generation schemes).

Finally, given that the SINANPE Master Plan and current NPA planning approaches do not include prospective analyses, they don't contain future estimates of budget requirements under different scenarios, expenditure plans or funds availability. This short term planning horizon discourages a more strategic approach to budgeting and financial planning that would take into account future NPA needs.

**Barrier 5. Insufficient integration of inter-institutional and multi-sectoral planning and management, and weak coordination spaces.** In order to consolidate and improve NPA management, it is not only necessary to obtain additional financial resources, but also to improve the coordination between different sources and the allocation of these resources in an orderly manner. Best practice shows that the NPA's funding shortfall can be reduced by improving the effectiveness of conservation expenditure<sup>35</sup>. This is particularly important in Peru, where land and natural resource management fall under the responsibility of a number of national, regional and local institutions and are subject to independent planning and financial processes. Even legally sanctioned activities such as agriculture, timber production, mining, and tourism within or adjacent to NPAs, when not aligned with the NPA's objectives can have negative effects in reversing or limiting the positive impacts of management interventions. This disjointed approach to planning and management, and the weak spaces for inter-institutional and multi-sectoral coordination (for example, the SINANPE Coordination Council) have led to inefficient use of available resources, which has resulted in the duplication of efforts and loss of opportunities to fund NPAs and conservation. In addition, lack of cross-sectoral and inter-institutional coordination can also limit the development of innovative NPA funding mechanisms (since some would require intervention of other institutions and sectors for their approval and implementation). Moreover, the articulation of NPA management with regional and cross-sectoral planning is key to influencing threats that may originate in the buffer zone and the region of influence of the NPAs<sup>36</sup>, and to enable the development of cost reduction strategies to help achieve the financial sustainability and long-term effectiveness of these areas and the system.

**Barrier 6. Insufficient/inadequate technical and institutional capacities for effective management and sustainable funding**

Effective protected area and financial management require strong institutions and skilled staff and partners. SERNANP, as the governing body of the NPA system, is a relatively young agency (less than 10 years). In spite of the increases in the public budget that accompanied the impressive expansion of the NPA system, the necessary resources for effective protected area management have not kept pace with the system's growth. Hence, SERNANP still faces **significant shortages in staff, equipment, infrastructure, and other key resources to achieve the benchmarks and consolidate the standard levels of management** across the NPA system and guarantee the long-term conservation and effective management of NPAs (see Appendix 5a for a detailed description of SERNANP's standard levels of management).

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management plan and identifies potential revenues sources to meet those needs. Hence, a business plan examines the likely revenue and costs streams, takes into account the customer's needs and ability to pay, and the range of goods and services provided by the NPA. Bovarnick et al. 2010.

<sup>35</sup> Berghöfer et al, 2016

<sup>36</sup> In fact, many of the pressures on biodiversity and NPAs in Peru are the result of conflicting priorities and/or weak coordination among government agencies that are concerned with distinct sectors, yet have administrative jurisdictions over the same geographical areas or natural resources.

For example, some areas lack a NPA manager or share the same manager with other areas (there are 56 managers for 65 NPAs, and 29 for 34 Amazon NPAs; see Table 2 below). Although park rangers account for 57% of total staff of the NPA system and 73% of Amazon NPA staff, they remain a limited resource (there are 453 park rangers assigned to the management of 16.7 million ha of Amazon protected areas). This, coupled with insufficient equipment and vehicles and poor infrastructure, undermines the capacity for effective surveillance and control. Capacities and systems are also lacking at present for the monitoring of external threats and the effective enforcement of environmental regulations in buffer zones.

Table 2 SERNANP Personnel Distribution as of December 2016 (By numbers and percentage)

Personnel	Total - System Level	Share (%)	Total - Amazon NPAs	Share (%)
Directors (Head Office)	7	1	N/A	N/A
Park Rangers	632	57	453	73
NPA Managers	56	5	29	5
Specialists	291	26	102	16
Technicians	110	10	0	0
Administrative Assistants	8	1	37	6
<b>Total</b>	<b>1,104</b>	<b>100</b>	<b>621</b>	<b>100</b>

Source: SERNANP

Although SERNANP has made significant advances towards improving management of the PAs under its jurisdiction (for example, through the creation of Functional Operational Units at central level to address specific issues, such as tourism, participatory management, natural resource use, and environmental management) there is a shortage of economists and other professionals with expertise in specific PA finance at SERNANP's central level to meet the needs of NPAs and the System for technical advice, as well as insufficient specialists in key topics (such as tourism) at the NPA level.

Additional barriers to effective management are indirectly related—although compounded—by limited financing. For instance, ***weaknesses in technical and institutional capacities*** restrict the level and type of conservation activities that can effectively be implemented on the ground and act as barriers to achieving a standard level of effective management. There is a significant gap in terms of the skills needed to plan and manage the finances of the NPA system and in the innovation and vision needed to transform NPA values into revenues. Moreover, the transition from a traditional budget approach to one based on financial and business planning will require promoting a more entrepreneurial approach, which in turn will require targeted training of key staff in business planning principles and financial strategic planning.

Likewise, according to staff from SERNANP Head Office, there are gaps between the development of NPA planning and management approaches and tools and their implementation and effective use by the NPA staff (among them, the grid methodology for threat assessment; new methodology for control and vigilance; recent NPA management planning guidelines; stakeholder analysis tools, among others). Inadequate knowledge and skills of NPA managers and local stakeholders, inadequate interinstitutional coordination, and inadequate participation of key stakeholders (especially in large NPAs) make management planning difficult and complex.

In addition, SERNANP faces a significant employee turnover and, as a consequence, institutional memory is lost. This is aggravated by inadequate information and knowledge management systems. For example, given that there are no standard protocols for monitoring indicators of the management plans, when staff changes so does the way of gathering information to measure the indicators. Gaps and discrepancies in data collection, monitoring, and interpretation means data varies widely. Limited and inconsistent data means less informed

decision making and an inability to measure the impact of current strategies, hindering long-term and informed strategic planning. Furthermore, an enormous amount of data and information is generated at the NPAs, much of which is not systematized, organized and made available in a timely manner to staff and decision makers.

Specific barriers related to the different benchmarks of the standard levels of management can be found in Appendix 5b.

These weaknesses in technical and institutional capacities restrict the level and type of conservation activities that can effectively be implemented on the ground and act as barriers to achieving a standard level of effective management.

Removing the above-described barriers that affect long-term funding for effective management of protected areas in Peru is essential to safeguard the valuable biodiversity contained in the Amazon region, as well as to maintain and improve the provision of ecosystem services that are essential to the country's development.

## 1.4 BASELINE ANALYSIS

The analysis of the baseline—or "scenario without project" over the next six years— synthesizes the ongoing or planned actions that the government and other key stakeholders will undertake in the coming years to address the barriers to achieving long-term financial sustainability for improving management effectiveness of NPAs and the SINANPE.

### 1.4.1 Baseline for a Government endorsed initiative for long-term financial sustainability of the NPA system

In 2014, during the World Parks Congress, Peru's Ministry of Environment, SERNANP and a group of partners including WWF, the Peruvian Society for Environmental Law (SPDA), PROFONANPE, Andes Amazon Fund and the Moore Foundation signed a memorandum of understanding committing themselves to developing and implementing an innovative model for the financial sustainability of the SINANPE based on the Project Finance for Permanence (PFP) approach (described in Appendix 8). This funding model was conceived as a holistic approach to the conservation of large-scale protected areas, which aims to help establish the conditions required to secure the ecological, financial, organizational, political, and social sustainability of globally important places<sup>37</sup>.

One of the key features of the PFP approach is mobilizing in a single burst of effort all of the elements needed for the success of a program over a defined long-term timeframe<sup>38</sup>, including securing important policy changes and all funding necessary to meet specific conservation goals, with the ultimate goal of achieving the ecological, social, political, organizational and financial sustainability of that program<sup>39</sup>. A signature component of the PFP approach is a *single closing* or *single framework agreement* that delivers pledged funds when all the agreed necessary conditions are met, which serves to motivate the parties and draw out additional financial and political commitments.

The multi-partner, public-private initiative known as "Peru's Natural Legacy" or PdP (for its name in Spanish, "*Patrimonio del Perú*") seeks to develop a long-term funding strategy so that 70 NPAs within the SINANPE can

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<sup>37</sup> Larry Linden, Steve McCormick, Ivan Barkhorn, Roger Ullman, Guillermo Castilleja, Dan Winterson, & Lee Green. 2012. A Big Deal For Conservation. Stanford Social Innovation Review. Summer 2012

<sup>38</sup> Project Finance for Permanence Lessons from landscape-scale conservation deals. Redstone Strategy Group in collaboration with the Gordon and Betty Moore Foundation and the Linden Trust for Conservation. July 13, 2011.

<sup>39</sup> WWF, 2016

improve their management effectiveness by achieving and consolidating a standard management level defined by SERNANP as *structural level*. As described in Appendix 5a, this management level is operationalized by a number of benchmarks including: assigned category; designated NPA Manager with adequate capacities; physical demarcation of boundaries; recorded in the National NPA Registry; NPA management plan under implementation and monitoring; NPA management committee with adequate capacities and meeting regularly; adequate surveillance and control systems in place; and adequate systems for monitoring and reporting of conservation status. These benchmarks constitute *management goals* for the PdP Initiative.

Since its official endorsement in 2015 (by Presidential Resolution 254/2015) SERNANP with support from WWF and other partners has been working on the design of the PdP Initiative, including the construction of a detailed data base for basic and structural level of management across the protected area system, and initial estimates of associated costs –both in terms of investment needs and recurrent costs-- to reach the structural level in 15 years. This represents a significant first step towards linking long-term strategic financial planning to key management activities for conservation. A summary of the costing process can be found in Appendix 9.

Taking into account the challenge of raising the necessary funds for the consolidation of the structural level of management across all NPAs and RZs in the SINANPE, SERNANP decided to adopt a *phased approach* to the PdP. As a result, the Amazon biome was given priority and selected as the geographic scope for Phase 1 of the PdP due to the high rate of land use change in this region, the deforestation pressures, the commitments made by the GoP at the international and regional level for the conservation of this biome, the high percentage of total coverage of the System that these areas represent (over 86%), coupled with the interest of potential donors to support this region and the possibility of coordinating this with similar initiatives in neighboring countries in the biome (ARPA in Brazil and a similar initiative underway in Colombia). Other phases will be defined depending on the financial target needed to enable progress of the rest of the areas to structural level of management.

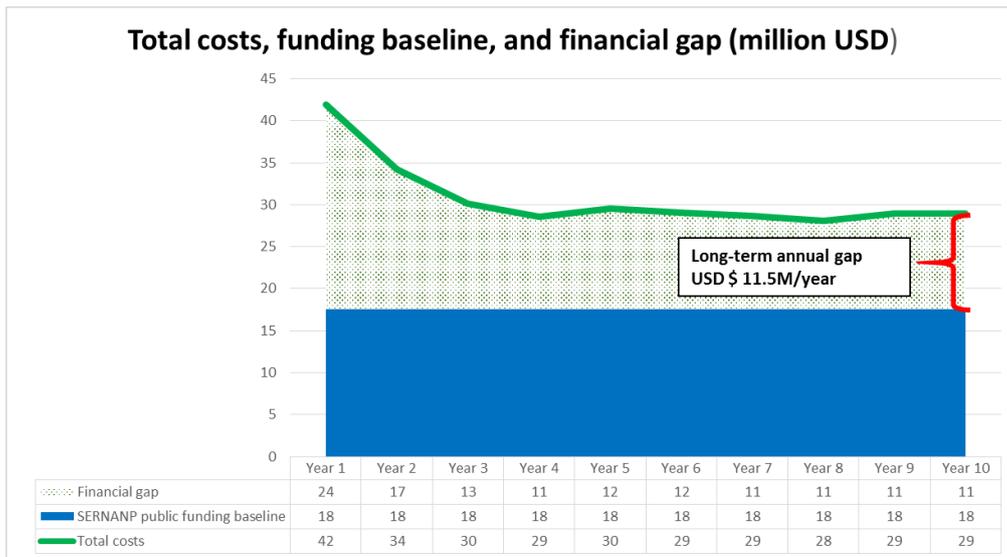
Consequently, the goal of Phase 1 of the PdP Initiative involves closing the funding gap so that 34 NPAs and 4 RZ in the Amazon biome can improve management effectiveness by consolidating a structural level of management in 10 years. In addition, 12 of those NPAs were selected for investment related to sustainable use of natural resources and 8 NPAs for investment in tourism, based on an expert-driven analysis of the potential and feasibility to achieve these goals, so that these areas can advance towards the optimal level of management (as defined in each corresponding NPA management plan).

Figure 4 shows the total costs and annual financial gap for achieving the goals of Phase 1 of the PdP. The costs are higher (as much as US\$42 million per year) and the financial gap bigger (as much as US\$ 24 million per year) in the first five years, due to the need to build new infrastructure (such as administrative headquarters and checkpoints) and buy vehicles and equipment. Once these significant investments are made, the total annual cost will sit roughly at US\$29 million, consisting mainly of operational and recurrent costs. The long-term funding gap for Phase 1 is approximately US\$ 11.5 million per year<sup>40</sup>.

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<sup>40</sup> It's worth noting that this is a preliminary gap projection, as implementation will require strategic prioritization to define the order/sequence in which different NPAs will be addressed. It will not be feasible to make all of the investments and staffing increases in all 34 NPAs in parallel, since processes must be coordinated at central level (purchases, new hires, etc.) and parallel implementation would exceed the absorptive and management capacity of SERNANP central staff. A staged implementation would also allow for lessons learned in the first years to feed into planning and execution in the following years, thereby increasing implementing and management efficiency.

Figure 4 Total costs, funding baseline and financial gap of Phase I of PdP



Source: SERNANP/WWF 2017

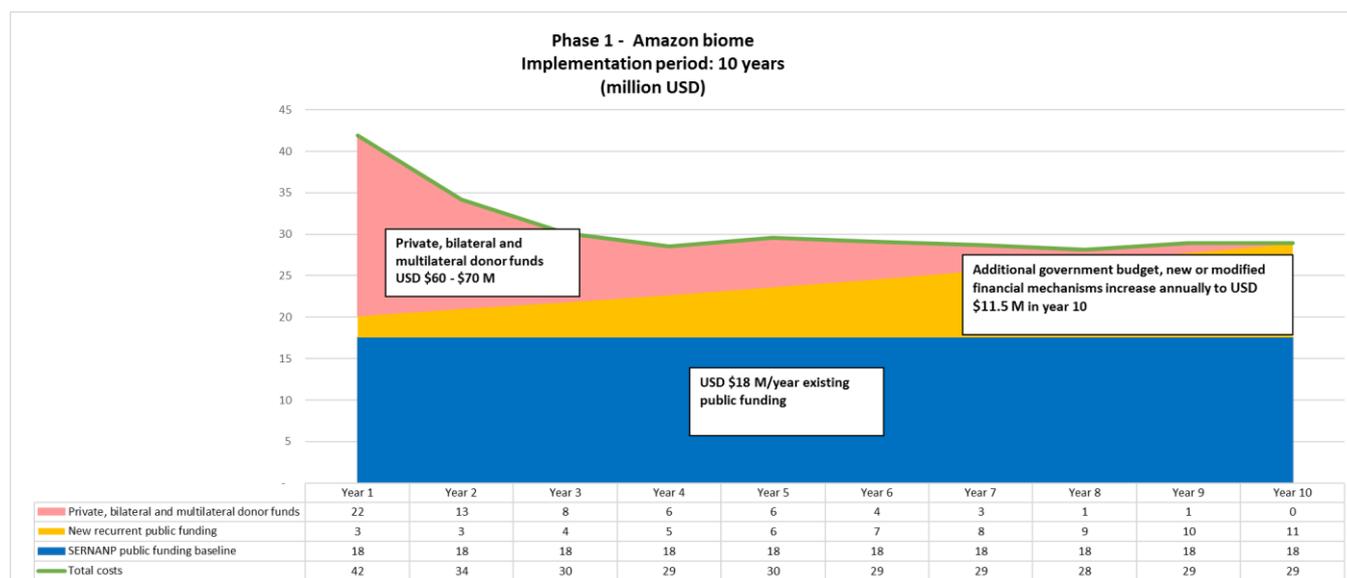
The approach posed by the PdP Initiative to help bridge this gap includes three groups of complementary actions:

- i. Raising additional donor contributions (private, multi and bilateral donations) required for the single closing agreement and the full implementation of Phase 1 of the PdP, to be channeled to Amazon NPAs either through the public budget or a sinking transition fund to be created and managed by PROFONANPE;
- ii. Increasing public funding to cover the annual gap over time by new or modified in-country financing mechanisms or additional allocation of public budget to the PdP management goals; and
- iii. Reducing management costs through participatory and collaborative mechanisms, such as interinstitutional and cross sectoral cooperation/budget articulation, conservation agreements, public- private partnerships, management contracts, among others.

Based on the preliminary gap projection and a number of assumptions as explained in Appendix 9, the financial target for the total amount of donor contributions required for the single closing agreement and the full implementation of Phase 1 of the PdP was estimated at a range of between US\$ 60 million and US\$ 70 million (see Figure 5).

As of May 2017, a total of US\$ 41 million has been pledged in support of the PdP initiative, including US\$ 10 million from the Gordon and Betty Moore Foundation, and US\$ 5 million from WWF, contingent on finalization of the design of the initiative and government commitments. In addition, KfW has pledged US\$ 20 million to SERNANP to be used towards NPA financial sustainability for a three year period. Given the financial target, this falls short from the total donations needed.

Figure 5 Estimated donor target range for Phase 1 of PdP Initiative - Amazon Biome-



Sustained increases in the public budget since the creation of SERNANP demonstrate the political will of the Peruvian Government to support the management of the SINANPE (See Appendix 3). In particular, between 2009 and 2015 the Peruvian government consistently increased the budget for NPAs by an average of 7% a year, investing approximately US\$ 17 million annually through the national budget. Future increases in SERNANP’s annual budget will be contingent on the economic policy program defined by the Ministry of Economy and Finance (MEF) and the Government's economic and social objectives. Moreover, despite the positioning of SERNANP as an efficient executing agency for allocated resources (as demonstrated by its performance of the Results-based Budget), in 2017 the public budget for the NPA system decreased for the first time in almost a decade. Whilst this may be attributable to circumstantial factors (in particular the change in government in 2016), given the barriers described in Section 1.3.2, and assuming a conservative scenario where SERNANP funding baseline remains constant, the current public budget would not be enough to close the funding gap to achieve a structural level of management across all NPAs and RZs in the Amazon, let alone to cover investment needs and recurrent costs associated with some activities of the optimum level (i.e. tourism and natural resource management). Therefore, the Government of Peru would have to develop new NPA revenue generating mechanisms and improve existing ones in order to significantly increase public funding to help bridge the gap. This, in turn, faces significant challenges due to insufficient information regarding the feasibility of different NPA funding mechanisms and weak capacities for their successful development. See 1.4.2 for baseline regarding self-generating mechanisms.

Regarding the third group of actions to help bridge the funding gap for Phase 1 of the PdP Initiative (i.e., reducing management costs through cross-sectoral/interinstitutional coordination) and considering the multi-sectoral nature of NPA management, the SINANPE and the PdP Initiative will require a governance structure that takes into account issues that cross the boundaries of protected areas into the surrounding matrix of different uses. While in recent years SERNANP has developed an important effort and managed to articulate the Budget Program 057 with over 16 Regional (subnational) budget programs, these efforts have been the result of fundamentally personal actions carried out by central office staff and not of established policies for inter-institutional articulation and joint planning and management to optimize the conservation expenditure of the country. Without technical and financial support from the GEF (e.g., for establishing the PdP governance structure and strengthening NPAs management committees, or financially supporting participation of

SERNANP staff such as the Macro Regional Coordinators and NPA Managers in interinstitutional mechanisms at the regional and local level), it is unlikely that cross-sectoral and inter agency coordination mechanisms would be developed, thus perpetuating the inefficient use of available resources and missing opportunities for cost effective management. Lack of cross-sectoral and inter-institutional coordination can also limit the development of innovative PA funding mechanisms, and the opportunity to influence threats that may originate in the buffer zone and the region of influence of the NPAs which is key to achieve effectiveness in conservation.

In order to finalize the PdP design it is needed to refine the financial model for PdP and calculate the exact donor target; raise additional funds for the Initiative; and negotiate and agree upon the conditions for closing the multi-party single closing agreement. Significant work is still needed to create the necessary conditions for effectively and efficiently operationalizing the PdP initiative and managing the transition fund to be created, including defining the PdP governance structure, preparing an operations manual and strengthening necessary technical and institutional capacities.

Given the range of tasks that SERNANP staff must undertake on a daily basis, without GEF's technical and financial support the development of the PdP Initiative will continue at a low pace. Furthermore, considering a projected trend of decreasing international cooperation for Peru (mainly due to the significant economic growth of the country in the last 15 years, its financial stability, progress in social indicators and democratic consolidation, and its categorization as upper-middle income country), without the GEF's leverage the collection of additional resources to close the funding gap to achieve the goals of Phase I of the PdP Initiative will face significant challenges. Without an agreed, long term funding strategy linked to an action plan to improve NPA management effectiveness, the valuable Amazon biodiversity contained in Peru's NPAs will remain at risk of loss/degradation.

#### **1.4.2 Baseline for self-generated resources**

Since early 2000s there have been attempts to try to develop financial mechanisms but they tend to be one time pilots and there is no written record of how they were designed.

The most developed mechanism are those related to tourism, in line with sustained growth of tourism in NPAs over the last 10 years, with a record number of more than 1.6 million visitors in 2015, generating more than US\$ 4.4 million (S/ .14,096,940). The most successful cases are linked to NPAs located in territories with a significant concentration of investment related to tourism (e.g. hotels and other types of accommodation), quality services, accessibility and other factors that can hardly be solved at the NPA level. Of the 18 NPAs that currently provide tourism services, five generate approximately 85% of total tourism-related income: Machu Picchu Historic Sanctuary and Tambopata National Reserve in the Amazon region; Paracas National Reserve, Sistema de Islas Islotes y Puntas Guaneras - Islas Ballestas National Reserve, and Huascarán National Park. However, the volume of revenue generated through entrance fees is not enough to cover the costs associated with the provision of recreation and tourism services, the development of tourism infrastructure and the monitoring of potential impacts.

Other revenue generating mechanisms that have proven significant economic potential in other PA systems, such as tourist concessions and contracts for sustainable use of natural resources, have not yet been able to unleash their whole potential. For example, the length of time taken to negotiate a tourist concession with SERNANP was mentioned during consultations as a huge disincentive for communities. On the other hand,

161 contracts for natural resource use<sup>41</sup> in 9 NPAs which comprise 11 different renewable natural resources for commercial use (e.g. fruits of “Brazil nut” *Bertholletia excelsa*, “aguaje” palm *Mauritia flexuosa* and “huasai” palm *Euterpe precatoria*; “taricaya” turtle *Podocnemis unifilis*; and several fish species, among others) generated just over US\$ 1.1 million in 2015. In addition, there is no up to date information regarding abundance, distribution, productivity and health of species and their trends. Without a clear baseline it is hard to define specific natural resource management plans for these species and prove that their use is being ecologically and economically sustainable

The projections estimated for the GEF project period show that self-generated income will increase due mainly to the implementation of a new NPA visitor entrance fee system. This system, which will come into effect in 2018, will allow entrance fees to increase from 10 to 30 soles (approximately US\$ 3 to US\$ 10) for foreign tourists, and 3 to 10 soles (approximately US\$ 1 a US\$ 3) for local visitors. As a result, and given the estimated projections for visitors to the NPAs, entrance fees are expected to generate at least about US \$ 6.4 million per year. On the other hand, during the project period there are no activities planned for evaluating and proposing improvements for other funding mechanisms that are not yielding their full income-generating potential (e.g., market studies, capacity needs assessments, etc.), thereby the NPA System will maintain a high dependency on ordinary resources (which are insufficient for consolidating a standard level of structural management and improving NPA management effectiveness).

In addition to existing funding sources, a number of studies<sup>42</sup> have identified a variety of potential new mechanisms, both at the NPA and the national level, which could diversify SERNANP's funding portfolio to supplement ordinary resources (see Appendix 7). Among them, earmarking a portion of the tax currently added to the airfares of international tourists to Peru for SERNANP; payment to SERNANP for the hydrological services provided by NPAs related to municipal water supplies, irrigation, or hydroelectricity (e.g. designating for NPAs a percentage of one or more charges or fees relating to water use); environmental compensation models (which could support the restoration, rehabilitation and conservation of ecosystems). However, in-depth studies are needed to determine the viability, functionality and potential revenue of these mechanisms in order to provide validated annual projections of increased self-generated revenues so that the Peruvian Government can fulfill its commitments for the PdP Initiative. Under the baseline scenario, resources to conduct full feasibility assessment will be insufficient; consequently it is unlikely these mechanisms could progress beyond identification. Also, without the leverage and technical assistance that the GEF project could provide (e.g. to develop and implement targeted strategic communications), negotiation with key government institutions and sectors to gain their support for implementation of some of the potential mechanisms will face significant challenges.

#### **1.4.3 Baseline for NPA management effectiveness and financial management**

As stated earlier, the PdP Initiative represents an opportunity towards linking long-term strategic financial planning to key management activities for conservation, hence for helping move the NPA system towards effective management. It intends to do so by defining a funding strategy so that 34 Amazon NPAs can consolidate a structural level of management and 4 RZ can achieve definitive categorization in a 10 –year period.

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<sup>41</sup> In addition, there are over 600 natural resource agreements with local communities, mainly for subsistence (which are considered a strategy for cost reduction of management activities, mainly through shared surveillance, and benefit sharing

<sup>42</sup> Trinidad & Mosqueira 2015; Ramos et al. 2015; CIUP 2014, among others.

SERNANP plans to continue implementing activities to help Amazon NPAs advance towards effective management by consolidating the *structural level* of management during the project period and by enhancing tourism development and sustainable natural resource use in some areas. So far, the institution has enjoyed some success in achieving several benchmarks associated with the goals of the PdP in the 34 NPAs located in the Amazon. However, as shown in Table 3 below and Appendix 6, there has been an uneven progress, with no NPA having completely consolidated even the basic management level.

Table 3 Summary of status of the 34 Amazon NPAs and 4 Reserved Zones in relation to the PdP Management Goals

BENCHMARKS (PdP goals)	Extent to which benchmark has been achieved (%)
<b>Transitory Level -- 0% of 4 RZ have achieved definitive management category</b>	
<b>Basic level -- 0% of 34 NPAs have fully consolidated the basic level of management</b>	
1. Designated NPA Manager with adequate knowledge to ensure proper management of the NPA	Achieved: 0% of NPAs Partially achieved: 100% of NPAs
2. The protected area is properly delimited and physically demarcated	Achieved: 3% of NPAs Partially achieved: 15% of NPAs Not achieved: 82% of NPAs
3. The protected areas is legally established and recorded in the NPA Registry	Achieved: 38% of NPAs Not achieved: 62% of NPAs
4. The NPA management plan is updated, under implementation, and being monitored and reviewed	Achieved: 0% of NPAs Partially achieved: 94% of NPAs Not achieved: 6% of NPAs
5. An NPA management committee is established, meets at least twice a year; its members have adequate knowledge and capacity for informed participation	Achieved: 0% of NPAs Partially achieved: 88% of NPAs Not achieved: 12% of NPAs
<b>Structural level -- 0% of 34 NPAs have fully consolidated the structural level of management</b>	
6. Control and monitoring activities are adequate to guarantee the negative effects of human activities on biodiversity are not spreading ("ambitos controlados")	Achieved: 0% de NPAs Partially achieved: 100% of NPAs Not achieved: 0% of NPAs
7. NPA reports on "matrix of effects by human activities" as proxy for monitoring of conservation status and on specific indicators in the corresponding PA management plan	Achieved: 0% of NPAs Partially achieved: 100% of NPAs Not achieved: 0% of NPAs

To improve management effectiveness SERNANP will continue implementing and adjusting/refining a number of methodologies and tools developed with support from other partners in previous years, including guidelines for preparation of management plans, spatial tools to monitor threats and to systematize patrolling activities (i.e., "ambitos controlados", "efectos por actividades"), tools for stakeholder analysis (e.g., "participation radar" and stakeholder mapping), among others.

In spite of all the advances SERNANP has made, weaknesses in technical and institutional capacities described under Barrier 6 will limit SERNANP's ability to adequately perform key management processes and activities which are essential for the achievement of the PdP goals and improving management effectiveness. Additional financial and technical resources are needed in order to remove these barriers (e.g., through technical advice to improve/refine methodologies, develop protocols and guidelines, provide targeted training, among other).

According to SERNANP, baseline activities and estimated financing would allow for consolidation of about 20% of Amazon NPAs to a basic level of management and 10% of Amazon NPAs at the structural level of management in 10 years. Without a sustainable approach to funding and a broad agreement between SERNANP and its allies to coordinate efforts around strategic goals, it will not be possible to achieve a standard level of management across the Amazon NPAs in the next decade.

Given the expected role of PROFONANPE in the PdP Initiative, as a specialized fund management entity, it is crucial to link its Integrated Administrative Management System software (SIGA) with SERNANP's Strategic Planning System by All Sources of Financing (SPE) to enable effective monitoring and transparent and timely reporting. To date PROFONANPE has used the SIGA, which has made it possible to provide transparent, timely, and detailed information in accordance with donor requirements. The main challenge is to link private funding to SERNANP's budget cycle based on a results-based budgeting process and annual operational planning.

To date there are important advances regarding the design of the SPE, a system that integrates technical, administrative and spatial information. However current budget is insufficient to procure the necessary software that will enable linking the funds channeled through PROFONANPE to SERNANP budget cycle based on the results-based budgeting process and annual operational planning. To enable the integration of the SIGA into the SPE of SERNANP it is necessary to update it in a new version with state-of-the-art technology. Without the technical and financial support of the GEF to update financial management software and strengthen key capacities, it will not be possible to make the necessary improvements required by SERNANP to consolidate a unified financial planning and management system for the NPA System. This will hinder SERNANP's ability to know how much of its funding needs are covered by donors and to identify where and for how long the financial deficit will persist (thereby limiting its budget negotiating capacity).

In sum, at the baseline, even if the Peruvian Government were to maintain its financial commitment to SINANPE, the current level of funding would remain insufficient and inadequate to significantly improve the current levels of NPA management effectiveness. Without sound information on the total economic values of the NPAs and their contribution to the development of the country, as well as on the feasibility of different financial mechanisms to supplement the budgetary allocations, it is unlikely that the government will have the sufficient political will to embark on any policy/legal reforms to increase funding for SINANPE. Likewise, without the technical and financial assistance of the WWF-GEF Project, it is unlikely that SERNANP will have essential information and strengthened capacities to develop new and viable NPA funding mechanisms, or implement the necessary improvements in existing mechanisms that will enable developing their full economic potential as well as the provision of benefits to local communities. In spite of initial progress in the development of a government endorsed initiative for long term financial sustainability, the PdP Initiative, in particular the construction of a detailed data base for basic and structural level of management across Amazon NPAs and initial estimates of associated costs and funding gap, without GEF's technical and financial support to finalize its design and GEF's leverage to raise additional donations, roll out of the Initiative will face significant challenges in the near future.

Consequently, Amazon NPAs will not be able to consolidate a structural level of management and provide effective protection to the valuable biodiversity of this biome in the short and medium terms in face of the environmental problem described in Section 1.3.1.

## **1.5 OPPORTUNITIES AND LINKAGES**

This project builds on previous work funded by the GEF in Peru for the conservation, funding and effective management of protected areas (see Appendix 10).

Considering that the PFP approach was first applied in Brazil through a GEF/WB/WWF/KfW funded project (the Amazon Region Protected Areas project, ARPA for Life), the platform of the Amazon Sustainable Landscapes Program offers a unique opportunity to catalyze the PdP process in Peru. The proposed project will complement and build upon the lessons learned and the capacities developed through Brazil's ARPA for

Life<sup>43</sup>. The regional coordination that the Amazon Sustainable Landscapes Program will provide amongst Peru, Brazil and Colombia will allow the exchange of key lessons and experience for the PFP approach, which is relatively new.

The GEF Project and the PdP Initiative will provide an opportunity to test the *conceptual framework for effective management of the SINANPE* that was developed by SERNANP with technical support from WCS, and recently adopted by the institution. Building on the principle that adaptive management is the basis for achieving effectiveness in a context of uncertainty and lack of information, and in order to facilitate the articulation between the different stages of the management cycle, as well as between different scales in which it takes place and between existing PA management instruments and tools, this conceptual framework provides a roadmap to guide the management cycle, both at the NPA and the system level. The theory of change behind this conceptual framework assumes that an **appropriate design** of the NPA network and its constituent areas; a **robust PA governance system** that ensures compliance across scales and which can influence drivers stemming from larger scales as well as pressures operating at the local level; **adequate planning and management** (both at system and site level) that materializes in the **implementation of key strategies**, producing a chain of **intermediate outcomes**, will together lead to improvements in NPA management effectiveness and, in turn, **reduce negative impacts on biodiversity, enhance its conservation and the provision of social, cultural and economic benefits to society**. Finally, **adequate M&E** of processes, outcomes and impacts is needed to test this theory and allow adaptive management<sup>44</sup>. This framework is summarized in the diagram in Appendix 11.

Likewise, this conceptual framework is expected to guide the preparation of the NPA System Master Plan (Plan Director) that will be updated during the project period, presenting an opportunity to make a clear linkage between strategic conservation planning and financial planning and for mainstreaming the PdP Initiative into this high level strategic document. GEF support could provide specialized technical support to ensure that proposed measures for PA revenue-generation, fund management and financial planning of the PdP Initiative are mainstreamed into the NPA system-wide strategic document, and to ensure that NPA management needs and biodiversity conservation goals drive future fundraising, financial allocation and expenditures.

See Appendix 12 for other initiatives in the Peruvian Amazon with which this project could establish links.

## SECTION 2: GEF INTERVENTION STRATEGY

### 2.1 PROJECT RATIONALE, SCOPE AND OBJECTIVE

The Government of Peru has demonstrated its firm commitment to the conservation of the Amazon Biome and against deforestation and land degradation through a variety of national programs, policies and plans, and the establishment of numerous protected areas, covering over 16.7 million ha. In spite of these impressive efforts, given increased pressures in the wider production landscape, these areas are nonetheless vulnerable to threats and, consequently, to loss and degradation of the valuable biodiversity they contain. In order for the progress achieved by SERNANP to become permanent, it is necessary to consolidate the effective

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<sup>43</sup> Implementation Completion and result report on a grant from the global environment facility trust fund in the amount of USD 30 million to the Fundo Brasileiro para Abiodiversidade (FUNBIO) for an Amazon region protected areas project. (2009). Brasilia: The World Bank.

<sup>44</sup> SERNANP & WCS. Mejía, P., B. Lau, C. Cabello, A. Bazán. 2017. Gestión efectiva del Sistema Nacional de Áreas Naturales Protegidas por el Estado (SINANPE). Base conceptual para la articulación del ciclo de gestión, instrumentos y herramientas.

management of Peru's NPAs. The great challenge is to increase the levels of financing to address the costs for improved management effectiveness, in the context of a system that has grown significantly but in a non-systematic way, with economic policies that impose greater restrictions on public spending and a downward trend in international cooperation.

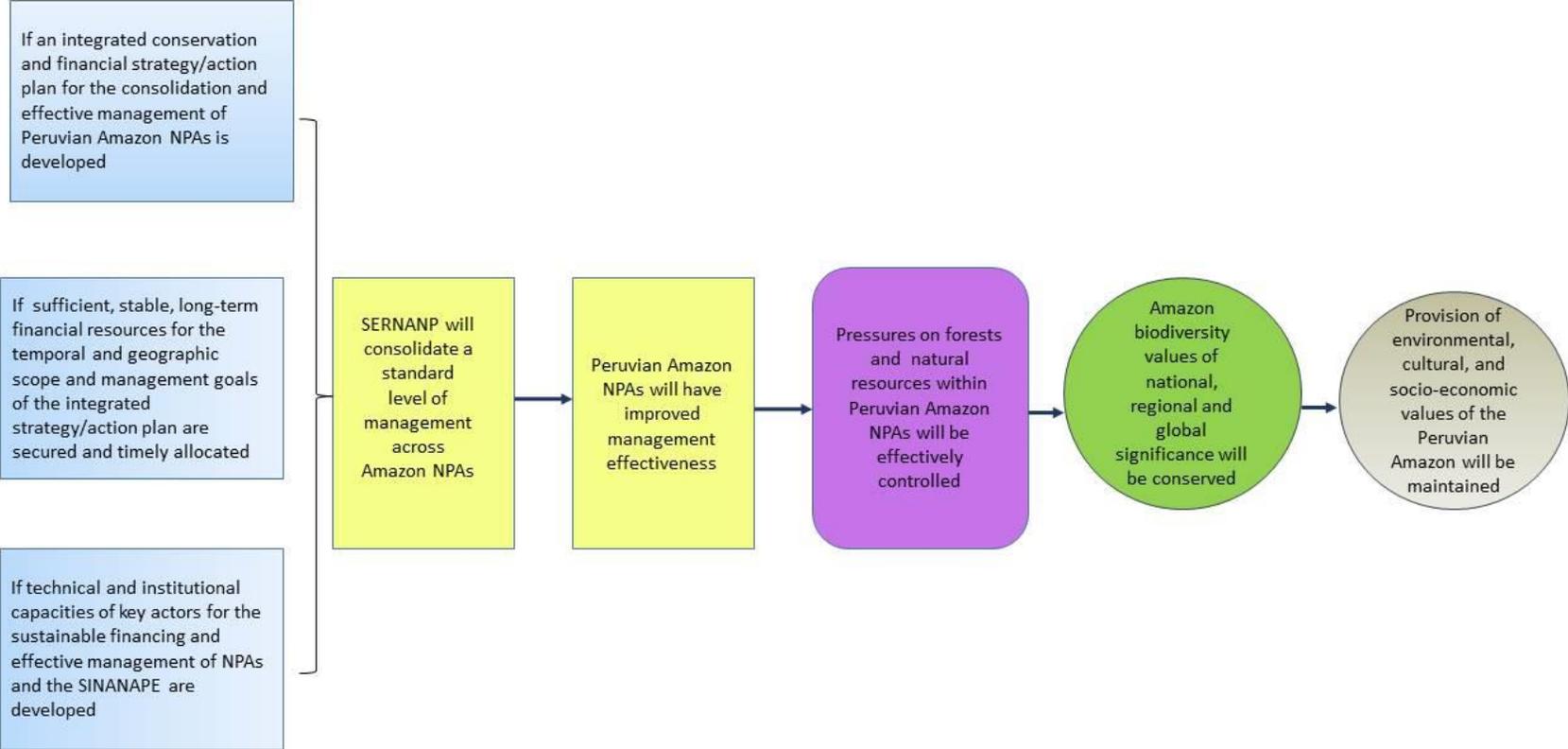
Building on prior efforts by SERNANP and its partners for expanding the NPA system and improving NPA management, the long-term solution proposed by the GEF Project "*Securing the Future of Peru's Natural Protected Areas*" involves a change in the way the funding needs of the SINANPE are met, by applying a holistic approach that, beyond the mobilization of resources to reduce the financial shortfall, addresses the development of systemic, institutional and individual capacities to gradually overcome the barriers to sustainable financing for effective management described in Section 1.3.2. To this end, the project will leverage a key opportunity identified in the baseline analysis: the PdP Initiative (short name for "*Parques Nacionales - Patrimonio Natural del Peru*" or "*Peru's Natural Legacy*"). Lessons learned that informed project design can be found in Appendix 13.

Building on preliminary design and agreements by PdP partners (see Section 1.4.1) and accessing lessons from previous PFP initiatives (see Appendix 14) the GEF project will catalyze the design and implementation of the first phase of the Initiative, which focuses on consolidating effective management of NPAs in the Amazon biome in 10 years.

The scope of the project involves NPAs in the Peruvian Amazon Biome, both for direct and indirect use, which cover 16,748,518 ha, representing 21 % of the Peruvian Amazon Biome, 8.75% of the global Amazon Biome, and 86% of total area of the SINANPE.

The **objective** of the project is : ***To promote long-term financial sustainability for the effective management of the National System of Natural Protected Areas of Peru (SINANPE) for the protection of globally important biodiversity and ecosystem services in the Amazon Biome.*** Project interventions are based on the theory of change and assumptions illustrated in Figure 6 below and described in Section 2.2.

Figure 6 Project's Theory of Change



## 2.2 PROJECT STRATEGIES AND EXPECTED RESULTS (GEF Project Components)

As explained in Section 1.4.1, the PdP approach to help bridge the funding gap for achieving Phase 1 goals includes three groups of complementary actions: (i) raising between US\$ 60 and US\$ 70 million in additional private, multi and bilateral donations to be channeled to the NPAs under the geographic scope; (ii) increasing government funding for NPAs over time; and (iii) reducing management costs through participatory and collaborative mechanisms, such as interinstitutional and cross sectoral cooperation/budget articulation, conservation agreements, public-private partnerships, management contracts, among others.

Based on this approach and in view of the analysis of barriers and baseline (Sections 1.3.2 and 1.4), to achieve the project's objective the interventions have been organized into four components:

**Project Component 1:** Aims to develop a multi-partner, public private strategy for long term financial sustainability of the natural protected areas in the Peruvian Amazon, using an adaptation of the "Project Finance for Permanence" approach, carefully tailored to the characteristics of the SINANPE, the context of Peruvian NPAs, and the regional development dynamics of the country. Basically, in this approach, a group of donors commits funds toward the greater goal of helping improve or expand a network of protected areas, based on an agreed conservation plan. However, all funds are held and not distributed until: 1) the total fundraising commitment goal is reached; and 2) all key legal, institutional and financial conditions that have been agreed upon in advance are met (i.e., closing conditions). Through a 'single close' or 'single agreement' partners ensure that all the resources needed to fund the conservation plan are committed before the initiative is launched. After the single close agreement, the donated funds are put into a sinking transition fund and then distributed over a set period of time, according to the agreed conservation plan prepared at the onset of the initiative. The government increases funding for PAs, as the transition fund is used up, until it fully assumes the PA management costs (see Appendix 9). It should be noted that in Peru's approach to PFP, potential donors could also chose to channel their funds through the public budget (hence, these funds will be committed to the PDP but managed directly by SERNANP).

On the basis of preliminary agreements between the Government of Peru and various donors and initial work led by SERNANP during project preparation (see Section 1.4.1), the project will provide technical and financial support, legal advice and strategic guidelines to catalyze the design of the PdP Initiative and generate the necessary conditions for its effective and efficient implementation. Outputs under this component include the preparation of a multi partner, Integrated Conservation and Financial Action Plan for Amazon NPAs to guide the mobilization of resources for the PdP Initiative and help partners maintain a cooperative results-oriented approach; the preparation, negotiation and signature of a Single Close Agreement between the Peruvian Government (represented by SERNANP) and donors which will detail the financial commitments of each party, the closing conditions and the milestones for resources disbursement; the establishment of the PdP Initiative's Governance and Management Structures; the creation of a Transition Fund that will contribute to partially cover costs associated with the Action Plan while awaiting the agreed increase of finance provided by government; and the preparation of an Operations Manual to guide the operations of the PdP Initiative and the transition fund. Finally, Component 1 includes activities aimed at mainstreaming the PdP in SERNANP and across other sectors for the management and financing of Amazon NPAs. Given that initial donor commitments are still insufficient to cover the funding gap for achieving the goals of the PdP (while the government increases public funding), Component 1 includes targeted donor communications and fundraising strategies.

**Project Component 2:** As the proposed approach for financial sustainability requires a gradual increase of public funding over the PdP period to offset the donor-funded transition fund as it is drawn down, GEF support under Component 2 will provide technical and financial assistance to explore, identify and analyze the feasibility of a set of innovative PA revenue generating mechanisms<sup>45</sup>, both at national and local level, in order to diversify SERNANP's portfolio and help fulfill its commitments under the PdP Initiative. In addition, project financing will provide technical assistance to analyze and propose improvements to existing mechanisms currently operating in a suboptimal way (as discussed in the Barriers section), so they may develop their full potential for financing, cost reduction and related socioeconomic benefits. Some of these new and improved mechanisms will be tested in 2-4 NPAs that will be selected from a short-list of sites developed during project preparation (see Appendix 15). The lessons learned from these experiences will be systematized and used to develop guidelines and standards to enable expansion and replication of the successful mechanisms to support NPA effective management and financial sustainability.

**Project Component 3:** After the PdP single close agreement, and once the Initiative's governance and management structures are established, the PdP Action Plan designed and agreed (Output 1.1.1) and capacity building for appropriate management of the Initiative initiated, under Component 3 GEF funding will contribute to the capitalization of the Transition Fund to support consolidation and improve management effectiveness of a group of Amazon NPAs. These sites will be selected from the short list detailed in Appendix 15. The capitalization of the TF with GEF funding and its disbursement for the development of Component 3 will be carried out in accordance with the regulations and disbursement conditions detailed in the PdP Operations Manual, and according to WWF-GEF policies on prior consultation, safeguards and other relevant policies.

**Project Component 4:** In line with SERNANP's conceptual framework for effective management, integrated monitoring and evaluation will be a key component of the project to enable testing of its theory of change and generating new information to learn, adapt and contribute to effective management. This component will facilitate coordination among the various project partners, across national and local levels, and will facilitate the implementation of the project's monitoring and evaluation plan (See Section 7). It will also ensure regular interaction with the other Child Projects under the Amazon Sustainable Landscapes Program to promote mutual learning and exchange, help increase uptake of lessons and build synergies.

The project components, main expected outcomes, outputs and activities are described below and are summarized in Table 4. Figure 7 below shows how the different components of the project operationalize the theory of change. The Figure in Appendix 16 shows the contributions of the different components of the project to the intervention hypothesis on which the conceptual framework for the effective management of SINANPE is based.

See Appendix 17 for the project implementation schedule, which depicts the timing of project outputs.

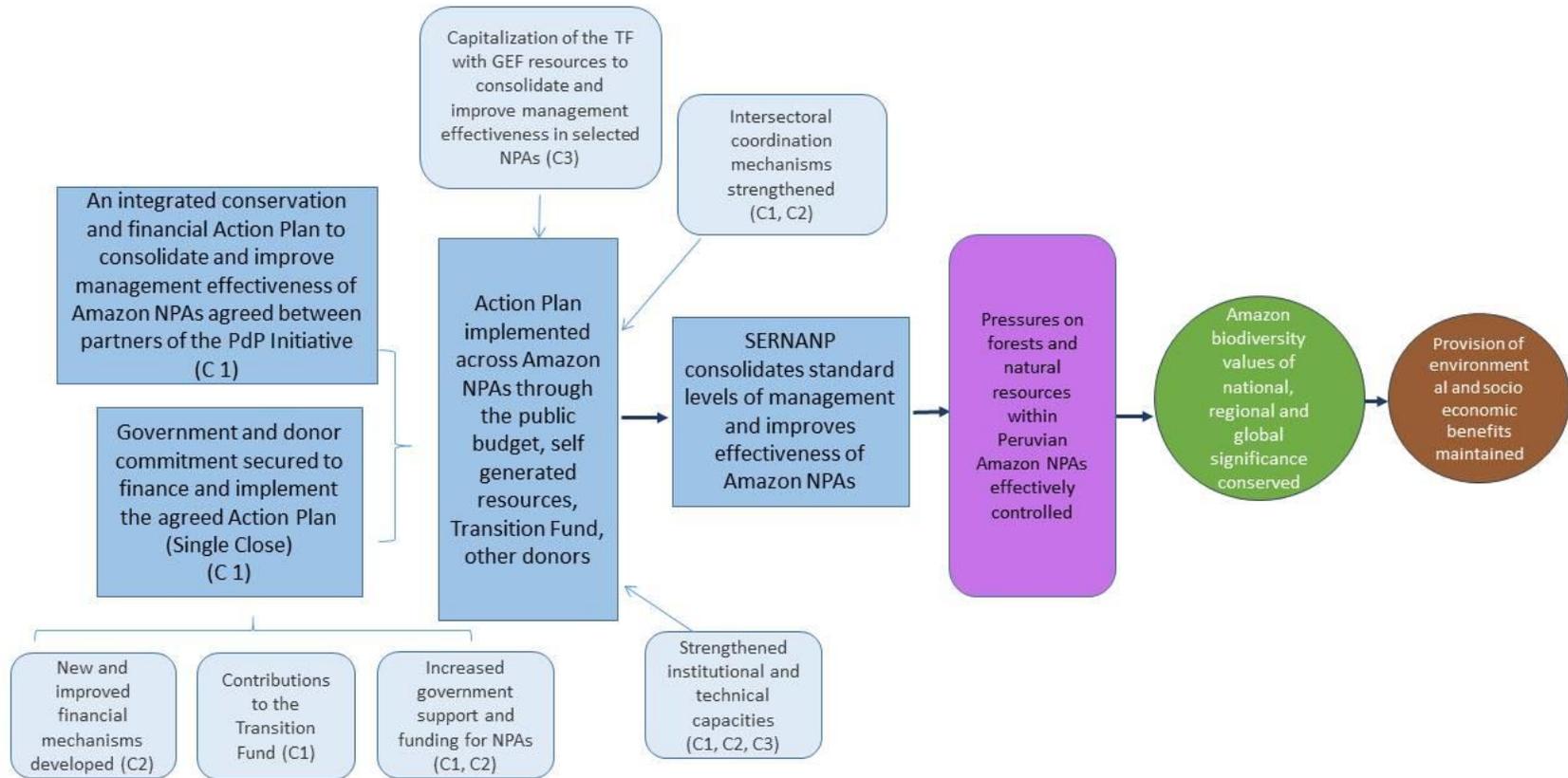
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<sup>45</sup> For the purpose of this project, innovative mechanisms are defined as those that have not yet been implemented in NPAs. New approaches complementary to the mechanisms already promoted by SERNANP (tourism and natural resources management) will also be sought to achieve greater benefits for NPA management and for local communities. These approaches will be oriented to territorial coordination and participation to ensure their development and permanence.

Table 4 Project description summary

Project Objective: To promote long-term financial sustainability for the effective management of the National System of Natural Protected Areas of Peru (SINANPE) for the protection of globally important biodiversity and ecosystem services in the Amazon Biome				
COMPONENT	OUTCOME	OUTPUT	GEF	Co-financing
			TOTAL US\$	TOTAL US\$
<b>COMPONENT 1:</b> Development of a multi-partner, public-private initiative for long-term financial sustainability of the NPAs in the Peruvian Amazon	1.1 Government and donor commitment secured for a long-term financial sustainability initiative for effective management of Peru's Amazon NPAs	1.1.1 A 10-year integrated conservation and financial Action Plan to consolidate and improve management effectiveness of the Amazon NPAs as agreed between partners of the PdP Initiative	295,091	1,592,641
		1.1.2 PdP Initiative's Framework Agreement (Single Close Agreement)		
		1.1.3 Targeted donor communications and fundraising strategy for the PdP Initiative		
	1.2 PdP Initiative for financial sustainability of NPAs in the Amazon operationalized	1.2.1 Operations Manual for the PdP Initiative	431,191	1,566,272
		1.2.2 Governance structure and management systems for the PdP initiative		
		1.2.3 A comprehensive financial information management system for all sources of financing		
	1.3 PdP integrated in SERNANP and across other sectors for the management and financing of the Amazon NPAs	1.3.1 Inter-sectoral coordination mechanisms	175,696	1,592,641
		1.3.2 Staff training on PdP		
		1.3.3 Technical support to mainstream PdP into the SINANPE Master Plan ( <i>Plan Director</i> )		
<b>COMPONENT 2.</b> Diversification of sources to increase NPA financing	2.1 NPA values and benefits showcased to increase public and private support for PdP and new financing mechanisms	2.1.1 Economic impact and valuation studies of NPAs	98,266	1,412,889
		2.1.2 Targeted communications, learning tours and meetings to leverage government and sectoral support for NPA financing		
	2.2 Increased options for the sustainable financing of NPAs	2.2.1 Short list of mechanisms to generate revenue for the sustainable financing of Amazon NPAs	1,548,298	4,238,667
		2.2.2 Feasibility studies of the shortlisted financial mechanisms		
		2.2.3. Action plan and guidelines for the development of viable mechanisms		
		2.2.4. Pilot implementation of up to three financial mechanisms at site level, new or improved, with the best score		
		2.2.5 Proposals of new or improved mechanisms at national/system level		
2.2.6 Toolkit for the replication of pilot site mechanisms				
<b>COMPONENT 3.</b> Implementation of PdP Action Plan Measures to consolidate and improve the effective management of Amazon NPAs	3.1 Improvements in effective management levels contribute to the conservation of biodiversity, sustainable forest and natural resources management, and maintenance of ecosystem services in 2 to 4 Amazon NPAs	3.1.1 Final selection of NPAs from the short list to be financed with GEF contributions to the TF	5,375,557	39,79,156
		3.1.2 Work Plan and budget for each selected NPA		
		3.1.3 Implementation of eligible activities to consolidate and improve effective management in selected NPAs		
<b>COMPONENT 4: Project Coordination and M&amp;E</b>	4.1 M&E plan finalized with measurement, reflection and reporting on time to aid in results-based decision making and adaptive management	4.1.1 Project M&E informs project management	654,499	3,032,756
		4.2 Project monitoring and evaluation data and lessons learned are transparent, participatory and shared with relevant stakeholders to contribute to coordination, knowledge management and achieving program results		
	4.2.1 Knowledge identified, captured, stored and shared between key stakeholders			
	4.2.2 Coordination with Regional Program			
Project Management			428,930	1,232,757
<b>TOTAL PROJECT COSTS</b>			<b>9,007,528</b>	<b>54,460,781</b>

Figure 7 Contribution of Project Components to the Theory of Change



See project Results Chains in Appendix 18 for more detail.

***COMPONENT 1: Development of a multi-partner, public-private initiative for long-term financial sustainability of the Natural Protected Areas in the Peruvian Amazon***

(GEF US\$ 901,978; Co-financing US\$ 4,751,556)

Based on preliminary agreements between the Government of Peru and other national and international organizations, this component will provide strategic, technical and financial support, and legal advice to catalyze the development, launching and institutionalization of a strategy for the financial sustainability of Amazon NPAs that will coordinate government and donor funds towards an agreed strategy for effective NPA management (i.e., the PdP Initiative, as explained in Section 1.4.1). The activities and associated outputs of this component will make possible the achievement of the following results.

**Outcome 1.1 Government and donor commitment secured for a long-term financial sustainability initiative for effective management of Peru’s Amazon NPAs**

The main activities under this outcome include workshops, meetings and legal assistance for defining a Single Close Agreement between the partners, which details the roles and responsibilities of the parties, the closing conditions for the Initiative and the milestones for the disbursement of resources; the preparation of an Action Plan and Operations Manual to guide implementation of the PdP Initiative; and developing a communications strategy and marketing plan to attract new contributions and financial commitments from different sources.

**Output 1.1.1 A 10-year integrated conservation and financial Action Plan to consolidate and improve management effectiveness of the Amazon NPAs as agreed between partners of the PdP Initiative**

As explained in Section 1.4.1, in parallel with project preparation SERNANP with support from WWF led initial work towards the design of the PdP Initiative, including the construction of a detailed baseline for basic and structural level of management across the protected area system (See Appendix 6 ); initial estimates of associated costs –both in terms of investment needs and recurrent costs-- to reach the structural level of management across all Amazon NPAs in 10 years<sup>46</sup>; and an assessment of the funding gap (based on the assessment of additional needs to reach each goal --in terms of activities and items-- per NPA under the assumption of a stable baseline of public allocations (see Appendix 9).

Building upon this initial work GEF funding and co-financing will support the preparation of, and agreement on, a 10-year integrated conservation and financial Action Plan to guide the activities of Phase 1 of the PdP Initiative, mobilize additional resources, and help PdP partners maintain a cooperative, outcome driven focus. Through a series of meetings and workshops, the PMU PA Management Specialist and Sustainable Financing Specialist (see Section 3) will provide technical advice to help SERNANP and PdP partners develop a strategic planning process to achieve the goals of Phase 1 of the PdP Initiative, including the following activities:

- Based on SERNANP's strategic priorities, promote broad agreement by all partners on the PdP scope, guiding principles (including adaptive management, gender equality, landscape approach, among others), vision, goals, objectives, and associated eligible activities.

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<sup>46</sup> The goals and scope of the PdP initiative were defined by SERNANP and are based on institutional priorities and the institution’s 10-year Master Plan.

- Updating and consolidation of the *cost model* (update and validation of budget needs and financial gap to achieve structural level of management and costs of activities to advance towards optimum level in selected NPAs).
- To bridge the resulting gap, a detailed *financial model* will estimate how much revenues must come from different sources, in order to project funding needs on a year-by-year basis and ensure that enough revenues are available to meet the annual financial needs and fulfill the financing commitments for the PdP Action Plan for the duration of Phase 1.
- Define the criteria to establish the order of priority and timeline for disbursement of the transition fund (Output 1.2.1), including, among others, an analysis of threats to the 38 NPAs.
- Drafting of, agreement on, publishing, presentation and dissemination of the PdP Action Plan agreed upon by the partners.

The PdP Action Plan will consider updating the cost model based on reviews of the progress and needs for achieving effective management of each NPA, according to their specific management objectives (adaptive management). Following SERNANP policies/practices, this will include an assessment of progress of each NPA regarding main strategies of their corresponding management plans (at minimum, an assessment of level of threats and conservation status based on their methodologies of '*ambitos controlados*' and '*efectos por actividades*'). This analysis will enable a more realistic understanding of the budget needs of each NPA to update the corresponding financial shortfall and optimize the use of resources. The frequency for updating the cost model will be defined in the PdP Operations Manual (see Output 1.2.1).

#### Output 1.1.2 PdP Initiative's Framework Agreement (Single Close)

Following the agreed upon Action Plan GEF funding and co-financing will cover technical assistance, meeting/workshop costs, and recruitment of a specialized law firm to help PdP partners define and negotiate a number of closing conditions (i.e., financial, organizational, legal and governmental closing prerequisites) that, once met, will enable the PdP partners to close the deal. Through a '*single close agreement*' or '*single framework agreement*' approach PdP partners will ensure that all the resources necessary to fund the PdP Initiative's Action Plan for Phase 1 are **committed** at the time the initiative is launched. As explained in Section 1.4.1 and Appendix 9 single close target is estimated between US\$ 60 million and US\$ 70 million.

The main activities to achieve the single close agreement include:

- Negotiate and agree on the closing conditions between the member organizations of the PdP Initiative.
- Develop a *legal term sheet*, detailing the closing conditions (financial, organizational, legal and governmental requirements, as well as clear and explicit milestones and protocols to formally determine whether the closing conditions have been met, and trigger the fulfillment of pledges by donors).
- Develop the memorandum of understanding (MoU).
- Organize and hold an event for the single close agreement and to sign the MoU between partner organizations.

The MoU will include: Financial Commitments from each party to the agreement; roles and responsibilities of each party; commitment to raising additional funds for implementation; commitment to adopting innovative PA funding mechanisms; passing new legislation as necessary to implement the program; commitment to hire the

necessary staff; adoption of improved PA financial planning approaches and tools and procurement processes, (which can be included as indicators in the Operations Manual), among other.

Initial activities for the drafting of the single close took place during project preparation. This process will be supported by a law firm and led by the Vice minister of MINAM and SERNANP from the GoP side, and WWF and Moore Foundation from the donor side. The PMU manager will play a key role convening the meetings and records to have an agreed single close agreement between all the parties.

Once the closing is completed, the negotiated conditions included in the MoU will become formally binding. Appendix 19 details the key conditions to achieve a single close agreement.

The signing of the framework agreement can take place if 80% of the final donor target has been pledged and there are reasonable indications of obtaining the remaining amount from specific identified donors. If less than this amount is committed, the Project Steering Committee will have two options:

1. Postpone the deal close and renegotiate terms with each donor or
2. Reduce the scope of phase 1 of the PdP initiative in terms of number of NPAs or conservation goals.

In the event that the deal closing is postponed, WWF GEF Agency will consult with the GEF to evaluate the three options detailed in Appendix 9 under *Fundraising status and contingency plan*.

#### Output 1.1.3 Targeted donor communications and fundraising strategy for the PdP Initiative

Given that initial donor commitments are insufficient to cover the funding gap for achieving the goals of the PdP (while the government increases public funding) it will be necessary to raise additional resources to launch the Initiative (i.e. Phase 1, Amazon Biome) as well as for subsequent phases that would help the rest of the NPA system achieve the structural level of management. For this, GEF funding will provide specialized consulting services to design a communications strategy and marketing plan to attract additional resources from potential donors to the Initiative. These communication and fundraising efforts will be segmented into different target audiences, including foundations, multilateral and bilateral cooperation, corporate donors and other private sector actors, that could support the PdP either through the TF or the government budget programs.

GEF financing will support the outsourcing of specialized services / companies for the design and development of specific materials, media and events, adapted to the characteristics of each target audience (e.g. informal meetings, workshops, visits to selected NPAs, special events, audiovisual media, etc.). GEF funding will also cover travel costs for meetings with potential donors. It is expected that the first two years the fundraising efforts will be aimed at attracting additional donors for Phase 1 of the PdP. For the remainder four years the goal will be to raise the necessary funds for subsequent phases of PdP, so that the rest of the NPAs in the SINANPE can reach the structural level of management.

Output 1.1.3 will be implemented through the following activities:

- Contract a communications firm to design and implement a communication strategy and marketing plan to attract additional resources from key stakeholder and potential donors for the Initiative (TF and / or government sources) which includes:
  - Development of messages, design of communication tools and materials for different potential donors.

- Organization of events and meetings targeted to potential donors and key actors.
- Funding (e.g. travel cost) for the participation of key SERNANP staff and partners, as the case may be, in bilateral and/or multilateral negotiations to access additional donor funding for the PdP Initiative.

### **Outcome 1.2 PdP Initiative for financial sustainability of NPAs in the Amazon operationalized**

This outcome involves creating the necessary conditions for effectively and efficiently operationalizing the PdP Initiative. This includes designing and establishing an adequate governance structure for the initiative; defining the roles and responsibilities of different actors (SERNANP, other government agencies, donors, transition fund administrator, etc.) in its implementation and management; establishing the sinking transition fund; and developing a financial information and planning system for all funding sources that enables the physical and financial monitoring of the resources allocated by both the state and the donors.

#### Output 1.2.1 Operations Manual for the PdP Initiative

Consulting services will be hired with GEF funding to support SERNANP and PdP partners develop an Operations Manual that will outline the composition, rights and responsibilities of the PdP governing and management bodies. The manual will also establish procedures to guide the implementation of the PdP action plan, and serve as guiding document for the operations and management of the TF. This manual and its annexes will set forth detailed administrative procedures and decision making processes, including: (i) a structured way for the establishment and approval of the transition fund; (ii) a detailed set of criteria for future disbursements from the TF; (iii) the establishment of systems for enabling transparent financial management, auditing and reporting; (iv) the implementation of performance monitoring protocols, thus providing a clear framework for decision making and day-to-day operations. Also, the Operations Manual will state the criteria for periodically reviewing and adjusting the PdP cost model and financial model, in light of changing conditions and new information that will be available through improved PA financial planning tools and in depth analysis of potential new revenue generating mechanisms.

#### Output 1.2.2 Governance structure and management systems for the PdP initiative

This output entails defining the composition, functions and responsibilities of the PdP initiative's governing and management bodies. Through meetings, discussions, and workshops GEF funding will help establish a PdP Steering Committee (SC), made up of key representatives from the Government of Peru (including MINAM, SERNANP, Ministry of Economy and Finances) and from the donor institutions contributing to the initiative. Composition of the PdP SC will be the same as the Project's SC (See Section 3 Institutional Arrangements).

The SC will be responsible for disbursement decisions to support implementation of the PdP Action Plan, reviewing the status of the disbursement conditions on a regular basis, approving periodic disbursements from the TF that will be created, and overseeing the TF management. As needed, *specialized advisory committees* may be established by the PdP Steering Committee to provide advice and help the governing body perform certain functions more effectively and efficiently (e.g., a scientific and technical advisory committee).

The PdP Steering Committee will delegate management responsibility of the TF to PROFONANPE as a specialized fund administrator. Hence, the PdP initiative will have two different sources of financing that will have to articulate with each other regarding the agreed Action Plan: (i) Donations to the sinking TF will be managed by PROFONANPE

(including funds from GEF, WWF, Moore Foundation and other private sources); and (ii) SERNANP – in coordination with the PdP Steering committee -- will be responsible for disbursement of public funding and other donor funds channeled through the budget programs associated with the public budget for the development of activities related to the PdP Action Plan, such as those from KfW (see Baseline section 1.4.1).

Decisions on the use of TF resources will be made in accordance with the MoU signed by the parties, as well as the Operations Manual and other relevant legal documents that may be applied to the Initiative.

Output 1.2.2 will be achieved through the following activities:

- SERNANP and PROFONANPE will establish the PdP Steering Committee according to the Operations Manual guidelines.
- Commissioning of the structure, functions and procedures of the PdP Steering Committee through consulting services.
- Training of the members of the PdP Steering Committee and key staff from PROFONANPE and SERNANP on the implementation of the operating instructions on the Operations Manual through consulting services.
- PROFONANPE will establish a Transition Fund to receive and disburse financial contributions from private donors/sources who choose to channel their donations through this fund.

#### Output 1.2.3 A comprehensive financial information management system for all sources of financing

This output seeks to consolidate implementation of the Institutional Strategic Planning System by All Funding Sources (SPE for its name in Spanish) for the administration and management of Peru's NPAs, currently under development with resources from the SINANPE III project and the public budget. This system constitutes a technological solution that will systematize and organize the information on NPAs and the System in a database that will be accessible to SERNANP's internal users and other authorized organizations via the web or by downloading reports and detailed information. The SPE system will facilitate NPA analysis, assessment and decision-making to assist management. It includes financial planning and will be integrated with some platforms, such as PROFONANPE's SIGA.

Given current weaknesses of the SIGA (as explained in Baseline section 1.4.3) GEF funding and co-financing will procure new software for PROFONANPE to enable upgrading of this system. Special attention will be given so that the budget planning systems and accounting systems of SERNANP and PROFONANPE are interfaced through a shared IT platform or at least designed in a compatible language, allowing for real time tracking, so that PdP goals can be adequately monitored. Integration and updating of SIGA will enable the planning, review and approval of the PdP Initiative's annual budget and the implementation and monitoring of expenses in a safe, efficient and transparent online environment. Furthermore, the updated SIGA will streamline operational work and optimize donor information processes (for example, including a monitoring and evaluation module that, in addition to performance indicators, will contain impact indicators to show progress towards achievement of project objectives and activities linked to the TF).

GEF financing will outsource to consulting services from an IT company to customize software so that SERNANP's planning system and PROFONANPE's SIGA are interfaced via the single SPE platform, allowing for real-time tracking and adequate monitoring of the PdP Initiative goals. These consulting services will also provide training

to key IT staff in SERNANP and PROFONANPE who will then train other personnel/users in their respective organizations.

This output will be achieved by contracting a specialized IT consulting firm to provide the following services and products:

- Finalize the design and launch SERNANP's Institutional Strategic Planning System by All Funding Sources (SPE). The financing of the GEF funds will be directed towards the implementation of the "Economic Management Module" that will contribute to the operation of the SPE System, within the framework of the Information System of the NPA system (SIANP).
- Design and implement new software that replaces PROFONANPE's SIGA, including a financial monitoring tool that is articulated to the accounting systems of SERNANP.
- Prepare SPE and SIGA software manuals.
- Provide training to IT staff in both institutions on the use of the SPE and the new accounting and financial monitoring tool that articulates between PROFONANPE and SERNANP.
- Provide technical support to PROFONANPE and SERNANP during the first months of implementation of the new comprehensive information system and improvements of 'usability' and compatibility between the two budgeting and accounting systems.

PROFONANPE will ensure the system is maintained past the length of the project.

### **Outcome 1.3 PdP integrated in SERNANP and across other sectors for the management and financing of the Amazon NPAs**

To bridge the funding gap for improved management effectiveness and financial sustainability, in addition to mobilizing additional resources the PdP Initiative will promote cost savings through improvements in effective financial planning and spending capacity, as well as in cross-sector collaboration. Given current barriers and baseline, activities under this Outcome will contribute to strengthening key technical capacities to enable mainstreaming the PdP Initiative within SERNANP, and promoting cross sectoral, multi stakeholder dialogue and negotiation to increase support for the PdP and promote involvement of key institutions and sectors in the PdP financing strategies (including generation of new sources of PA funding and support for budget increases).

#### Output 1.3.1 Inter-sectoral coordination mechanisms

As explained earlier, one of the strategies of the PdP approach to help bridge the funding gap involves reducing management costs through participatory and collaborative mechanisms. Bearing in mind the current lack of integrated inter-institutional and multi-sectoral planning and weak coordination spaces and how this may affect the success of the PdP Initiative (as explained in Barrier 5 and Section 1.4.1), the project will foster inter-institutional coordination, multi-sectoral strategic planning and the integration of NPAs in the broader landscape. This will be delivered by:

- Outsourcing technical assistance for the design and implementation of communications efforts to facilitate/strengthen interinstitutional coordination with key government agencies (at the national and regional level) and the private sector.

- Funding travel and other costs associated with the participation of key staff from SERNANP (including central office staff, Macro Regional Coordinators and NPA Managers) in planning processes led by the Regional (sub-national) governments.
- Providing technical support to strengthen the NPA level governance structures (i.e., the NPA Management Committees through the activities that will be delivered under Component 3).
- Building upon some successful experiences between SERNANP and other public and private actors (e.g. the Tourism Advisory Group) and SERNANP's Financial Sustainability Commission<sup>47</sup>, GEF funding will support the creation and operation of a National Working Group for NPA Financial Sustainability, led by SERNANP. This group will be composed of representatives from key government bodies (e.g. MEF, MINAM) and various sectors and actors with potential to contribute to NPA financing (including representatives from regional governments, key donors, NGOs and the private sector). It is conceived mainly as a technical working group composed of professionals and other experts who will participate in roundtables, workshops and other activities financed by the GEF project. Hence, this group will act as a mechanism to improve inter-institutional coordination, promote multi-sectoral dialogue and stimulate support for the NPA financing strategies that will be promoted by the PdP Initiative (such as the development of innovative mechanisms at national and NPA level).

The working group will be coordinated by the Financial Sustainability Specialist of the PMU, who will expose members of the group to international best practice through workshops and training sessions in conjunction with the Technical Secretary of SERNANP's Financial Sustainability Commission. GEF funding will support the costs of meetings of this group. Each member will be asked to assess its future participation using its own resources in order to ensure the group's sustainability in the long run.

Furthermore, GEF funding will support the articulation of this group with the Financial Sustainability Group of RedParques<sup>48</sup>(the Latin American Technical Cooperation Network on National Parks, other Protected Areas, Wildlife and Flora), e.g. by supporting travel costs for meetings (see Component 4).

#### Output 1.3.2 Staff training on PdP

Activities under this output will be aimed at improving technical capacities of SERNANP and PROFONANPE for sustainable financing. For this purpose, GEF financing will outsource technical assistance to perform capacity needs assessments and design targeted training to increase knowledge and skills of key staff and decision makers to enable the long-term sustainability of the PdP Initiative. These activities will be coordinated with the National Authority of the Civil Service (SERVIR), who annually performs training needs assessments and implements staff development plans, and will be supported by the PMU PA Specialist and the Financial Sustainability Specialist. Although the specific training needs will be assessed during project implementation, it is anticipated that some capacity building activities will include:

- Training on integrated strategic conservation and financial planning at the NPA level, as a basis for the preparation/update of PA management plans that will be delivered under Component 3.

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<sup>47</sup> Established by SERNANP's Presidential Resolution RP 163/2014

<sup>48</sup> <http://redparques.com/sostenibilidad-financiera/>

- Planning workshops involving staff from key units in SERNANP (e.g. OPP, DDE, DGANP), NPA managers and specialists at the site level, and other key partners on integrated strategic conservation and financial planning at the NPA level aimed at improving the links between financial planning and PA conservation and management needs. This will also help harmonize the PdP financial model with SERNANP's results-based budget in support of the agreed PdP Action Plan and develop the capacity to update or adjust this model according to changing circumstances and to reflect the current context.
- Other training subjects may include fundraising, financial management and reporting, business planning and development of NPA funding mechanisms.

### Output 1.3.3 Technical support to mainstream PdP into the SINANPE Master Plan (*Plan Director*)

Financial sustainability cannot be achieved without a solid framework for integrated strategic biodiversity conservation planning and financial planning. Hence, the PMU Financial Sustainability Specialist and the PA Management Specialist --who will be hired with GEF funding-- will provide technical support to SERNANP during the updating process of the SINANPE's Master Plan through workshops and meetings, to ensure that the proposed PA revenue-generation, fund management and financial planning measures are mainstreamed into the system-wide PA strategic document. This will ensure, for example, that NPA management plans and their associated strategic financial planning and annual operational plans are aligned with the results-based budget structure so that they are all based on the same conservation and benefits impact indicators. The technical support would also ensure that NPA management needs and biodiversity conservation goals drive future fundraising, financial allocation and expenditures, for example, through inclusion in the system-wide Master Plan of measures for prioritizing NPAs according to their threat level, their role in covering representation gaps, and other criteria, which should then facilitate the NPA system financial and budget planning in the future.

### ***COMPONENT 2: Diversification of sources to increase NPA financing***

(GEF US\$ 1,646,564; Co-financing US \$5,651,556)

SERNANP's capacity to generate additional funding for improved NPA management will be a key precondition to ensuring the PdP Initiative's success and the long-term financial sustainability of the SINANPE. This component will enable diversification of SINANPE's funding portfolio through the improvement of existing revenue-generating mechanisms and the development of viable innovative options to supplement current income streams. For the purpose of this project, innovative mechanisms are defined as those that have not yet been implemented in NPAs. New approaches to the mechanisms already promoted by SERNANP (tourism and natural resources management) will also be sought to achieve greater benefits for NPA management and for local communities. Therefore, this component will help ensure that the Government of Peru, through these financing mechanisms, is able to reduce the funding gap to meet the needs of Amazon NPAs to achieve effective management over the long term.

### **Outcome 2.1 NPA values and benefits showcased to increase public and private support for PdP and new financing mechanisms**

Many of the barriers to sustainable financing of NPAs stem from low levels of understanding regarding the importance of these areas for conservation and sustainable development. Therefore, this outcome will be aimed at raising awareness on the values and benefits provided by NPAs, build new constituencies for conservation, and gain social and political support for the PdP Initiative and the adoption of new funding mechanisms.

### Output 2.1.1 Economic impact and valuation studies of NPAs

Given that policy and management decisions draw on resource economic perspectives to quantify the benefits and costs of alternative options, GEF funding and co-financing will outsource to a specialized consulting firm to develop economic impact and valuation studies to generate evidence about how protected areas affect environmental and social change relative to alternative development interventions. This will help make the case for NPAs by showing the contribution of these areas in maintaining the ecological infrastructure that underpins economic and social development and comparing 'business as usual' scenarios versus effective management scenarios, and strengthen the position of SERNANP in budget negotiations with MEF and negotiations with other sectors for the implementation of new funding mechanisms.

### Output 2.1.2 Targeted communications, learning tours and meetings to leverage government and sectoral support for NPA financing

Government budget is a core component of NPA funding and is critical to achieving financial sustainability of national NPA systems. However, government budget allocations are sometimes reduced in proportion to self-generated NPA resources which act as a disincentive to the development of financial mechanisms at site level and are a barrier to financial sustainability. Consequently, in order to reduce the likelihood of potential budget cuts and, ideally, for there to be an increase in government contributions for NPAs, targeted communications strategies will address key policy and decision makers. These communications campaigns will be sequenced to the budget negotiation and approval cycle and address the Ministry of Economy and Finances and other high-level government officials, budget monitoring institutions, members of key legislative commissions, among others<sup>49</sup>. Likewise, GEF funding will support meetings and learning tours for MEF and other relevant government actors to NPAs (including those where pilots of funding mechanisms will take place) to promote the value of SINANPE and build support for the development of new mechanisms.

Considering the important role played by the mass media in shaping public opinion and raising environmental awareness, GEF finance will support SERNANP in building and maintaining good relationships with journalists and other communicators through activities and materials aimed at improving their understanding on the values, functions and services of NPAs and the role of the PdP initiative in conserving the natural and cultural heritage of the Peruvian Amazon (for example, through press releases, working lunches / breakfasts, visits to pilot NPAs, etc.).

This output will be developed through the following activities:

- Outsourcing a specialized consulting firm to design and implement targeted communications strategies, including:
  - Development of messages and design of communication tools and materials for different key audiences (e.g., white papers, directed at MEF, MINCETUR, the National Water Authority/ANA, members of key legislative commissions, among others).

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<sup>49</sup> Comprehensive communications campaigns to support the protected areas budget approval process may decrease the likelihood of budget cuts at the legislative level and can assist legislators requesting increases. These communications campaigns should address both legislators and the public (voters) and be focused on how investments in PAs contribute to economic and social development. Flores, M., and Bovarnick, A. (2016). Guide to improving the budget and funding of national protected area systems. Lessons from Chile, Guatemala and Peru, July 2012 – April 2014. UNDP 2016.

- Organization of events and design of communication tools for establishing and maintaining relationships with journalists and other communicators.
- Meetings and learning tours for key government and sectoral actors (MEF, MINCETUR, ANA, etc.).

## **Outcome 2.2 Increased options for the sustainable financing of NPAs**

Building on initial studies (See Appendix 7) and SINANPE's 2016-2025 Financial Plan, this Outcome will advance the identification and testing of appropriate revenue-generating mechanisms for NPA financial sustainability. GEF project resources will provide technical and financial assistance to explore, analyze and select a short-list of potential income-generating mechanisms at a national and site level. The project will support the development of in-depth feasibility studies on potential returns of this short list and will provide guidelines and make recommendations on possible adjustments to the regulatory framework and policies to ensure that NPAs have clear access to funds raised through these mechanisms. For revenue generating mechanisms at the PA level, a maximum of three will be selected, for which an action plan and protocols for the implementation of pilots will be developed. Proposals for the development of feasible mechanisms will be put under consideration of relevant stakeholders, and finally submitted to the corresponding government decision makers for their formal approval. Information and experiences generated under this outcome will be useful for future adjustments of the PdP financial model and the NPA System's financial strategy.

### Output 2.2.1 Short list of mechanisms to generate revenue for the sustainable financing of Amazon NPAs

Based on various studies and the SINANPE's 2016-2025 Financial Plan, a series of innovative financial mechanisms to potentially generate additional revenues to cover the NPAs management costs were identified throughout the preparation of the project. Potential system- or national- level mechanisms (i.e., revenues not necessarily generated at the Amazon NPAs) include: (i) earmarking a portion of the tax currently added to the airfares of international tourists to Peru for SERNANP; (ii) payment to SERNANP for the hydrological services provided by NPAs related to municipal water supplies, irrigation, or hydroelectricity (i.e., earmarking for PA financing a percentage of one or more charges or fees related to the use of water); and (iii) fees and licenses for the right to use guano from islands that are NPAs. Potential site level mechanisms include: (i) developing environmental compensation models (which could support ecosystem restoration, rehabilitation and conservation); (ii) promoting conservation stewardship programs for businesses, communities, individuals (such as "*Adopt a hectare*" mechanisms), among others (see Appendix 7).

At the implementation stage, the project will outsource to a consulting firm that will provide technical assistance to SERNANP to explore and compare the potentialities and challenges of different innovative mechanisms for NPA financing (at the national, SINANPE and site levels), suitable to socioeconomic characteristics of the Amazon region and Peru's institutional and political context. Based on these studies, a short list will be prepared with those potential mechanisms to develop detailed feasibility analyses.

In addition, considering that new mechanisms may take several years to fully develop (as they may require new skills, partnerships, and regulations) the project will finance expert-led in-depth assessments of existing site-based mechanisms, such as tourism based fees, concessions and leases; conservation contracts; natural resource use fees and licenses; and public-private partnerships, which are not delivering their full potential for income generation, cost reduction, and associated socioeconomic benefits.

### Output 2.2.2 Feasibility studies of the shortlisted financial mechanisms

For the short listed mechanisms of Output 2.2.1, GEF project funds will finance consultancies for targeted in-depth feasibility studies of new mechanisms (at the national and site level) to clarify their financial, social, and political viability. These assessments will result in identification of those mechanisms that prove to be viable from an economic, political, environmental and social perspective. For existing site based mechanisms that are currently operating at suboptimal levels, these assessments will show key aspects that need improvement for scaling up.

Key elements of each short-list mechanism to be analyzed by the consulting firm/specialists may include, as appropriate:

- Financial sources and rationale and functionality of the mechanisms
- Market conditions and potential to generate revenues
- Risk analysis and mitigation measures
- Institutional, regulatory, political and legal feasibility
- Resources required for its implementation
- Monitoring requirements
- Cost-benefit analysis
- Social and environmental impact considerations, especially on indigenous and vulnerable groups
- Opportunities for gender equality and participation of local indigenous communities
- Net quantification of the financial mechanism's potential contribution to close the funding gap

Bearing in mind vulnerability to climate change, the feasibility analysis should take into account different climate change scenarios so as to select robust financial mechanisms (mainly those based on natural resource use, which should focus on resilient natural resources in order to not lose the investment made in the design and implementation of these mechanisms).

Legal advisory services will assess any necessary modifications to the regulatory framework to allow the implementation of each financial mechanism, and the time that must be invested in order to achieve the desired changes.

Based on the results of the feasibility analyses, the shortlisted mechanisms will be ranked according to their overall feasibility and financial potential. Up to three mechanisms with highest scores, including at least one system-level mechanism and at least one, replicable site-based mechanism, will be selected with the participation of the National Working Group for NPA Financial Sustainability (see 1.3.1) plus the Financial Sustainability Specialist and the PMU Project Manager for testing and/or preparing proposal for implementation.

### Output 2.2.3 Action plan and guidelines for the development of viable mechanisms

For the selected national and site level mechanisms with the highest scores, the project will provide technical assistance for the preparation of an action plan detailing all the activities needed for their implementation, and pilot protocols (including guidelines, legal and institutional procedures, budget and resources). As needed, GEF funds will provide technical assistance and specific consultancies for the development of new or revised legal and regulatory framework. Strategic recommendations will cover required staff skills and experience, compatibility with local communities and their cultural and social framework, strategies to cover pre-investment costs, start-up

and operation, among others. For existing PA-based mechanisms that are currently performing at suboptimal levels, the consultancies will offer recommendations for improving their design and functioning, to generate relevant amount of income for SERNANP while providing benefits for communities.

Workshops within the national working group on financial sustainability, targeted communications and other activities, will create cross-sector support from MEF, MINCETUR, and other key agencies and actors in the public and private sector.

#### Output 2.2.4 Pilot implementation of up to three financial mechanisms at site level, new or improved, with the best score

Based on the feasibility studies developed in Output 2.2.2, up to 3 selected mechanisms with the highest scores will be tested in selected target NPAs in Peru's Amazon region using the action plan developed in Output 2.2.3 (from the shortlist of sites described in Appendix 15). These pilots will be aimed at assessing, monitoring and evaluating operational issues related to the implementation of new and improved financial mechanisms, as well as their performance and impact on the reduction of financial gaps and the fulfillment of financial sustainability goals. Measures of financial impact and performance will cover such matters as increased revenues, cost reduction, response of stakeholders, and whether the funds generated by the financial mechanisms contribute to covering the needs of priority programs, among others. This output involves implementation in target NPAs of pilot mechanisms to increase knowledge and experience on the 3 selected site-based viable sustainable financing mechanisms.

This output will be undertaken by consultants, under the supervision of the Financial Sustainability Specialist, with participation from NPA managers and SERNANP headquarters. Activities under this output include:

- Consultant contracts for drafting of legal agreements, design of monitoring instruments and guidelines
- Equipment and operational support
- Training and technical assistance to PA staff and local stakeholders
- Workshops
- Meetings for interinstitutional coordination with local and national-level agencies
- Travel costs to/within sites
- Communication material

#### Output 2.2.5 Proposals of new or improved mechanisms at national/system level

For selected national/system level mechanisms, GEF funds will provide technical assistance through meetings, consultancies, and workshops led by SERNANP and the PMU to prepare a dossier with the proposals for the development of feasible mechanisms. These will be put under consideration of relevant stakeholders and finally submitted to the corresponding government decision makers for their formal approval. Activities under this outcome include:

- Convene multi-sectoral, multi-agency task force/working groups
- Legal and technical consultancy
- Workshops
- Support for operational set-up

### Output 2.2.6 Toolkit for the replication of pilot site mechanisms

Based on the pilot activities GEF will provide funds to hire consulting services to develop toolkits<sup>50</sup> to help guide the selection, design and implementation of financial mechanisms in other areas and promote best practice for replication. This toolkit will build on Output 2.2.3 and Output 2.2.4 for the following:

- Develop cases studies and systematize lessons learned
- Design specific strategies for replication and scaling up of the piloted mechanisms
- Design and printing of a publication that analyzes the case studies and lessons learned from pilots.
- Develop workshops to help disseminate lessons learned and promote best practice.

All the information gathered such as lessons learned, case studies etc. will be available online, through the institutional websites of SERNANP and PROFONANPE, the ASL Program platform, among others.

### ***COMPONENT 3: Implementation of PdP Action Plan Measures to consolidate and improve the effective management of Amazon NPAs***

(GEF: US\$ 5,375,557; Co-financing: US\$ 39,792,156)

SERNANP defines “effective management” as management that allows the conservation of the values that justify the existence of protected areas, the maintenance of the ecosystem services they provide, and the generation of associated socio-economic benefits. Once the PdP Initiative’s governance and management structures are established, a strategy to guide the transition from current situation of suboptimal and heterogeneous levels of management towards consolidated/harmonized standard management levels across the PA system designed (i.e. the PdP Action Plan, Output 1.1.1) and capacity building for appropriate management of the Initiative initiated (through Components 1 and 2), under Component 3 GEF funding will contribute to the capitalization of the Transition Fund to support implementation of activities to improve management effectiveness of a group of two to four NPAs of the 34 areas under the geographic scope of PdP Phase 1 (likely in Year 2 or 3 of implementation). These NPAs will be selected during year 1 of implementation from the six short-listed sites from the preparatory phase (which include both direct and indirect use areas of high biodiversity value; see Appendix 15) and in coordination with the activities for Component 2 (such that the same sites are financed under Component 2 and Component 3 for project efficiencies).

This component will help build lessons learned into the rest of the implementing activities for the subsequent NPAs and years of the PdP Initiative, thus contributing to scaling up project strategies and results. Co-financing will support effective management activities in other Amazon NPA’s over the course of Phase 1 of the PdP. This component will be delivered through the following outcome and outputs.

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<sup>50</sup> Example of toolkits prepared by the Conservation Finance Alliance and RedLac that can be used as models: <http://toolkit.conservationfinance.org/sites/default/files/documents/redlac-capacity-building/4-estrategias-de-recaudacion-de-fondos-para-los-fondos-ambientales.pdf>.

**Outcome 3.1 Improvements in effective management levels contribute to the conservation of biodiversity, sustainable forest and natural resources management, and maintenance of ecosystem services in 2 to 4 Amazon NPAs (up to 2 million ha, to be determined in year 1 after final site selection of NPAs)**

GEF contributions to the TF and co-financing from other donors (according to the PdP financial model) will supplement the public budget so that between two and four Amazon NPAs (selected from the six shortlisted during preparatory phase) have the necessary material and human resources, equipment, infrastructure, management committees, and adequate technical capacities to achieve consolidation of the corresponding level of management as defined for each area in the PdP Action Plan. Baseline for the benchmarks of the standard levels of management for each of the six shortlisted areas is summarized in Table 38 in Appendix 15.

Activities in Outcome 3.1 will help remove the main barriers for effective management described in Section 1.4.3. and achieve the management goals of the structural level of management in selected NPAs, i.e.:

1. Designated NPA Manager with adequate knowledge to ensure proper management of the NPA
2. Complete physical boundary demarcation
3. Inscription/Registration in the NPA National Registry
4. NPA Management plan updated, under implementation and reviewed annually
5. NPA Management Committee established, adequately trained, meeting at least twice/year
6. Adequate control of threats through SERNANP's "*Controlled Sectors*" methodology ("*Ambitos controlados*")
7. Adequate biological monitoring

From the six shortlisted NPAs, SERNANP has prioritized two (Allpahuayo Mishana and Pacaya Samiria National Reserves) to implement sustainable natural resource use activities, and three (Allpahuayo Mishana and Pacaya Samiria NR and Tingo Maria National Park) to receive funding for the development of sustainable tourism activities. Sustainable use of resources and sustainable tourism activities are management goals for the optimal level. These sites are represent potential NPAs for the development of financial mechanisms under Component 2. This potential will be taken into account in the selection criteria.

These selected NPAS will represent the first cohort of sites under Phase 1 of the PdP Initiative to be financed through the Transition Fund. Progress in management effectiveness of these NPAs will be measured using indicators from the corresponding management plans and annual operational plans, as well as by the application of METT at mid-term and upon the closing of the Project.

The capitalization of the TF using GEF contributions will become effective once the Single Close Agreement for the PdP Initiative has been signed. Disbursements will be made according to (i) provisions of the PdP Initiative Operations Manual, in particular the specific provisions on the operation of the TF as detailed in that manual, and (ii) policies on public involvement, safeguards, gender inclusion and other policies relevant for WWF-GEF projects.

The learning acquired through these experiences will be systematized and translated into lessons learned to guide replication in other NPAs, and as such, to improve the effectiveness at the system level (See Outcome 4.1).

### Output 3.1.1 Final selection of NPAs from the short list to be financed with GEF contributions to the TF

The PdP Steering Committee, with technical advice from the PMU Protected Area Specialist and key staff from SERNANP, will make the final selection of NPAs to be supported by GEF funding to the TF for consolidation of their target management level. For the final selection of NPAs activities include:

- Defining and agreeing on the selection criteria (including existing capacity; threat levels; potential to generate partnerships with the private sector, regional/local governments and/or sectoral entities; availability of co-financing; management baseline; potential for the development of pilots of financial mechanism for Component 2; community support; NPA size; diversity of management categories, among others)
- Evaluating the six shortlisted NPAs based on set criteria and make final selection of beneficiary areas.

### Output 3.1.2 Work Plan and budget for each selected NPA

Work plans and budget for the selected NPAs will be developed by NPA Managers with the support of staff from SERNANP Head Office and the PMU Protected Area Management and Financial Sustainability Specialists. These work plans will be based on the PdP's Action Plan and complemented by the corresponding NPA annual operation plans (detailing financing by the public budget) to avoid double accounting.

Building on baseline values for management levels of each selected NPA (i.e., level of achievement of the benchmarks that operationalize each management level as detailed in Appendix 6), the sequence of project activities will support the optimization of management until the structural level is achieved (i.e., after all the benchmarks/management goals of the basic and structural levels are accomplished), and will follow prioritization and timeframe of TF disbursement as set out in the PdP Action Plan.

Consultations with local community and interested parties will be undertaken, as well as safeguards assessment and analysis of activities to mitigate potential environmental and social impacts before to inform final site selection.

The PdP Steering Committee will evaluate and approve the specific work plans of each NPA in order to authorize the corresponding disbursements from the TF.

### Output 3.1.3 Implementation of eligible activities to consolidate and improve effective management in selected NPAs

Based on the respective work plan, activities in this output will help each selected NPA achieve their specific set of goals to consolidate their target level of management. Likely eligible activities (pending finalization of the PdP Initiative Action Plan and definition of goals for each NPA) include:

- Inscription of NPAs in the Public PA register
- Delimitation and physical demarcation of PA limits
- Training of protected area managers on topics related to management effectiveness
- Development/update of NPA management plans
- Monitoring of PA management plan implementation
- Establishment, training and strengthening of NPA management committees.

- Strengthening of control and surveillance processes according to SERNANP’s “*ambitos controlados*” (*controlled sectors*) methodology (See Appendix 20)
- Strengthening of the methodologies and processes for the monitoring and reporting on the status of conservation and threats.
- Assignment of official rights for use of natural resources in NPAs (including specific quotas)
- Developing baseline and monitoring of natural resource use
- Seed funding and technical assistance to support value added production of natural resources and commercial linkages
- Development of tourism and visitor management plans
- Monitoring visitor numbers and impacts
- Capacity building on NPA tourism management and rules for technical staff, tourism operators and other key actors involved in the activity
- Communication and educational material for visitors

Appendix 20 includes a detailed description of the specific activities that this Component will support to improve management effectiveness of the selected Amazon NPAs with GEF contributions to the TF. The learning acquired through these experiences will be systematized and translated into lessons learned to guide replication in other NPAs, and as such, to improve the effectiveness at the system level (See Outcome 4.1).

Potential cost items include:

- Consultancies
- Small Infrastructure
- Equipment
- Operational costs (e.g. gasoline)
- Workshops

Any of the US\$ 5 million in the TF not disbursed in the GEF project period will remain in the TF for future disbursement in the Peru Amazon NPAs.

**COMPONENT 4: Project Coordination and M & E**

(GEF: US\$ 654,499; Co-financing: US\$ 3,032,756)

The long-term financial sustainability of Peruvian Amazon NPAs (and of the NPA system through successive PdP phases) will depend, to a large extent, on the broad adoption of the project’s lessons learned and the implementation of the necessary changes leading to sustained impact through replication and scaling-up of the project’s results. In line with SERNANP’s conceptual framework for effective management, which requires that expected results (understood as *hypotheses* in the face of uncertainty) be made explicit, integrated monitoring and evaluation will be a key component of the project to enable testing of its theory of change and generating new information to learn, adapt and contribute to effective management.

This component will facilitate coordination among the various project partners involved in implementation of the above-described components across national and local levels, and will include implementation of project

monitoring and evaluation. It will also promote coordination with other child projects under the Amazon Sustainable Landscapes Program.

**Outcome 4.1 M&E plan finalized with measurement, reflection and reporting on time to aid in results-based decision making and adaptive management**

Output 4.1.1 Project M&E informs project management

Through this output, M&E will be implemented throughout the length of the Project, including timely submission of GEF tracking tools, mid-term and final evaluation reports. See Section 7 (Monitoring and Evaluation Plan) and Appendix 21 (Project Results Framework) for details.

As part of the activities leading to the Biannual Project Progress Reports (See Section 7.2), GEF funding will support the organization of a Reflection Workshop led by the PMU staff and involving key field and central office staff from SERNANP, PROFONANPE and other partners to review whether the project strategies are having the expected results according to the project theory of change, analyze risks and assumptions that hinder project success, suggest modifications to make the project more efficient or effective, and reflect on lessons from the previous period.

**Outcome 4.2 Project monitoring and evaluation data and lessons learned are transparent, participatory and shared with relevant stakeholders to contribute to coordination, knowledge management and achieving program results**

Output 4.2.1 Knowledge identified, captured, stored and shared between key stakeholders

In order to enable adaptive management and the development of future replication and scaling-up plans, the PMU will promote a systematic approach in order to: (i) identify knowledge deemed to be relevant and valuable; (ii) capture and retain that knowledge (e.g., through documentation of lessons learned, Biannual Project Progress Reports, mid-term evaluation report, etc.); (iii) share that knowledge with key audiences; (iv) if possible, applying transferred knowledge during the project lifespan or designing guidelines for future replication and up-scaling; and (vi) assessing the value or benefits of specific knowledge generated as a consequence of project interventions (see Section 2.10 Knowledge Management).

Based on the most significant lessons learned, GEF funding will support outsourcing to consulting services for the preparation of specific tools useful for knowledge sharing, replication and upscaling, such as best practice manual, case studies, technical reports, brochures, videos/tutorials, among others.

GEF funding will also support travel and other costs associated with horizontal exchanges to enable the sharing of knowledge and experience from field staff in one NPA to another, and special events for exchanges between other stakeholders (e.g., regional and local government officials, local communities, special interest groups, women's groups, etc.). The project will also promote learning and knowledge sharing among practitioners in Peru, Brazil

and Colombia through existing thematic networks--such as RedParques<sup>51</sup> and RedLac<sup>52</sup>-- and communities of practice fostering transboundary and South-South cooperation among projects and national partners.

#### Output 4.2.2 Coordination with Regional Program

This output will ensure regular and fluid interaction with the other Child Projects under the Amazon Sustainable Landscapes Program to promote mutual learning and exchange, help increase uptake of lessons and build synergies. Activities include uploading best practices and lessons learned to the ASL Program website, participation of key stakeholders in the annual face-to-face meetings of the ASL Program Steering Committee, participation of key stakeholders in targeted & specialized workshops, field visits and study tours, etc.

The project will complement and build upon the lessons learned and the capacities developed through Brazil's ARPA for Life and will coordinate with the proposed child project of Colombia.

### **2.3 GLOBAL ENVIRONMENTAL BENEFITS**

The support of GEF to the Amazon Sustainable Landscapes Program in general will give rise to cooperation and synergies between initiatives that operate to promote the conservation and sustainable management of the Amazon forests and associated natural resources, which will lead to an integrated intervention that includes protected areas, landscapes and productive corridors.

In particular, through improvements in the levels of management effectiveness of Amazon NPAs, guided by the PdP Action Plan and associated financial strategy (Output 1.1.1) and through direct interventions under Component 3, this child project will contribute to the long term conservation of biodiversity of global importance contained in over 16.74 million ha of protected areas. These represent 21 % of the Peruvian Amazon Biome and 8.75 % of the global Amazon Biome. These areas include many endemic and threatened species, forests and freshwater ecosystems, and provide ecosystem services of national, local and global relevance. By contributing to the protection and sustainable use of Amazon forests and associated resources (through improved surveillance and control, biodiversity monitoring, improved sustainable natural resource use and tourism practices that provide benefits to local communities, among other) the project will maximize the long-term delivery of environmental benefits including conservation of biodiversity, carbon storage, watershed protection, and arresting land degradation.

### **2.4 INCREMENTAL REASONING**

As an integral component of the ASL Program, the Child Project adds significant incremental value to the ongoing global efforts for the conservation and protection of Amazon biodiversity through improved management effectiveness and sustainable financing of PAs and PA systems.

The Project objective is to promote long-term financial sustainability for the effective management of the National System of Protected Natural Areas of Peru (SINANPE) for the protection of globally important biodiversity and

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<sup>51</sup> RedParques: Latin American Technical Cooperation Network on National Parks, other Protected Areas and Wildlife, whose current Regional coordinator is the Head of SERNANP

<sup>52</sup> RedLac: Latin American and Caribbean Network of Environmental Funds, of which PROFONANPE is a founding member

ecosystem services in the Amazon Biome. Given current suboptimal management and heterogeneous levels of management across the Amazon NPAs, SERNANP aspires to consolidate at least a *structural level* of management which is operationalized by a number of attributes/processes/activities an area must have to effectively control threats and conserve the biodiversity they purport to protect (See Appendix 5a).

In the baseline scenario, the available financial resources (i.e., budgetary allocations, self-generated resources and cooperation funds) and current technical and institutional capacities will not be sufficient to enable the consolidation of a structural level of management across Amazon NPAs that would ensure the effective protection of biodiversity of global importance in the face of the threats described in Section 1.1.3.

In the alternative scenario, building on initial work GEF support will give the GoP the convening power to bring together the existing donors and bring in additional donors and fast-track the PdP Initiative. By catalyzing the development of the PdP Initiative, the project will promote greater efficiency and strategic direction in the use of donor contributions (guided by a 10-year strategic Action Plan for Amazon NPAs) and increased government contributions, which will result in an improvement in management effectiveness of the SINANPE. With GEF support protected area financial planning and management capacities of staff and key stakeholders will have been strengthened and SERNANP will be able to expand and test models for sustainable financing to provide diversified options, such that they can increase their budget and close the funding gap over time as the transition fund is used up. Moreover, the project will also help establish the necessary conditions for up-scaling the feasible mechanisms to a system-wide basis.

In summary, in the alternative scenario, the project will develop and implement a financial sustainability strategy (the PdP Initiative) that will not only help close the funding gap for improved management by bringing in supplementary resources, but also help build institutional capacity, bring key governmental stakeholders together, catalyze long-term strategic planning, and coordinate different funding institutions, among other. As a result, the project will help leverage funding to allow for 100% of the Peruvian Amazon NPAs to achieve a *structural level* of management in 10 years and enable some of them to advance towards *optimal level* through the development of tourism and sustainable natural resource management. By developing capacities and securing funding for the implementation of a multi-partner, agreed strategic action plan the project will catalyze improvements in management effectiveness of 16,748,518 ha under protected areas, equivalent to 21% of the Peruvian Amazon or 8.75% of the global Amazon Biome in 10 years.

Table 5 summarizes the situation at the baseline (i.e. the ‘business-as-usual’ scenario), the alternative scenario that the project will provide, and the additional global environmental benefits to be achieved through project interventions.

***The diagram in Appendix 16 shows the contribution of the GEF project towards the intervention hypothesis upon which SERNANP’s Conceptual Framework for Effective NPA Management is based.***

Table 5 Summary of Barriers, baseline, alternative scenario, and additional global benefits

Barriers	Baseline (“business-as-usual”) scenario	Alternative scenario (with GEF project)	Additional global benefits
<p><b>Barrier 1. Insufficient public budget allocations to cover the costs associated with the effective management of NPAs</b></p>	<ul style="list-style-type: none"> <li>Given the positioning of SERNANP as an efficient organization with regards to public budget execution, it is expected that MEF allocations will be maintained or moderately increase following the historical trend.</li> <li>Given the priorities of the new Government, trends in land use change in the Amazon, and lack of awareness of the contribution of NPAs and the ecological infrastructure they protect for the country’s development, a significant increase in level of support from the MEF to NPAs is unlikely.</li> </ul>	<ul style="list-style-type: none"> <li>The project will promote the development of targeted communication strategies to raise awareness on the values and benefits provided by NPAs, build new constituencies for conservation, attract additional resources for the PdP Initiative, and gain social and political support for the adoption of new financing mechanisms for NPAs. Targeted communication campaigns will address key policy and decision makers, including the Ministry of Economy and Finances and other high-level central government officials, and be aligned to the budget negotiation and approval cycle. As such, GEF funding will proactively support SERNANP in its efforts to achieve political and financial commitments for the SINANPE and Amazon NPAs.</li> <li>Sustainable finance pilots in NPAs and valuation studies will provide case studies to illustrate the value of NPAs and their contribution to local and national economies</li> </ul>	<p>GEF funding will catalyze improvement of management effectiveness of the 34 Amazon PAs and 4 Reserved Zones (totaling 16,748,518 ha, equivalent to 21% of the Peruvian Amazon or 8.75% of the global Amazon Biome) in 10 years, by developing key technical and institutional capacities and securing the public and private resources to set in motion a long-term financial sustainability strategy for Amazon protected areas (the PdP).</p> <p>These areas include numerous endemic and threatened species, forests and freshwater ecosystems, and ecosystem services of national, regional and global significance such as carbon sequestration and climate regulation.</p>
<p><b>Barrier 2. Limited development of financial mechanisms to supplement the public budget</b></p>	<ul style="list-style-type: none"> <li>While SERNANP has identified a number of potential mechanisms to diversify the funding portfolio for the NPA System, none of them is at the level of a complete feasibility assessment. In the baseline, the resources to develop detailed economic, financial and legal feasibility analyses are scarce.</li> <li>With regard to self-generated resources, starting in 2018, a new NPA entrance fee system will be</li> </ul>	<ul style="list-style-type: none"> <li>The Project will develop targeted detailed feasibility studies of new mechanisms prioritized by SERNANP to determine their financial, political, social and environmental viability.</li> <li>It will also finance in-depth assessments of existing mechanisms operating at sub-optimal levels (such as those based on tourism and natural resource management) and propose adjustments and improvements in their implementation so that they can develop their full financial potential and in turn provide a higher level of benefits to local populations. Up to 3 mechanisms will be</li> </ul>	<p>GEF funding will directly support the consolidation of a subset of NPAs to reach a structural level of management and help some areas advance towards the optimum level of management by improving/promoting sustainable tourism and natural resource use. By doing so, the project will help improve management effectiveness and strengthen threat control in these areas of global biodiversity significance (see Appendix 15).</p>

Barriers	Baseline (“business-as-usual”) scenario	Alternative scenario (with GEF project)	Additional global benefits
	<p>implemented. Given estimated projections of visitors to the NPAs, these fees are expected to generate at least US \$ 6,4 million per year.</p> <ul style="list-style-type: none"> <li>Other existing financial mechanisms at site and system level will continue to operate in a sub-optimal way. Without GEF’s technical and financial support it is unlikely that SERNANP could develop in-depth analyses to identify key aspects that need improvement for scaling up, or provide the necessary capacity building so that these mechanisms can develop their full economic potential.</li> <li>Hence, the current situation of insufficient diversification of financial mechanisms and reliance of the SINANPE on a narrow funding base will remain under the baseline scenario.</li> </ul>	<p>tested in selected target PAs in Peru’s Amazon region.</p> <ul style="list-style-type: none"> <li>Based on feasibility analyses and pilots, the project will provide policy recommendations and develop legal documentation and guidelines for the implementation and scaling up of feasible mechanisms.</li> <li>In synthesis, the project will help diversify the funding portfolio for the SINANPE, thus helping bridge the funding gap to achieve the goals of Phase 1 of the PdP Initiative and contribute to long term effective management of Amazon NPAs.</li> </ul>	
<p><b>Barrier 3. Cooperation funds not necessarily aligned with strategic priorities of the NPA System</b></p>	<ul style="list-style-type: none"> <li>Different donors will continue to support Amazon NPAs, mainly through short-term projects. Among them, KfW has committed significant resources to support activities aimed at improving the financial sustainability of the SINANPE.</li> <li>Without a long-term strategy based on management goals and objectives agreed between SERNANP and its partners, there is a risk that - once those projects are over - the results</li> </ul>	<ul style="list-style-type: none"> <li>The project will enable potential donors to align their contributions around an agreed multi-partner action plan and associated strategic financial model for the consolidation and improved management effectiveness of Amazon NPAs. United by common goals and a holistic deal, SERNANP and a core set of partners will share fundraising responsibility for a more ambitious project than any one of them could support alone.</li> <li>In this way, the project will promote greater efficiency in the use of donor contributions, which will result in an improvement in management effectiveness of the SINANPE.</li> </ul>	

Barriers	Baseline (“business-as-usual”) scenario	Alternative scenario (with GEF project)	Additional global benefits
	<p>achieved could not be capitalized and optimized.</p> <ul style="list-style-type: none"> <li>In addition, this <i>ad hoc</i> approach would not allow the NPA system to develop in an orderly manner (i.e., following the standard management levels defined by SERNANP).</li> </ul>	<ul style="list-style-type: none"> <li>KfW, Moore, WWF and GEF funds will be aligned towards agreed and defined management goals and scope under the PdP Initiative.</li> </ul>	
<p><b>Barrier 4. Insufficient integration between strategic conservation planning and long-term financial planning</b></p>	<ul style="list-style-type: none"> <li>Given the MoU signed in 2014 between the Government of Peru and a number of allied organizations, and the commitment of the GoP to the PdP Initiative (as expressed in the RP 163/2014 and RP 254/2015), SERNANP will continue to lead the efforts for the development of this multi-partner, public-private initiative for the long term financial sustainability of the SINANPE, with focus on Amazon NPAs. While several donors have committed initial funding, this is still insufficient to cover the costs that will enable the consolidation of the NPAs and the achievement of the management goals defined by SERNANP for each area in the geographic scope of the PdP.</li> <li>Without GEF funding, the process will lack a specialized technical team exclusively dedicated to support SERNANP in the design and implementation of the Initiative (including the formalization of commitments between the parties, the establishment of its governance and management structures, and</li> </ul>	<ul style="list-style-type: none"> <li>Funding from the GEF will provide technical and financial support, including dedicated specialists to finalize the design and catalyze the implementation of an initiative for long term financial sustainability, which will help consolidate and improve management effectiveness of the Peruvian Amazon NPAs in the next 10 years.</li> <li>Through a strong communications strategy and marketing plan the project will accelerate fundraising and the establishment of the transition fund for the Initiative.</li> <li>Financial sustainability strategy will initiate improvements in the management of the 34 Amazonian NPAs, based on strategic goals that will be defined in the Action Plan of the initiative and will be agreed between all partners. In this way greater efficiency will be promoted in spending (primarily by the articulation of the contributions of different sources) that will result in an improvement in the effectiveness of management from SINANPE.</li> <li>At the site level, the project will enable strengthening technical capacities of PA managers and key stakeholders to identify and harness the income generating potential of their own NPAs. This will allow transitioning from a</li> </ul>	

Barriers	Baseline (“business-as-usual”) scenario	Alternative scenario (with GEF project)	Additional global benefits
	<p>actual fundraising). Hence, the process will progress at a slow pace.</p> <ul style="list-style-type: none"> <li>• The update of the SINANAPE’s Strategic Plan in 2018 will present an opportunity to guide the actions towards improving management effectiveness at the system level for the following 10 years.</li> <li>• At the NPA level, SERNANP plans to continue the optimization of management goals associated with basic and structural level during the period of the project. However, projected budget estimates will only allow for 10% of Amazon NPAs to achieve the structural level of management.</li> </ul>	<p>budgeting approach to integrated strategic NPA conservation and financial planning.</p> <ul style="list-style-type: none"> <li>• In the framework of the System-level Strategic Plan updating process, the project will provide technical support to SERNANP to ensure that proposals for income generation, financial planning and management are mainstreamed in the strategy of the national system of NPAs. The project will also provide technical assistance to help the Strategic Plan incorporate measures to guide future NPA financial planning and budgeting based on conservation objectives and prioritized management needs.</li> </ul>	
<p><b>Barrier 5. Insufficient integration of inter-institutional and multi-sectoral planning and management, and weak coordination spaces</b></p>	<ul style="list-style-type: none"> <li>• SERNANP will continue to promote the articulation of the NPA System with sub-national (regional) conservation agendas, building on over 16 Regional Governments that already articulate their budget with SERNANP’s Budget Program #057. Given the few formal spaces for interinstitutional coordination, this will be done mainly through personal effort of staff.</li> <li>• Without technical and financial support from the GEF it is unlikely that effective mechanisms for interinstitutional coordination and inter-sectoral cooperation to address the conservation challenges facing Amazon NPAs will be created. Cross-</li> </ul>	<ul style="list-style-type: none"> <li>• By strengthening PA governance structures (both at the system and site level), the project will also help strengthen inter-institutional coordination and cross-sectoral cooperation, both nationally and in the territories where the NPAs are located and enhance efficiencies in conservation costs.</li> <li>• GEF funding will also foster cooperation and synergies among initiatives that work to promote the conservation and sustainable management of Amazon forests.</li> </ul>	

Barriers	Baseline (“business-as-usual”) scenario	Alternative scenario (with GEF project)	Additional global benefits
	<p>sectoral articulation will remain sub-optimal, thus limiting the capacity to address key threats that originate in the landscape and constraining the development of new financial mechanisms and cost-reduction strategies to help achieve long-term financial sustainability.</p>		
<p><b>Barrier 6. Insufficient/inadequate technical and institutional capacities for sustainable funding and effective management of NPAs and SINANPE</b></p>	<ul style="list-style-type: none"> <li>Weaknesses in technical and institutional capacities restrict the level and type of conservation activities that can effectively be implemented on the ground and act as barriers to achieving a standard level of effective management.</li> </ul>	<ul style="list-style-type: none"> <li>The PdP Initiative involves building institutional and technical capacities (through procurement of key equipment, provision of training and other capacity building for staff, strategic planning, improved management processes and methodologies, among others) which are key for long-term sustainability of NPAs and the NPA system.</li> </ul>	

2.5 RISK ANALYSIS AND RISK MANAGEMENT MEASURES

Risk	Likelihood & potential impact	Risk mitigation measure
<p><b>1. Restriction of public budget allocations to SERNANP due to exogenous effects (e.g. political or economic crises, etc.)</b></p>	<p>Likelihood: Low Impact: High</p>	<ul style="list-style-type: none"> <li>• Communications efforts will be aimed at increasing the recognition on the socio-economic values of NPAs and their link to national, regional and local development, in order to maintain or increase the political will towards funding for the SINANPE.</li> <li>• Targeted communication campaigns will address key policy and decision makers, including the Ministry of Economy and Finances and other high-level central government officials, and be aligned to the budget negotiation and approval cycle.</li> </ul>
<p><b>2. Funding commitment to implement the long-term financial sustainability for Amazon NPAs is not reached</b></p>	<p>Likelihood: High Impact: High</p>	<ul style="list-style-type: none"> <li>• In addition to initial pledges by some PdP partners, through Output 1.1.3 GEF funding will provide specialized consulting services to design a fundraising strategy to attract additional resources for the PdP. These efforts will be segmented according to different target audiences, including foundations, corporate donors, multilateral and bilateral cooperation, and other stakeholders in the private sector, and government institutions involved with budget allocations to PAs.</li> <li>• If these efforts prove to be unsuccessful, <u>the signing of the framework agreement can take place if 80% of the final donor target has been pledged and there are reasonable indications of obtaining the remaining amount from specific identified donors. If less than this amount is committed</u>, the Project Steering Committee will have two options:             <ol style="list-style-type: none"> <li>1. Postpone the deal close and renegotiate terms with each donor.</li> <li>2. Reduce the scope of phase 1 of the PdP initiative in terms of NPAs or conservation goals.</li> </ol> </li> <li>• <u>In the event that the deal closing is postponed</u>, WWF GEF Agency will consult with the GEF to evaluate the following three options:             <ol style="list-style-type: none"> <li>1. Transfer the funds to PROFONANPE after year 1 as initially scheduled. The funds will be invested by the transition fund's investment manager and begin to accrue investment returns while project executing agencies and partner NGOs work toward the deal closing with the established financial donor target.</li> <li>2. Wait to transfer funds to the transition fund along with other donors participating in the single close agreement. In the interim period, funds would remain with WWF GEF agency.</li> <li>3. Use funds to directly fund PdP conservation activities in the 2 - 4 of the shortlisted NPAs. WWF GEF Agency would transfer funds to PROFONANPE, who would then issue sub-grants to SERNANP and the selected NPAs, thus directly funding the same activities that would be funded through the PdP initiative during the project period.</li> </ol> </li> <li>• <u>If the close is postponed and/or it closes with between 85% and 100% of the final donor target</u>, SERNANP and WWF will continue the fundraising efforts to cover as much of the remaining gap as possible during GEF project implementation. Under all scenarios, the executing agencies will work towards increasing revenues from new or modified sustainable financing mechanisms.</li> </ul>

Risk	Likelihood & potential impact	Risk mitigation measure
<b>3. Lack of political will to support the regulatory changes necessary to implement new financial mechanisms at national level</b>	Likelihood: Medium Impact: Substantial	<ul style="list-style-type: none"> <li>Activities under Output 2.1.2 will provide targeted communications, learning tours and meetings to leverage government and sectoral support for NPA financing and the implementation of the new viable mechanisms as prioritized by SERNANP</li> <li>In addition, the National Working Group on PA financial sustainability under Output 1.3.1 will act as a mechanism for improving inter-agency coordination, promote cross-sectoral dialogue and achieve the necessary support for new national and local level NPA financing mechanisms.</li> </ul>
<b>4. Increase in the level and/or number of threats by illegal and/or unsustainable activities that increase the financial requirements of the areas (hence, the funding gap)</b>	In the subset of NPAs supported by GEF funding under Comp. 3:  Likelihood: Medium  Impact: Moderate	<ul style="list-style-type: none"> <li>The PdP Initiative involves building institutional and technical capacities which are key for improved management activities, including surveillance and control. By consolidating a standardized <i>structural level of management</i> across Amazon NPAs, SERNANP will have adequate capacities and conditions (i.e. adequate number of trained park rangers, infrastructure, vehicles, and equipment) to implement effective control and surveillance actions so that the existing threats do not increase in intensity or magnitude.</li> <li>By promoting a territorial approach for PA planning and management and strengthening PA governance structures, GEF funding will help strengthen inter-institutional coordination and cross-sectoral planning and management and foster cooperation and synergies among initiatives that work to promote the conservation and sustainable management of Amazon forests, which is expected to contribute towards enhanced threat control in buffer zones.</li> <li>In addition, pilots under Component 2 will develop new site-based revenue-generating mechanisms and help improve existing ones (such as tourism and sustainable natural resource management) so that they can develop their full financial potential and in turn provide a higher level of benefits to local communities. By providing technical assistance to help local stakeholders improve their resource management practices and business capacities, the project will help reduce or avoid negative impacts due to unsustainable activities. It is also expected to improve governance (through strengthening of NPA management committees) and increase support of local actors for NPA management (e.g., through joint surveillance).</li> </ul>
<b>5. Vulnerability to the effects of climate change that could limit the development of site level financial mechanisms pilots.</b>	Likelihood: Medium Impact: Substantial	<ul style="list-style-type: none"> <li>Bearing in mind vulnerability to climate change, the feasibility analysis of financial mechanisms under Output 2.2.2 will take into account different climate change scenarios so as to select robust financial mechanisms (mainly those based on natural resource use, who should focus on resilient natural resources in order to not lose the investment made in the design and implementation of these mechanisms).</li> <li>For this purpose the project will build upon the experience developed under the “EbA Montaña” Project in the Nor Yauyos Cochabamba Landscape Reserve, the “EbA Amazonía” project in the Tuntanain and Amarakaeri Communal Reserves, among other.</li> <li>In addition, coordination with Budget Program 068 for "Disaster Risk Management" and the early warning system developed with the support of UNDP/GEF Resilience Project will be promoted.</li> </ul>

Risk	Likelihood & potential impact	Risk mitigation measure
<b>6. Environment and Social Risks</b>	Likelihood: Medium Impact: Substantial	The project is classified as a Category B for safeguard purposes. The project is essentially a conservation initiative, expected to generate positive and long-lasting social, economic and environmental benefits. However, Component 2 and 3 of the project has some potential social and environmental impacts as it includes acquisition of equipment and vehicles, equipment maintenance, surveillance system improvements, biological control and monitoring, master plan updating, boundary marking, basic infrastructure construction and repositioning and resource management plan preparation. An ESMF was prepared during project preparation by PROFANAPE in close coordination with SERNAPE to comply with WWF's Environment and Social Safeguards Integrated Policies and Procedures. The ESMF contains elements of an Indigenous People Planning Framework as well as Process Framework.

## 2.6 CONSISTENCY WITH NATIONAL PLANS OR PRIORITIES

The project is consistent with Government of Peru commitments and strategies for conservation of biodiversity, both at the national and international level. For the CBD (which the GoP signed in 1992 and ratified in 1993), the Project will contribute to the achievement of several forest- and non-forest related Aichi Biodiversity Targets.

- By supporting the development of a financial strategy to implement an Action Plan for the Amazon biome that includes the categorization of over 1.3 million ha of forests currently under temporary protection as Reserved Zones (although it should be noted that GEF funding will not directly support these areas), the project will indirectly contribute to achieving **Aichi Target 5**: By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced; and **Aichi Target 11**: Expansion of Protected Area Networks. It also contributes to the UNFF Global Objectives on Forests (E/2006/42 E/CN.18/2006/18): Reverse the loss of forest cover worldwide through sustainable forest management (SFM), including protection, restoration, afforestation and reforestation, and increase efforts to prevent forest degradation.
- **Aichi Target 3**: positive incentives for the conservation and sustainable use of biodiversity are developed and applied, consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions.
- **Aichi Target 11**: areas of particular importance for biodiversity and ecosystem services, are conserved through effective and equitable management of Amazon PAs integrated into the wider landscape.
- **Aichi Target 14**: ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable.

- **Aichi Target 15:** ecosystem resilience and the contribution of biodiversity to carbon stocks enhanced through improved conservation.

At the national level, this initiative ties in with, and contributes to the implementation of the **National Biodiversity Strategy to 2021** and its **Action Plan 2014-2018** (EPANDB) approved by Supreme Decree No. 009-2014-MINAM; in particular with the strategic objective number 1 "*improving the state of biodiversity and maintaining the integrity of the ecosystem services it provides*", which notes that the conservation state of biodiversity should be improved, and that the supply of goods and services for human wellbeing provided by Protected Natural Areas should be maintained. In particular, the PdP directly supports a key instrument of the National Biological Diversity Strategy: the NPA System, giving it sustainability and promoting the path to effective management. By catalyzing the PdP Initiative and strengthening key technical and institutional capacities, the project will contribute to achieving a number of strategic outcomes set out in the **NPA System Master Plan** (Plan Director 2009-2019), as shown in Table 6

*Table 6 Contribution of the Project to the NPA System Master Plan Strategic Outcomes*

<b>SINANPE Master Plan Strategic Outcomes</b>	<b>Contributing Project components</b>
1.1 Different sectors of the Peruvian society recognize the importance of the NPAs and value them as fundamental elements of national identity	Component 1
2.5 The ecosystems and services of the NPAs are protected and recovered.	Component 3
3.1 Institutionalization of the system consolidated and articulated cross-sectorally and between levels of government	Component 1
3.2 Government policies and plans prioritize the management of NPA	Component 1
3.3 Tenure regimes and NPA boundaries of different categories and levels are legally sanctioned	Component 3
4.2 The diversification of income generation mechanisms and their efficient use increase the coverage of the system's priority financial needs with greater sustainability	Component 2
4.3 The management of the System is based on objective, transparent and timely scientific and technical information	Component 3
4.4 The mechanisms and spaces of participation and decentralization effectively integrate different sectors in the management of the NPA, strengthening the legitimacy and effectiveness of the System	Component 1, Component 3
5.2 Tourism is developed with social and environmental responsibility and generates benefits for the proper management of NPAs	Component 2, Component 3
5.4 The management of natural resources is aimed at preserving the values of the NPAs and their environment	Component 2, Component 3
5.5 The elements of the System are articulated with local, regional and national territorial planning	Component 1, Component 3

By improving NPA management effectiveness the project will help enhance the protection of major wetlands of international importance in the Amazon region, such as the Pacaya Samiria National Reserve and the Arreivatadas Lagoon (located in the Tabaconas Namballe National Sanctuary), thus contributing to the commitments of Peru under the RAMSAR Convention.

The project will also contribute to achieving targets of the **United Nations Framework Convention on Climate Change** (UNFCCC), by avoiding deforestation and forest degradation in protected natural areas of the Peruvian Amazon and, thus, avoiding future greenhouse gas emissions. It will contribute to the goals of the **National**

**Strategy on Forests and Climate Change** which aims at “contributing to the reduction of forest loss and greenhouse gas emissions, and improve the resilience and welfare of inhabitants of forest landscapes” through the consolidation of the NPA system among other strategies. By helping maintain the standing forests of the NPAs in the Amazon Biome the project will contribute to mitigation of and adaptation to climate change as part of the **Nationally Determined Contributions (NDC)**.<sup>53</sup>

With regards to Desertification, Land-degradation and Sustainable forest management (SFM) (**UNCCD decision 4/COP.8**), by promoting sustainable use of forest resources and NTFP the Project will help “reinforce SFM as a means of preventing soil erosion and flooding, thus increasing the size of atmospheric carbon sinks and conserving ecosystems and biodiversity.”

The project will also provide a solid base from which to directly address the **Recommendations of the OECD/ECLAC** Peru’s Environmental Performance Review<sup>54</sup>, in particular Recommendation 48: “Strengthen the technical and financial capacities of SINANPE and develop an integrated vision of the complementary roles of public and private protected areas to establish an articulated and coherent network of core areas, buffer zones and biological corridors”. The country is preparing a National Growth Strategy in the context of the recommendations of the OECD. The project will contribute to this strategy through the financial mechanisms that in addition to generating income for PA financing will deliver benefits for local communities.

## 2.7 CONSISTENCY WITH GEF FOCAL AREA/FUND STRATEGIES

This project seeks to promote the long-term financial sustainability of Peru’s protected area system, thereby ensuring the effective management of Amazon NPA’s that are rich in biodiversity, extensive forest ecosystems, land values. As such, the project objective contributes to the Biodiversity, Land Degradation, and Sustainable Forest Management focal areas and related global environment benefits.

**Biodiversity:** The proposed project will directly contribute to the goals of GEF-6 Biodiversity Strategy (in particular Objective BD1/Program 1 and its expected outcomes) by improving financial sustainability and effective management of globally significant protected areas within Peru’s national system (see Table 7 below). The project will do so by developing a comprehensive, long-term financing strategy to fully address the funding gap for improved management effectiveness of all NPAs in the Peruvian Amazon from a systemic perspective and supporting its initial implementation (thus, contributing to BD1/Program 1/Outcome 1.1).

The Project will also contribute towards improving sustainability of the SINANPE by supporting institutional strengthening and targeted capacity building in order to develop the necessary capacities for financial planning, the generation of income through the economic opportunities that NPAs provide, fund management, developing cost reduction strategies, and the implementation of standardized practices to improve management effectiveness across constituent NPAs in the national protected area system (BD1/Program 1/Outcome 1.2).

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<sup>53</sup> At UNFCCC COP 20, held in Lima, a Joint Declaration of Intent between the governments of the Republic of Peru, the Kingdom of Norway and the Federal Republic of Germany announced “cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+), and promote sustainable development in Peru” which includes the conservation of natural protected areas in Peru.

<sup>54</sup> The Environmental Performance Review, undertaken jointly by the Economic Commission for Latin America and the Caribbean (ECLAC) and the Organization for Economic Co-operation and Development (OECD) is a peer review in which the environmental policies and programmes are analyzed with a view to identify good practices and challenges and propose recommendations.

**Land Degradation and Sustainable Forest Management:** The results of a long-term financing strategy for Amazon NPAs will contribute to the conservation of key land values and forest protection (LD2/Program 3/Outcome 2.3). By promoting a territorial approach for Amazon NPA planning and management and strengthening NPA governance structures, the project will help strengthen and develop partnerships between the NPA authority (SERNANP) and local communities, regional governments, NGOs, and the private sector to achieve the long-term financial sustainability of the SINANPE. Through an integrated approach to managing forest protected areas and the sustainable use of forest resources the project will also address the objectives of GEF-6 Land Degradation (LD3/Program 3/Outcome 2.2) and Sustainable Forest Management Focal Areas (SFM4/Program 9/Outcome 6). In particular, through Component 2, the project will test and promote viable site-based revenue generating mechanisms some of which will also provide opportunities for enhanced sustainable livelihoods for local communities and incentives for reducing pressures on forest ecosystems (e.g., through sustainable natural resource management and nature-based tourism) (SFM2/Outcome 3). This will contribute to reducing forest loss as well as forest and land degradation within protected areas and their buffer zones.

Finally, through improved management effectiveness, including enhanced capacities for surveillance and control, the project will contribute to reducing the loss and degradation of forest ecosystems and securing their sequestration potential, thus maintaining vital forest functions and resilience to climate change.

Table 7 Project Contribution to GEF Focal Area Outcomes and Indicators

GEF Focal Area Objective/Program	Expected GEF Outcomes and Indicators	Project Contribution to GEF Indicators
<p>BD1: Improve sustainability of protected area systems.</p> <p>Program 1: Improving Financial Sustainability and Effective Management of the National Ecological Infrastructure</p>	<p>Outcome 1.1. Increased revenue for protected area systems and globally significant protected areas to meet total expenditures required for management.</p> <p><i>Indicator 1.1: Funding gap for management of protected area systems and globally significant protected areas, as recorded by protected area financing scorecards.</i></p> <p>Outcome 1.2: Improved management effectiveness of protected areas.</p> <p><i>Indicator 1.2: Protected area management effectiveness score</i></p>	<ul style="list-style-type: none"> <li>- The Project will fast-track the roll out of a long-term financing strategy for improved management effectiveness of Amazon NPAs (the PdP Initiative) that will help bridge the funding gap and increase public funding. This will be possible by supporting SERNANP expand and test models for sustainable financing at the national and site level to provide diversified options such that they can increase their budget and close the funding gap over time, as the transition fund is used up.</li> <li>- GEF funding through the Transition Fund (to be created under Output 1.2.1) and strengthened capacities of key staff for integrated conservation and financial planning will directly help bridge the funding gap to improve effective management of a subset of Amazon NPAs of global significance (Component 3).</li> <li>- The project will directly help improve management effectiveness of a subset of globally significant PAs (covering up to 2 million ha) through GEF contributions to the Transition Fund for key management activities under Component 3 (<i>see Results Framework.</i>)</li> <li>- By developing capacities and securing funding for the implementation of a multi-partner, agreed strategic plan for Amazon NPAs (Output 1.1.1) the project will catalyze improvement of management effectiveness of the 34 Amazon PAs and 4 Reserved Zones (totaling 16,748,518 ha, equivalent to 21% of the Peruvian Amazon or 8.75% of the global Amazon Biome) in 10 years.</li> </ul>
LD-2 Program 3	<p>Outcome 2.2: Improved forest management</p> <p>Outcome 2.3: Increased investments in SFM</p>	<ul style="list-style-type: none"> <li>- Project will result in long term financing for Amazon NPAs, towards the long term security of global environmental benefits provided by the Amazon forests. This financing will, over time, achieve ‘structural level management’ in all Amazon NPAs, such that threat levels do not increase over time, and the forest is protected through</li> </ul>
SFM-2	Outcome 3: Increased application of good management practices in all forests by relevant	

	government, local community (both women and men) and private sector actors	<p>management practices such as boundary demarcation, management plans, control and vigilance.</p> <ul style="list-style-type: none"> <li>- The long term financing will also support application of community-based forest management, through Conservation Agreements for natural resource management.</li> <li>- In the short term, during the project period, GEF funds will allow for 2-3 Amazon NPAs to achieve structural level management and natural resource management through conservation agreements with communities.</li> <li>- During the project period, there will be increased investments in SFM compared to the baseline, as the project activities work towards bringing in additional donor and government support to the PdP, for the financing of Amazon NPA management over time.</li> </ul>
SFM-4	Outcome 6: Improved collaboration between countries and across sectors on the implementation of SFM	<ul style="list-style-type: none"> <li>- The project supports exchanges and lessons among Brazil, Peru and Colombia; particularly for sustainable financing for protected area management (see Component 4)</li> <li>- The project supports improved collaboration across key sectors in Peru, to generate increased cross sectoral support for management of forests, biodiversity and ecosystem services in Amazon NPAs, for national and global environmental benefits and for the benefit of local communities.</li> </ul>

## 2.8 WWF COMPARATIVE ADVANTAGE AND CONSISTENCY WITH WWF PROGRAMS

Since the establishment of the Global Environment Facility, WWF has been a supporter of its policies and operations, participating in the design or execution of more than 100 GEF programs and projects across nearly all GEF focal areas including climate change, biodiversity, international waters, land degradation and sustainable forest management.

### ***Alignment with WWF Goals***

The vision of WWF is to build a future in which people live in harmony with nature; its mission is to conserve nature and reduce the most pressing threats to the diversity of life on earth. WWF around the world focuses its efforts toward achieving six major goals in the areas of Forests, Oceans, Wildlife, Food, Climate, and Fresh Water, and on three key drivers of environmental degradation: markets, finance, and poor governance. This project is a priority for WWF's Forests goal, with support from Climate and Fresh Water goal teams and Conservation Finance and Policy teams.

This proposed project aligns with and will advance several major WWF goals, including:

- WWF Forests Goal: Conserve the world's most important forests to sustain nature's diversity, benefit our climate, and support human well-being.
- WWF Climate Goal: Create a climate-resilient and zero-carbon world, powered by renewable energy.
- WWF 2050 Biodiversity Goal: By 2050, the integrity of the most outstanding natural places on Earth is conserved, contributing to a more secure and sustainable future for all.

In order to achieve the Forest goal, one of the key strategies WWF will promote is the Project Finance for Permanence approach to bring at least an additional 50 million ha of key biodiversity and ecosystem service rich forested areas under permanent protection.

### ***WWF in Peru and the Amazon Region***

WWF has a long and rich history of involvement in the Amazon region. From its initial site-based and research projects in the 1960s, WWF has, over the years, expanded its work to include local institutional capacity building, policy development and reform, support for the designation and improved management of protected areas, certified forestry and forest management, environmental education, promotion of better management practices for productive activities (forestry, fisheries, etc.), and creation of alternative sources of income for local communities.

Given that the forces shaping the Amazon Biome extend far beyond a local context and know no political boundaries, in 2008 WWF launched the *Living Amazon Initiative* to bring together 40 years of experience as part of a unified blueprint to address the challenges to this biome as a whole. The proposed project is consistent with the vision of the *Living Amazon Initiative*: An ecologically healthy Amazon Biome that maintains its environmental and cultural contribution to local peoples, the countries of the region, and the world, within a framework of social equity, inclusive economic development and global responsibility.

WWF has been present in Peru for almost five decades, maintaining a permanent commitment to nature and especially to the protected natural areas of the country, both coastal, High Andean, and Amazonian. WWF Peru's Vision for 2020 is that Peru will preserve its biological diversity in priority landscapes and keep its environmental and cultural contribution to the world, within a framework of equity, greater human wellbeing, and decreased ecological footprint.

WWF Peru contributes to WWF's Global strategy at the national level through the Amazon Program, the Marine Program and the Freshwater Program. WWF Peru develops its work in partnership with key government agencies (Ministerio del Ambiente, Ministerio de la Producción, Dirección Nacional Forestal, Instituto del Mar Peruano, PromPerú, and local and regional governments), civil society, the private sector, and local and indigenous communities.

WWF Peru is one of the first partners of the Peru's Natural Legacy Initiative, whose MoU was signed in 2014, and has been actively supporting SERNANP in the initial design of a strategy for the long-term financial sustainability of the SINANPE.

### ***Organizational Capacity and Previous Performance***

For more than 50 years, WWF has worked to preserve the diversity of life on earth. As the leading global conservation organization, WWF works in 100 countries through a network of independent WWF offices. In the United States, WWF has more than 400 staff and an annual operating budget of over US\$250 million. Across the global WWF Network there are nearly 6,000 WWF staff members supported by a budget of more than €650 million (US\$720 million). WWF is supported by 1.2 million members in the US and over 5 million globally.

The WWF network is committed to and has extensive experience working with partners and other grantees through the issuance of sub awards to accomplish program results. In addition, WWF US has demonstrated that it has the financial resources and operational experience to manage government donor agreements. To date, WWF US has received more than 400 awards and sub awards funded by the US Government totaling over US\$430 million. In WWF US's history, there have been no findings of material noncompliance noted in its annual A-133 audits, or in the annual financial audits conducted prior to being subject to OMB Circular A-133<sup>55</sup>.

WWF's Conservation Finance team is comprised of multi-disciplinary staff with expertise in legal and governance issues, conservation and financial planning, and sustainable financing. The team has attracted public and private sector partners to secure long-term financing for conservation via Project Finance for Permanence (PFP) deals, trust funds, debt swaps, payment for ecosystem services, and other financing mechanisms. Over a period of 25 years, the Conservation Finance team has helped raise and leverage over US\$1 billion through financing approaches pioneered in 30 countries. In addition to the proposed project, the Conservation Finance team recently helped develop a US\$215M PFP deal for the Amazon Region Protected Areas (ARPA) program in Brazil, and is currently helping develop PFP deals in Bhutan and Colombia.

WWF has many years of experience with NPA financing initiatives, working with governments, NGOs, and donor partners. Success stories include the creation of the world's largest conservation trust fund --Mexico's Fund for Nature Conservation-- and a suite of sustainable financing mechanisms in Madagascar that supported a tripling of

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<sup>55</sup> OMB A-133 Compliance Supplement is a large and extensive United States federal government guide created by the Office of Management and Budget (OMB) and used in auditing federal assistance and federal grant programs, as well as their respective recipients.

the PA network. As one of the founders of the Conservation Finance Alliance, WWF works collaboratively to develop new approaches to PA financing and build capacity of partners.

WWF played a leading role in the creation of the world's largest PFP initiative to date –ARPA-- in Brazil. It is the single largest forest conservation initiative globally, protecting 150 million acres, an area 50% larger than California. With support from the GEF and other donors, that initiative established a US\$215 million Transition Fund that leveraged new commitments from the Government of Brazil including, over time, more than US\$750 million in new funding. WWF sees this initiative in Peru as building on the success of ARPA and is currently engaged in similar initiatives for the protected area systems of Bhutan and Colombia.

The proposed project fits with the Conservation Finance goal of contributing to a global PFP approach, a multi-organizational effort that seeks to develop multiple, at-scale PFP initiatives simultaneously. This global approach will help mitigate climate change, reduce loss and degradation of intact forests, and address other environmental threats by guaranteeing large amounts of sustainable financing for conservation areas and landscapes around the world. The strategy is for WWF to collaborate with key partner organizations to collectively mobilize US\$1 billion dollars toward conservation over the next 10 years. Peru's Natural Legacy is one of the PFP initiatives to benefit from this collaboration, and will help inspire other countries to pursue sustainable financing of conservation areas and landscapes at scale.

## 2.9 INNOVATIVENESS, SUSTAINABILITY & POTENTIAL FOR SCALING-UP

### *Innovativeness*

The proposed project will develop an innovative conservation and sustainable financing strategy based on the Project Finance for Permanence approach, carefully crafted to the characteristics of Peru and its Amazon region, to ensure the effective protection of vital ecosystems at a large scale, rather than area by area or following a piecemeal approach. This approach is relatively new and to date has only been applied in the Amazon Region in Brazil, through another GEF-supported initiative (ARPA). Part of the innovativeness of the project lies on the promotion of a multi-party, public-private partnership that will provide a framework to bring different levels of government, donors, civil society, and other partners together in a coordinated and collaborative effort to address and achieve agreed goals and objectives for ***all natural protected areas managed by the national government within a whole biome in the country*** (i.e., the Amazon Biome); this is unprecedented in Peru.

Another innovation will be the use of a ***single close agreement*** to supplement the Peruvian government's funding for Amazon protected areas and incentivize its commitment for developing and promoting new national and site-based revenue generating mechanisms to diversify the funding portfolio of the SINANPE and increase public funding for PA management. Hence, the project will ***enable potential donors to align their contributions around an agreed multi-partner action plan and associated strategic financial model*** for the consolidation and improved management effectiveness of Amazon NPAs. United by common goals and a holistic deal, SERNANP and ***a core set of partners will share fundraising responsibility for a more ambitious project than any one of them could support alone***. An innovation with respect to other PFP initiatives is that Peru's PdP approach will allow potential donors to contribute either through the transition fund (which will be managed by PROFONANPE) or through the public budget program (e.g., donations from bilateral and multilateral cooperation and other donors that will be managed by SERNANP).

### ***Environmental sustainability***

Environmental sustainability will be promoted by strengthening financial, institutional and technical capacities for improved management effectiveness across the network of Peruvian Amazon national protected areas. In the short term, the project's direct on-the-ground interventions will help consolidate a standard level of management ("*structural level*" as defined by SERNANP) of a subset of protected areas which will translate to improved core management functions, including on-site boundary demarcation, strategic planning, enhanced surveillance and control, biodiversity and threat M&E, and participatory management. As a consequence of these interventions the project will directly contribute towards more effective threat control, hence to the environmental sustainability of these areas. In NPAs where activities to strengthen tourism and natural resources management will be carried out, the project will generate baseline information so as to develop adequate monitoring systems for these activities.

Over the medium and long-term, the planning framework provided by the PdP Initiative's Action Plan will offer more consistent and strategic direction for the effective management and conservation of biodiversity of all Amazon NPAs in Peru and ensure the continuity necessary for achieving impacts that will take longer than the project's lifespan to emerge. By contributing to the protection and sustainable use of Amazon forests and associated habitats, the project will maximize the long-term delivery of environmental benefits including conservation of biodiversity, carbon storage, watershed protection, and arresting land degradation.

Also, by promoting a territorial approach for NPA planning and management and strengthening PA governance structures, GEF funding will help strengthen inter-institutional coordination and cross-sectoral planning and management and foster cooperation and synergies among initiatives that work to promote the conservation and sustainable management of Amazon forests, which is expected to contribute towards enhanced threat control in buffer zones. At the Regional level, ecological sustainability will be promoted through the ASL Program, particularly by integrating sustainable agriculture and protected areas within landscapes of the Amazon.

### ***Financial Sustainability***

Financial sustainability will be achieved through the project's significant inputs for overcoming existing barriers to the long-term sustainable financing of Peru's protected areas, including the development and operationalization of the PdP Initiative's conservation plan and associated strategic financial model, which will account for existing and future funding needs for enhanced management effectiveness and expansion of Amazon NPAs.

Through detailed feasibility analysis, the project will assist in the selection of new *viable* national-level and site-based funding mechanisms to increase and diversify government financial flows to national protected areas. As needed, GEF funds will provide technical assistance and specific consultancies for the development of associated new or revised legal and regulatory framework for the implementation of the selected mechanisms.

Likewise, considering that new mechanisms may take several years to fully develop, the project will finance expert-led in-depth assessments of existing PA funding mechanisms which are not delivering their full potential for income generation, cost reduction, and associated socioeconomic benefits, and identify key aspects that need improvement. For the chosen mechanisms the project, in coordination with relevant stakeholders, will implement pilot activities to test their potential, determine standards, and build capacities in order to guarantee their financial sustainability and scaling up. Towards the project close, lessons from these pilots will be well documented

and disseminated to allow for future replication of successful funding mechanisms, thus assisting SERNANP to increase their self-generated budget for the SINANPE and contributing to the sustainability of project outcomes.

The project will also contribute towards financial sustainability through enhanced institutional and technical capacities for integrated conservation and financial planning, business planning, and financial management, among others. Hence, the capacities put in place through the different project components will enable the mobilization of additional resources over the medium and long term to further reduce the funding gap.

In addition, by improving interinstitutional and cross-sectoral coordination and integration of PAs in the broader landscape (e.g., through the creation of a national working group on PA sustainable financing and process-oriented activities such as consultations, planning sessions, and exchange workshops) the project will facilitate interactions that are expected to help build support for the adoption of new PA funding mechanisms from across multiple sectors and stakeholders, generate better cooperation with relevant government agencies, create synergies between initiatives that work to promote the conservation and sustainable management of forests and natural resources in the Peruvian Amazon, speed up, and lead to cost-effective PA management that avoids duplication of work.

Finally, these efforts will be further supplemented by targeted communications strategies aimed at raising awareness on the values and benefits provided by protected areas, helping increase government and other stakeholders support for protected area funding and for the adoption of new revenue generating mechanisms.

### ***Institutional sustainability***

The proposed project involves a holistic approach which will move from a traditional focus on reducing the 'funding gap' towards strengthening systemic, institutional and technical capacities for enhanced financial planning and management effectiveness. For example, it involves the design and establishment of governance and management structures detailing clear roles and responsibilities for the long-term sustainable financing initiative and its associated transition fund. The legally binding term sheet linked to the single close agreement of the PdP will ensure that SERNANP and a stable group of donors coordinate their efforts and provide predictable support (political, technical, and financial) beyond the project's lifespan.

The early involvement of key staff from SERNANP and PROFONANPE in project design and related activities of the preparatory phase has already inspired a strong sense of ownership which is expected to fuel motivation for project implementation and commitment towards adoption of successful policies and practices for effective NPA conservation and financial planning and management. For example, SERNANP has expressed that the project presents an opportunity to put into practice their recently adopted conceptual framework for effective management of NPAs and the SINANPE (See Appendix 11 and Appendix 16).

The project's management arrangements will ensure that all institutional levels are involved in project coordination and working closely together. For example, during implementation, the experts on PA Management and PA Sustainable Financing of the PMU will be based within SERNANP and are expected to work closely with the staff of the institution. This, coupled with targeted strengthening of competences and skills, will contribute to the development of technical capacities needed for the long-term sustainability of project outcomes.

Finally, the sustainability of project outcomes and benefits beyond the completion of the GEF project will be ensured as a result of its conformity with national priorities, policies and plans. In particular, with the National Biodiversity Strategy (2021), the National Strategy on Forests and Climate Change (which includes the consolidation of the national system of protected areas among its strategic actions), the National Development Plan 2021 (*Plan Bicentenario*), the National Environmental Action Plan 2001-2021 (*PLANAA*), and SERNANP's Institutional Strategic Plan (*PEI*).

### ***Social sustainability***

Through the integration of NPAs in the broader landscape, the project is expected to help build support from multiple sectors and stakeholders. Social sustainability will be improved through efforts to support and empower local communities for greater involvement in NPA management activities, for example, through improved capacities and enabling conditions for sustainable uses of natural resources and co-management arrangements. Furthermore, feasibility studies of NPA-level resource generating mechanisms will consider --among selection criteria-- their potential for providing opportunities for gender equity and participation of local and indigenous communities. These local stakeholders will be sought as partners in project implementation, in particular in pilot demonstrations of mechanisms that may include sustainable livelihoods objectives, such as nature-based tourism and sustainable use of natural resources.

Given that consolidation of "*structural level*" of management involves strengthening of NPA management committees, the project investments to raise staff and institutional capacities for stakeholder participation and sustained improvements in relations with local communities (through regular meetings of the management committees, joint management operations, and specific approaches to address gender equality, concerns and sensitivities) will lead to increased levels of local participation and improved NPA governance, contributing to the overall sustainability of project outcomes.

Finally, sustainable support from different levels of society will be strengthened by the project awareness-raising and communications efforts regarding the economic and social benefits that effectively managed protected areas and biodiversity conservation provide.

### ***Potential for replication and scaling up***

By addressing NPA system-level barriers the project strategies will have broad application in other regions and biomes within Peru, and potential impacts beyond the pilot sites. Considering the phased approach for the PdP Initiative that SERNANP and its partners decided on, by catalyzing the overall design (e.g. by setting the governance and management structures, the criteria and methodology to elaborate Action Plans for subsequent phases) and implementing Phase I of the PdP the project will lay the foundation upon which the following phases will be developed, hence enabling the long term financial sustainability for effective management of the whole Peruvian NPA System. Component 2 will explore and promote national level mechanisms that will support not only Amazon NPAs, but the whole NPA system, thus facilitating scaling up of project strategies. Scaling up will also be facilitated by the project's communications strategies aimed at engaging additional donors and key government decision makers (Outputs 1.1.3 and 2.1.2), which will support Phase 2 of the PdP Initiative.

In addition, the project presents an opportunity for replicating the proven financial mechanisms, sustainable resource management strategies, and effective management practices across the Amazon Biome, as the barriers

it addresses are shared to a fair extent by other NPA systems in neighboring countries (including Bolivia, Ecuador, Guyana, Suriname, and Venezuela). The general approach of the project could also be replicated in other highly biodiverse and ecosystem service rich regions where there is insufficient core budget for effective PA management.

As explained in Component 4, the project team will prepare a list of specific topics for future replication/scaling-up strategies and plans, based on the most significant lessons learned, and prepare specific tools for knowledge sharing, replication and upscaling both at the national and regional level with the other child projects under the ASL Program. Best practices and lessons learned will be uploaded into the ASL Program website to make them accessible to other child projects under the regional program.

## **2.10 KNOWLEDGE MANAGEMENT & COMMUNICATIONS STRATEGIES<sup>56</sup>**

The long-term financial sustainability of Peruvian Amazon NPAs (and the SINANPE in general) will depend, to a large extent, on the broad adoption of the project's lessons learned and the implementation of the necessary changes leading to sustained impact through replication and scaling-up of the project's results. As detailed under Component 4, in order to enable the development of future replication and scaling-up plans, the PMU will promote a systematic approach in order to: (i) identify knowledge deemed to be relevant and valuable; (ii) capture and retain that knowledge; (iii) share that knowledge with key audiences; (iv) if possible, applying transferred knowledge during the project lifespan or designing guidelines for future replication and up-scaling; and (vi) assess the value or benefits of specific knowledge generated as a consequence of project interventions<sup>57</sup>.

As part of the activities leading to the Biannual Project Progress Reports (See Section 7.2), GEF funding will support the organization of an annual Reflection Workshop led by the PMU staff and involving key field and central office staff from SERNANP, PROFONANPE and other partners to review whether the project strategies are having the expected results according to the project theory of change, analyze risks and assumptions that hinder project success, suggest modifications to make the project more efficient or effective, and reflect on lessons from the previous period. As appropriate, input will be sought from other stakeholders involved in project activities including government agencies, community representatives, civil society and the private sector. The PMU team will determine if the theory of change is still valid and if any modifications are necessary to it or project strategies. These changes will be proposed in the upcoming annual work plan and the reflections will be reported in the Project Progress Report.

Lessons will be broadly grouped under different categories linked to the project components (for example, capacity/performance, coordination among partners/stakeholders, specific technical issues related to the development of the funding mechanisms or PA management, stakeholder engagement, gender equity, communications, among others) and will be assessed to determine their significance and how they could be possibly used nationally and regionally. These lessons learned will be presented at the Steering Committee meetings where they will be reviewed, discussed, and confirmed.

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<sup>56</sup> At the GEF, "Knowledge Management" is defined as the systematic processes, or range of practices, used by organizations to identify, capture, store, create, update, represent, and distribute knowledge for use, awareness, and learning across the organization and its ecosystem.

<sup>57</sup> Capturing the Value of Project Management through Knowledge Transfer. Project Management Institute, Inc. [PMI.org/Pulse](http://PMI.org/Pulse). 2015

Based on the most significant lessons learned, the project team will prepare a list of specific topics for future replication/scaling-up strategies and plans (e.g., link to policy documents or policy reform; partnerships with government agencies; partnerships with the private sector; public involvement; capacity building, etc.); identify key audiences (from stakeholders linked to the pilot sites and subset of PAs which will receive direct GEF funding, to other stakeholders in Peru's Amazon region, other stakeholders in the global Amazon Biome, etc.), and finally select and prepare specific tools useful for knowledge sharing, replication and upscaling (e.g., proposals for policy or legal reforms; best practice manuals; workshops; case studies; technical reports; brochures; videos/tutorials; etc.).

Following STAP recommendations<sup>58</sup>, knowledge management under the Amazon Sustainable Landscapes Program will expand beyond specific products towards learning and knowledge sharing among practitioners in Peru, Brazil and Colombia through existing thematic networks--such as RedParques<sup>59</sup> and RedLac<sup>60</sup>-- and communities of practice fostering transboundary and South-South cooperation among projects and national partners. The project will complement and build upon the lessons learned and the capacities developed through Brazil's ARPA for Life and will coordinate with the proposed child project of Colombia. Lessons from the project will also be shared widely through the WWF international network.

## SECTION 3: INSTITUTIONAL FRAMEWORK AND IMPLEMENTATION ARRANGEMENTS

### 3.1 GENERAL PROJECT MANAGEMENT STRUCTURE

The project will include the following institutional actors:

**WWF-GEF Agency:** GEF Partner Agency (Implementing Agency), responsible for funds allocation, project supervision and reporting to the GEF Secretariat.

**SERNANP:** Governing authority for Natural Protected Areas and responsible for strategic guidance and operations of the project. SERNANP as the national authority in charge of SINANPE's management will be responsible for the project's strategic and operational direction and for ensuring that activities in NPAs selected as pilot areas are carried out in accordance with the ProDoc and Grant Agreement. It will sign an inter-institutional cooperation agreement with PROFONANPE to establish details, roles and responsibilities for implementation of the agreed activities.

SERNANP will be specifically responsible for: i) preparing the terms of reference for consultancies, and technical specifications for procurement of goods, services and works required for project implementation; ii) carrying out quality assurance of consultancies, services and others in conjunction with PMU; iii) participating in the selection process in coordination with PROFONANPE; iv) requesting from PROFONANPE any payments to suppliers, consultants or other contracted private entities; v) monitoring, supervising and approving contracted consultancies; approving jointly with PROFONANPE the Annual Work Plan and Budget, budget and progress

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<sup>58</sup> Knowledge Management in the GEF: STAP Interim Report. GEF/STAP/C.48/Inf.03/Rev.01 May 22, 2015.

<sup>59</sup> RedParques: Latin American Technical Cooperation Network on National Parks, other Protected Areas and Wildlife, whose current Regional coordinator is the Head of SERNANP

<sup>60</sup> RedLac: Latin American and Caribbean Network of Environmental Funds, of which PROFONANPE is a founding member

reports that may be required; vii) carrying out coordination and any required communications jointly with PROFONANPE and other stakeholders.

**PROFONANPE:** Primary recipient of the GEF Project funds and signatory to the WWF-GEF Grant Agreement, recipient of other donor contributions (e.g. Moore, WWF).

PROFONANPE will be responsible for i) receiving project resources; ii) carrying out administrative and financial management of these resources; iii) carrying out procurement and contracting for the execution of project activities performed by SERNANP; iv) project monitoring and supervision; v) presenting the WWF-GEF Agency with semi-annual project progress reports and quarterly financial reports, with a copy to SERNANP; vi) requesting WWF-GEF Agency approval, where necessary, for any proposed amendment to project activities, budget or targets; vii) developing and signing inter-institutional cooperation and sub-grant agreements where necessary; viii) submitting to the WWF-GEF Agency and to the PSC the Annual Work Plan and Budget, bi-annual progress reports and any other documentation required by WWF-GEF and the PSC; viii) performing the required coordination with the project's co-executors, the PMU and other parties to carry out the implementation and monitoring of the project; ix) preparing and sending disbursement requests, as well as reporting to the WWF-GEF Agency; x) convening the PSC; xi) hiring external independent auditors using project resources and delivering the corresponding opinions to the WWF-GEF Agency; xii) hiring personnel for the PMU; (xiii) implementing environmental and social safeguards; xiv) ensuring gender policy is adhered to; (xv) designating the Development and Supervision Directorate for supervision of the project and the PMU; and xvi) assisting in the organization of, and participating in, project supervision missions undertaken by the WWF-GEF Agency.

PROFONANPE will sign a technical cooperation agreement with SERNANP to establish responsibilities during implementation of the project's technical activities.

## 3.2 PROJECT MANAGEMENT AND SUPERVISION

The project will have:

***A Project Management Unit (PMU)*** responsible for the day-to-day management and coordination of project activities and fulfillment of its goals. The PMU acts as a Secretariat for the Project Steering Committee reporting to SERNANP and PROFONANPE. Based on the experience of previous projects (see Appendix 22), part of the technical staff will be housed in SERNANP (to improve coordination with key staff from SERNANP's central office units), whereas other technical consultants and the administrative and financial staff will be housed in PROFONANPE.

PROFONANPE will contract a team of professionals to undertake the activities of the PMU with funding from the project, and in accordance with established procedures for project implementation, in coordination with SERNANP and with No Objection from WWF-GEF Agency. This team will be comprised of a *Project Manager*, a *Protected Area Specialist/Technical Advisor*, and a *Sustainable Finance Specialist/Technical Advisor* who will be housed in SERNANP as part of the PMU. PROFONANPE will also contract and host a *Monitoring and Evaluation Specialist*, an *Administrative and Finance Assistant* and an *Environmental and Social Safeguards and Gender Consultant*.

The PMU staff will have the following responsibilities; i) managing and coordinating the implementation of the project in accordance with the Grant Agreement, ProDoc, Annual Work Plan and Budget; ii) carrying out monitoring of the activities and the fulfilling the project's goals; iii) monitoring, supervising and coordinating activities carried out by the project's co-executors; iv) preparing and submitting to the Project Steering Committee the operational plans, and the annual and bi-annual management reports; v) supporting PROFONANPE with preparation and drafting of technical documents, terms of reference and other relevant documentation required to carry out procurement of consultancies, goods and services; vi) organizing meetings with the PSC; vii) other responsibilities conferred on it in the framework of the project.

General duties of PMU's personnel are the following:

- **Project Manager:** coordinate and lead the PMU; coordinate in conjunction with SERNANP the implementation of project components and activities in pursuit of PROFONANPE's objectives, operational plans, project procurement plans and operation manual; coordinate the project's strategic and operational planning processes; prepare in conjunction with SERNANP and PROFONANPE the Annual Work Plan (AWP), and the Procurement Plan; coordinate on a continuous basis in conjunction with SERNANP and PROFONANPE the technical, financial and administrative implementation of project activities, and monitor the delivery of the activities planned in the AWP; coordinate the WWF-GEF Agency supervision missions; organize sessions of the PSC and the Executive Coordinating Committee; coordinate and supervise the execution of activities carried by grant recipients and / or project co-executors; prepare terms of reference and technical specifications for the execution of various project components; prepare weekly, annual and specific reports as required by SERNANP in a coordinated manner; be responsible for the information required to complete the GEF Tracking Tool; make payments and assess conformity of goods, services and consultancies provided in the Procurement Plan; organize, lead and supervise activities of the project and of PMU personnel; report to SERNANP any difficulties encountered in activity progress in order to determine solutions.
- **Protected Areas Specialist:** Advise on project implementation on issues related to adaptive management and strategic planning in natural protected areas, governance, description and identification of conservation priorities within the scope of the project intervention; map the main SERNANP processes related to the project intervention; draft terms of reference; diagnose the institutional capacities for NPA management and areas prioritized for the project intervention; report on technical aspects related to the protected areas within the project scope; prepare reports. The PA Specialist will report to the PMU Manager but will closely coordinate with the Directors of the DDE and DGANP (See Table 28 in Appendix 2). Hosted in SERNANP.
- **Financial Sustainability Specialist:** advise on project implementation in matters related to protected natural areas financial sustainability; analyze the implementation of prioritized mechanisms and create a monitoring system that allows early detection of implementation effects; analyze and update on an annual basis the funding needs for NPAs prioritized by the project to fulfill the 10-year term conservation goals and assess the implementation effects in regards to efficiency, effectiveness and sustainability; systematize NPA funding information; prepare technical and financial reports; support project operational coordination. The Financial Sustainability Specialist will report to the PMU Manager but will

closely coordinate with the Directors of the DDE, DGANP and OPP (See Table 31 in Appendix 2). Hosted in SERNANP.

- **Monitoring and Evaluation Specialist:** prepare project monitoring and evaluation plans; support the preparation of terms of reference; assess the achievement of goals and indicators in the Results Framework; update the GEF Tracking Tool; prepare monitoring, follow-up and evaluation reports; follow up agreements and commitments established in the WWF-GEF Supervision Reports; take part in the process for preparation, follow-up and evaluation of project annual workplan; provide impact evidence to promote the project's knowledge management and communication; implement a project information storage system; collect data and maintain the database with updated arising from project monitoring and evaluation; collect, analyze, centralize and systematize the information generated during project implementation (material progress of activities). Hosted in PROFONANPE
- **Consultant in Environmental and Social Safeguards and Gender:** prepare the Management and Monitoring of Environmental, Social and Gender Safeguards Plan based on the guidelines established by the WWF GEF Agency and PROFONANPE in their policy and their Safeguards Manual; implement a training plan for all project partners on implementation of the manual; implement the management and monitoring plan; prepare monitoring reports on field application of the manual to record compliance with the project's environmental and social and safeguards; maintain communication with various organizations involved project implementation. Hosted in PROFONANPE.
- **Finance Assistant:** support preparation of annual workplan; undertake financial follow-up of the project according to funding source, expenditure category, components and activities; verify funds availability and disbursements to be made based on budget programming; make and record payments; monitor and project expenditure reports; support payment reconciliations; keep reconciliation records; undertake monitoring visits and administrative supervision in areas of project implementation; support report preparation. Hosted in PROFONANPE.

**Project Steering Committee** (PSC): The PSC is the highest decision-making authority of the project. The PSC will also be the PSC for the PdP initiative.

PSC will be responsible for i) supervising the fulfillment of objectives, activities and goals of the project, as well as of agreements made with other PdP donors, and project's programmatic, administrative and financial development; ii) approving the annual work plan and budget each year; iii) approving management reports for the project; iv) responding, where appropriate, to the annual audit reports or other extraordinary audits that may be required; v) performing other functions as provided in the grant agreement.

The PSC will initially consist of a representative of the private donors, a representative from SERNANP, a representative from MINAM who will be the chair, the PROFONANPE Executive Director, a WWF-GEF Agency representative, a MEF representative, a MINCETUR representative, and the Project Manager—who will be the PSC Secretary, WWF, GEF, MEF, MINCETUR representatives and the Secretary will have a voice and no vote. The donor's representative will be chosen by the participating donors.

The regulations of the PSC will be prepared during project implementation and will include its governance role with respect to the PdP and criteria for the entry of new donors. To meet Conservation Finance Alliance (CFA) recommendations, the project anticipates that two additional donor representatives will join the PSC during

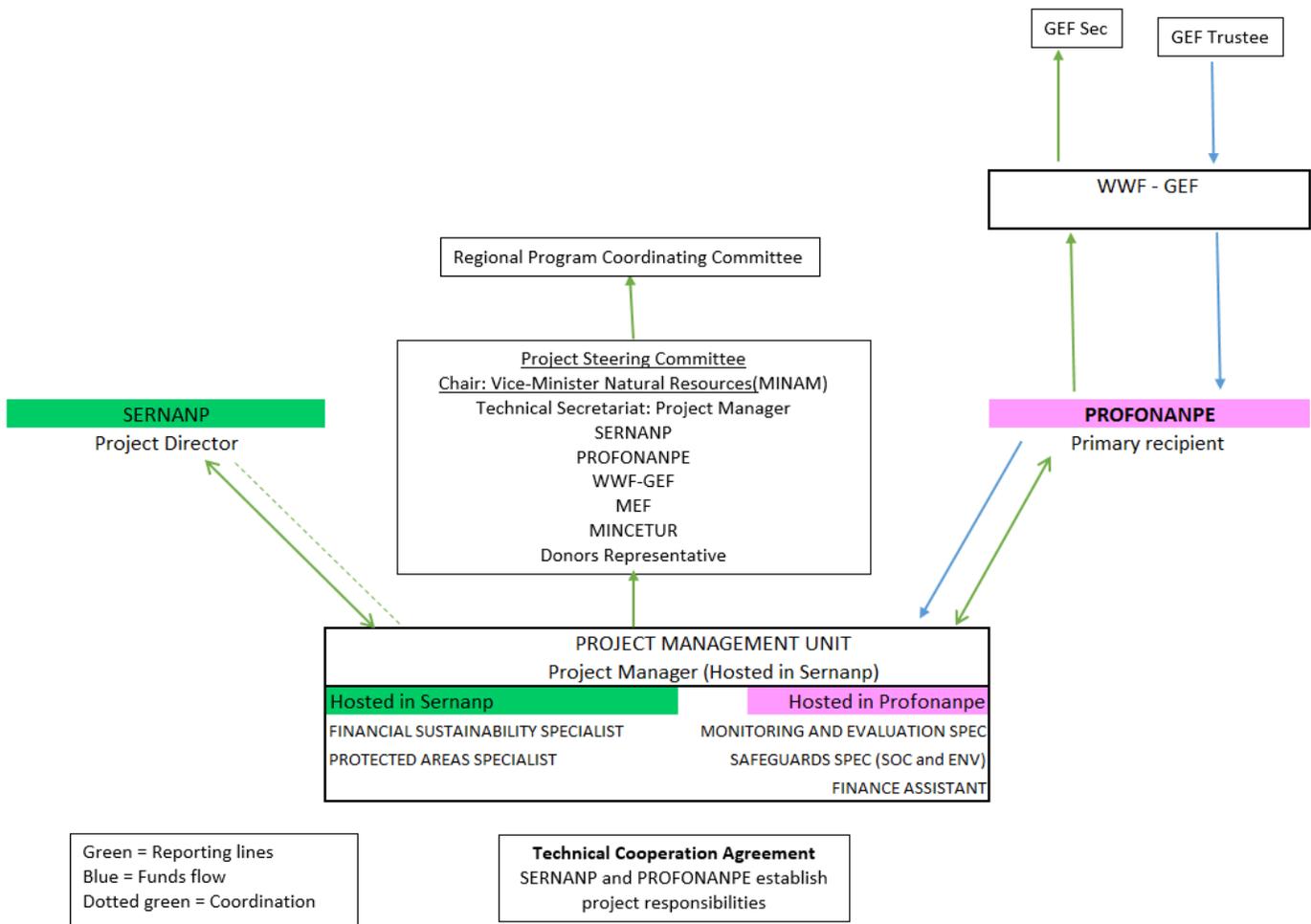
implementation. These donors will have voting rights. In addition, as PROFONANPE represents major donors, a conflict of interest clause will be included to provide guidance in such situations.

**ASL Program Steering Committee:** This is the committee established by the World Bank to coordinate the ASL program in the three countries and for the five child projects.

The ASL Program established this committee to strengthen coordination, access to information and capacity of the national projects stakeholders under the GEF 6 Amazon Sustainable Landscape Program. The committee is led by the World Bank and the members are the implementing agencies (World Bank, WWF, UNDP) and the country government representatives.

The institutional arrangement for the project can be found in Figure 8 below.

Figure 8 Institutional Arrangements for the Project



## SECTION 4: STAKEHOLDER ENGAGEMENT

### 4.1. STAKEHOLDER ENGAGEMENT IN PROJECT PREPARATION

The identification of, and consultation with, stakeholders by the project proponents (SERNANP, PROFONANPE, WWF-Peru) was an iterative process during project preparation, accessing different actors linked to protected area management and sustainable financial mechanisms at the local to national levels. Stakeholders consulted during project development are presented below, under three categories: a) project partners, b) stakeholders at the national level (e.g. political decision makers), and c) local stakeholders. See Appendix 23 for a summary of consultations developed during project preparation.

#### 4.1.1. Project Partners

The two main project partners are:

**SERNANP:** The National Service of Natural Protected Areas (SERNANP) is a specialized technical public body under the Ministry of Environment, responsible for directing and establishing the technical and administrative criteria for the conservation of Natural Protected Areas (NPA) and the maintenance of biological diversity. The SERNANP is the governing body of the National System of Protected Natural Areas by the State (SINANPE) and carries out its work in coordination with regional and local governments. Its mission is to ensure the conservation of the ANP and its biodiversity and the maintenance of environmental services in the context of participatory management. SERNANP is the technical lead on executing the project, and as such had a large role in project preparation, especially in technical design.

**PROFONANPE:** Is a private, non-profit entity, specialized in raising and administration of financial resources for biodiversity, climate change mitigation and adaptation projects. As of December 2016 PROFONANPE has managed / negotiated 61% of all the resources allocated by the GEF to Peru in the biodiversity focal area. These include 9 programs and projects for a total amount of US \$ 56,908,183. See detailed information on previous GEF projects managed by PROFONANPE in Appendix 3 (Table 37). Likewise, PROFONANPE is the only institution that has managed debt-for-nature swaps with countries such as the United States, Finland, Germany and Canada, as well as bilateral operations with countries such as Belgium, Finland and Germany (KfW and BMUB).

With this background of conservation and fund management PROFONANPE has become a key partner in Peru, as the grant signatory and for the administration of GEF funds, and was selected for fund management for this GEF Project and for the Heritage of Peru (PdP) initiative's transition fund.

#### 4.1.2. Partners of the Amazon Sustainable Landscapes Program

The framework of the Sustainable Landscape Program allows inter-learning among the partners of the child projects regarding the effective management of landscapes and the NPAs, as well as their financial sustainability. The financial sustainability for conservation component of this project shares a strategic synergy with the World Bank-GEF child project in Brazil and the Brazilian Amazon Region Protected Areas Program (ARPA), as well as with the UNDP/World Bank GEF child project in Colombia which, as in Peru, includes the financial sustainability for protected areas model. The UNDP-GEF project in Peru for sustainable landscapes and this child project are highly complementary. Both focus on the space between the protected areas and within the protected areas. During

project preparation, coordination activities were held with all the child projects through telephone calls and personal meetings.

#### 4.1.3. National level stakeholders

The national stakeholders considered in the analysis include institutions, political decision makers and those whose mandate could have a significant influence on the results and the expected impacts. These stakeholders are essential to intervention’s implementation mainly at a national level, including the development of the PdP Initiative and financial sustainability mechanisms. The main national stakeholders are described in Table 8 below.

Table 8 National level project stakeholders consulted in project preparation

Name	Mandate	Project Relevance	Consultation in Preparation
<b>Ministry of the Environment (MINAM)</b>	The Ministry of the Environment of Peru is the Government institution which promotes and ensures the sustainable, responsible, rational and ethical use of natural resources, and the environment that sustains them. It is this Ministry under which SERNANP is assigned as a public body.	The participation of MINAM is essential, especially to present to Congress the proposals for financial mechanisms that may require regulatory changes.	MINAM has been consulted throughout the project development process, and involved in key decision points. MINAM is highly supportive of this GEF project, and particularly of initiatives and mechanisms that build sustainable financing for SINANPE.
<b>Ministry of Economy and Finance (MEF)</b>	The Ministry of Economy and Finance is responsible for planning, directing and controlling matters relating to budget, Treasury, borrowing, accounting, fiscal policy, public and political economic and social investment. MEF also designs, established, and supervises national and sectoral policy within its competence assuming the stewardship of it.	MEF is key in projects on financial mechanisms related to taxes.	The project proponents consulted with MEF under the prior administration, and MEF staff noted their support of SERNANP and activities for conservation.
<b>Ministry of Agriculture and Irrigation (MINAGRI)</b>	MINAGRI has agricultural policy, plans and programs promoting the development of rural families, through competitiveness of the agricultural sector, crop improvement, and access to the markets. MINAGRI is under the National Water Authority.	Of relevance to the project, NPAs in watershed headwaters provide a key resource, and the potential for economic remuneration for this ecosystem service will be explored.	The project proponents consulted with MINAGRI at the local level during the visits to the shortlisted NPAs.
<b>Ministry of Foreign Trade and Tourism (MINCETUR)</b>	MINCETUR has a mandate to define, direct, execute, coordinate and supervise foreign trade and tourism policy. MINCETUR promotes: the development of tourism; the rational and sustainable use of the cultural and natural heritage of the nation; the development of artisan activity; and preserves cultural	In the framework of the project, MINCETUR is key for the development of any financial mechanisms related to tourism.	The project proponents consulted with MINCETUR at the local level during the visits to the shortlisted NPAs.

	values, historical, and national identity through craft production.		
<b>National Congress</b>	Congress is the representative organ of the Peruvian nation and has as main functions the representation of the nation, provision of laws, political control related to the economic, political and social development of the country, as well as the eventual reform of the Constitution.	Within the framework of the project, the Congress of the Republic will be responsible for accepting or not the proposed modifications to the legislation that facilitate the implementation of financial mechanisms for the sustainability of SINANPE.	Informal consultation has been held with the Congress by the project proponents.
<b>Indigenous Federations (AIDSESP)</b>	AIDSESP is the representative voice for the indigenous peoples of the Peruvian Amazon. Its mission is to work in the defense and respect of collective rights, to expose indigenous people's problems and to present alternative proposals for development that correspond to their worldview.	The participation of AIDSESP is key given the planned conservation interventions in the Amazonian territories.	Project proponents used the occasion of a Dedicated Grant Mechanism workshop in early March to present the project and solicit feedback from AIDSESP (See Appendix 23)
<b>Sociedad Peruana de Derecho Ambiental (Peruvian Society of Environmental Law) - SPDA</b>	A national non-profit organization, SPDA works in the promotion of political and environmental legislation and standards in Peru. SPDA has a history of providing technical and legal support to SERNANP.	SPDA holds expertise and interest in legal basis for financial initiatives.	During project preparation, SPDA lent expertise on financial mechanisms for SINANPE's sustainability, and this has been incorporated into project design.
<b>WWF Peru</b>	The WWF network began its efforts in Peru in 1969. In 1994, WWF established its first project office in Peru, and in 1998, the WWF Peru Programme Office was formed. WWF Peru intensified its efforts to guarantee biodiversity conservation in key coastal ecosystems, the Andes and the Amazon, in collaboration with the government and indigenous and local communities, strengthening their natural resource management capacities.	WWF has expertise and interest in biodiversity conservation, and financial sustainability for conservation, in Peru.	WWF Peru is supporting SERNANP and other organizations to establish a financial model for long term sustainability for SINANPE.
<b>Wildlife Conservation Society (WCS)</b>	An international NGO, with an office in Lima as well as decentralized offices, WCS has projects in the Amazon, including in Loreto Region where WCS worked with SERNANP in the design of management plans of protected areas, including Pacaya Samiria NPA (one of the short listed sites for project support).	WCS has expertise and interest in biodiversity conservation in Peru. WCS is a strategic partner for effective management in NPAs, and for NPA management metrics.	WCS worked with SERNANP to define a framework for effective NPA management, and completed the METT with protected area staff, during project preparation.

<b>Gordon and Betty Moore Foundation</b>	A private family foundation that works to preserve and protect natural resources for future generations.	Moore is providing a grant towards the Initiative's transition fund.	Moore has been in discussions with PROFONANPE, SERNANP, and other potential partners to the initiative, throughout project development.
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#### 4.1.4. Local stakeholders

During the preparation of the project, five NPAs were visited: the Río Abiseo National Park, the Pacaya Samiria National Reserve, the Machiguenga Communal Reserve, the Allpahuayo Mishana National Reserve and the Tingo Maria National Park. In-situ consultations included (i) deliberations with key stakeholders of each NPA, including NGOs, research centres, private companies and municipalities; ii) wherever possible, meetings with members of the NPA management committee; iii) meetings with regional stakeholders playing a more strategic/political role, and iv) conversations with the communities living within the NPA and those who live outside but have access and benefit from the NPA. Different stakeholders were consulted to determine their priorities and perspectives, and to request their feedback about the proposed project strategies.

In addition to the visits to the same sites, NPA managers were consulted through meetings in the Macro-regional Workshops in Lima, Chiclayo, Iquitos, Cusco and Huancayo and during a 4-day consultation workshop with the managers of the six shortlisted NPAs in Lima (See Appendix 23).

In brief, common themes from consultations with different stakeholder groups were as follows:

#### **Indigenous People and Local Communities**

During project design, local communities in five of the six short-listed NPA sites were visited. All six of the shortlisted NPAs have communities living inside and around the NPA. The team held consultations with 32 different communities. Although the contexts differ among protected areas, including cultural differences, protected area category and use, and other factors, communities generally recognize that they gain benefits from the natural resources of protected areas. Communities take part in protected area management. For example, together with SERNANP, they undertake surveillance activities and patrolling the protected area.

Overall and in general, the communities were in favor of the GEF project, especially of site-based financial sustainability activities that may improve local community incomes. In discussing the project strategies, there was not significant feedback on the overall goal of achieving effective management of the protected area, or on financial mechanisms associated with economic development. Regarding the management goals to achieve structural management, communities expressed the need for a better approach to protected area management, including a greater emphasis on the PA Manager. It was noted that communities generally do not have a lot of awareness or information on specific PA management tools, such as the NPA Management Plan. Communities do have representatives on the NPA Management Committee, but often the information does not flow from the representatives to the wider community. Regarding NPA boundaries, these are generally known by community members. Communities are collaborators with SERNANP for monitoring and patrolling, although the need for

better communication was identified, to better articulate surveillance interventions between communities and park rangers.

#### **NPA Headquarters:**

**Workshop Consultations with NPA Managers.** During a workshop with NPA Managers (October 17-18th), the project team explained to NPA Managers and participants that the 6 NPAs are a shortlist of eligible sites for financing under the project, and final selection of 2-4 sites will be made in implementation based on set criteria and budget. NPA managers understood this, and nevertheless were pleased to be part of the project design process.

The NPA managers were not aware of the SERNANP definition of structural management. NPA managers suggested the effective management is achieved if a Management Plan is fully implemented. There was discussion on the benchmarks or “management goals” of structural management, and all agreed that these are key to achieving NPA management effectiveness, and are aligned with key elements of NPA Management Plans. As such, all participants supported the potential that the Initiative, and the GEF project, would support SERNANP and NPA capacity to roll out structural level management, and the goal of reaching structural management in target NPAs. However, the NPA managers mentioned many times about the relevance of conservation agreements with the communities. For example, the manager of Rio Abiseo National Park noted that the NPA is protected mainly of these agreements. This key feedback was absorbed by project proponents, and inclusion of such an approach into the Initiative’s Action Plan goals is being considered.

NPA Managers noted that there has been improvement in the time it takes to develop and coordinate the NPA Management Plan. Previously a 3 year process, it now takes around one year. However, they stated that it is important to provide training to the NPA Head and specialists for updating and monitoring of the Management Plans. NPA managers also said that completing the METT questionnaire during project preparation helped them to see areas that still need work for improved performance.

In general, participants agreed that financial mechanisms are a key strategy to be able to advance Management Plans and achieve results for effective management, and any mechanisms developed should be reflected in Management Plans. NPA managers tended to conflate sustainable financing mechanisms for the NPA and NPA System with economic activities for the population that lives in or close to the NPA. A key barrier perceived by NPA managers is the flow of any income generated by financial mechanisms. For example, in the case of tourism, if an NPA generates income, this income goes to central treasury, and then part of that income comes back to the NPA after one year, due to lags in planning time. As such, an NPA generating more income does not necessarily receive increased budget; so there is no strong incentive. Regarding financial planning, the Managers noted that there is a need for a clear process to prioritize management activities, and to plan for and track both SERNANP and counterpart funding in annual plans. Further, there is a need to have a financial plan for five years, aligned with the 5 year Management Plan.

**On-site Consultations with NPA Staff.** Discussions at the NPA Headquarters suggested a need to strengthen the Management Committees, and their capacity to get information to local communities in a timely and effective way. Capacity for patrol and surveillance was identified as a weakness, due to deficiencies in equipment and the number of staff as a result of limited budgets, and due to lack of communications connectivity due to low mobile

phone signals. Another recurring barrier is the lack of resources available for operating expenses. For example, for surveillance and control by boats, there is always a cost of fuel that cannot always be covered. Overall, the number of Park Rangers is perceived as insufficient.

Interviewees expressed the importance of using a consensus-based process to define and analyze potential financial mechanisms to be implemented at NPAs, with the participation of key stakeholders in each case, and in line with the Management Plan of the area. It was noted that tourism in the parks is growing, but in an ad hoc and not strategic way. Additionally, lack of tourist infrastructure was noted as a deficiency. It was suggested that economic opportunities for communities inside and around the NPAs are needed, as an alternative to sometimes destructive practices in the forests.

### **Local businesses/Private Sector**

Meetings with the private sector illuminated a need for better coordination between private sector and SERNANP. For eco-tourism companies, the status of conservation is crucial for their business. At present, such companies collaborate with protected areas, but they noted a need for greater coordination to provide adequate management. New opportunities for joint work under the modalities of Public Private Partnerships for tourism activities using public infrastructure were also identified as attractive to the private sector. Some companies have been giving economic contributions to SERNANP, as environmental-social responsibility. There was interest in the idea of having systematic contributions to SERNANP, to create greater visibility of their contributions to conservation, which helps them to position themselves as responsible companies.

### **Local public institutions**

During consultation with local government, the main issues raised, related to the effective management of protected areas, were the need to articulate the conservation actions of SERNANP with those of Regional Conservation Areas, and with concessions for conservation. There was general acceptance and willingness to support a project whose objective is achieving financial sustainability for the effective management of protected areas with national administration and with a territorial articulation approach from all of the actors. However, it is important to note that the project approach could be perceived as too limited to a not so modern protected area management paradigm, where territorial articulation is not emphasized; therefore it is key for the strategic axis of the project to make clear the territorial approach that will be paramount for the mechanisms to be explored. This was specifically pointed out by the Loreto regional government, exposing the multiple benefits of an adequate territorial management to achieve the effectiveness in the conservation of the ANP values.

Local government stakeholders understood financial sustainability for effective management to mean support for economic activities; whereas this project aims for financial sustainability, as generation of income for the NPA or the SINANPE at system level. Local government stakeholders agreed on the importance of having financial strategies to adequately maintain conservation areas. Potentially viable mechanisms were recognized as: payment for ecosystem and water services, the controlled use of natural resources, and the promotion of tourism. The latter aligns with the vision of the Regional Directorates of Tourism.

Regarding effective management, local government stakeholders perceive effective management as biodiversity conservation to generate socio-economic benefits, and were not familiar with the SERNANP-defined levels of management (basic, structural, optimal). There was agreement on the needs or requirements of the PAs as part

of the intermediate results to achieve effective management, such as equipment, infrastructure, operating expenses. However, very few actors knew about the conservation objectives/priorities of each area included in their corresponding master plans.

#### **Local NGO's and other actors**

Consultations were held with organizations that work directly with communities and have links with NPA headquarters, as well as universities and other academic actors. The main topics of discussion were the incorporation of academia project strategies, the consideration of landscape management, and the importance of local knowledge. Local actors have expertise to contribute to the project in the themes of use of natural resources (PRONATURALEZA and CENDIPP in Loreto), relevant and up-to-date research and research priority of SERNANP (UNIQ, IIAP, ONES), and the on-ground execution of conservation (local/field offices of WCS, SPDA).

## **4.2 STAKEHOLDER ENGAGEMENT IN PROJECT IMPLEMENTATION**

Key stakeholders will continue to be engaged during project implementation, as described in Tables 9 and 10 below.

Information regarding the project and the PdP Initiative (e.g. news, activities, publications, reports, etc.) will be included and updated regularly on the websites and social media of SERNANP, PROFONANPE, WWF, and other key partners.

Table 9 Engagement of national stakeholders in project implementation

Stakeholder	Role	Engagement Approach
<b>Ministry of Environment (MINAM)</b>	Influential stakeholder	<ul style="list-style-type: none"> <li>MINAM will be informed and consulted on Project strategies related to sustainable financing and NPA management</li> </ul>
<b>Ministry of Economy and Finance (MEF)</b>	Influential stakeholder	<ul style="list-style-type: none"> <li>MEF has influence over the adoption of policy or initiatives related to financial mechanisms, especially those related to taxes</li> <li>MEF will be consulted and informed related to all project strategies for developing sustainable financing</li> </ul>
<b>Ministry of Foreign Trade and Tourism</b>	Influential stakeholder	<ul style="list-style-type: none"> <li>The project team will coordinate with the Ministry to ensure synergies for any project work under Component 2 or 3 that promotes tourism linked to NPAs</li> <li>The Ministry is a key actor to the negotiation of any financial mechanisms related to tourism, and will be informed and consulted related to such work under Component 2</li> </ul>
<b>Indigenous Federations</b>	Influential stakeholder and representative of local indigenous communities potentially impacted (negative or positive) by the project	<ul style="list-style-type: none"> <li>Consultation with the Indigenous Federations will continue on throughout project implementation, to inform of project activities and receive feedback on project activities that may affect local indigenous communities in the project area – directly or indirectly, and positively or negatively.</li> </ul>
<b>WWF</b>	Co-financing stakeholder	<ul style="list-style-type: none"> <li>As one of the key donors to the Initiative’s transition fund, WWF will be engaged throughout project implementation.</li> </ul>
<b>Gordon and Betty Moore Foundation</b>	Co-financing stakeholder	<ul style="list-style-type: none"> <li>As one of the key donors to the Initiative’s transition fund, Moore will be engaged throughout project implementation.</li> </ul>
<b>KfW</b>	Co-financing stakeholder	<ul style="list-style-type: none"> <li>As the key project co-financier, via SERNANP, KfW will be engaged throughout project implementation.</li> </ul>

Table 10 Engagement of local stakeholders in project implementation

Stakeholder	Role	Engagement Approach (Methods or Activities)
<b>Target NPA Headquarters</b>	Directly involved in project execution at the target NPA	<ul style="list-style-type: none"> <li>• Consultation with NPA Managers and key staff during feasibility studies on financial mechanisms (Component 2) and in planning and execution of management activities (Component 3)</li> <li>• Semi-annual meetings on progress of results, with the project management team and the NPA Management Committee.</li> </ul>
<b>NPA Management Committees in Target NPAs</b>	Guidance and decisions regarding project execution at the target NPA	<ul style="list-style-type: none"> <li>• Semi-annual meetings on progress of results, with the project management team and the NPA Management Committee.</li> </ul>
<b>Local and Indigenous Communities at target NPAs</b>	Sometimes directly involved in project execution at the target NPA Beneficiaries	<ul style="list-style-type: none"> <li>• Consultation with local communities that may be directly or indirectly affected by, or involved in, project strategy execution will be held after the target NPAs are selected, and during the process of developing the work plan and budget for activities</li> </ul>
<b>Local government institutions</b>	Stakeholders to coordinate with and keep updated, especially Regional Governments and Regional Tourism Director	<ul style="list-style-type: none"> <li>• Coordination on planning and budgeting at the target NPAs for Component 2 and 3</li> <li>• Coordination for execution of financial mechanisms and effective management at the target NPAs</li> <li>• Invited to attend the half-yearly meetings on progress of results at relevant target NPAs</li> </ul>
<b>Private sector</b>	Potential partners for coordination for executing the pilots of financial sustainability mechanisms at the target NPAs	<ul style="list-style-type: none"> <li>• Coordination for the planning and execution of pilots of any related financial mechanisms in the target NPAs</li> </ul>

## SECTION 5: ENVIRONMENTAL AND SOCIAL SAFEGUARDS

The project is classified as a Category B for safeguard purposes. The project is essentially a conservation initiative, expected to generate positive and long-lasting social, economic and environmental benefits. However, Component 2 and 3 of the project have some potential social and environmental impacts as it includes acquisition of equipment and vehicles, equipment maintenance, surveillance system improvements, biological control and monitoring, master plan updating, boundary marking, basic infrastructure construction and repositioning and resource management plan preparation. Component 3 will finance these investments through the PDP Transition fund in the NPAs to improve effective management of the identified NPAs.

The proposed project triggered the following WWF's safeguards policies.

The policy on Natural Habitats is triggered as the proposed project directly targets protecting and restoring species and their habitats; strengthening local communities' ability to conserve the natural resources they depend on; and transforming markets and policies to reduce the impact of the production and consumption of commodities.

Although it is unlikely that the proposed project will cause displacement of people from their homes or farms, the policy is triggered because ensuring effective management may restrict or prohibit the extraction of resources in certain areas of the NPA and in some categories of the NPAs, limit access to resources required for the subsistence and cultural maintenance of the affected populations. For example, zoning plans and conservation agreements inside or near NPAs may involve a net loss of access to resources in some communities. Conservation agreements between SERNANP and communities may limit the amount of a resource (e.g. fish or fruit) that may be taken in a month or year. In such cases, conservation agreements embody the principles of a process framework. In some cases, it may be necessary to find ways to offset the loss of access and incorporate such agreements into the conservation agreements. Compliance with WWF policy requires conducting an analysis of the net impact of conservation agreements and zoning plans to assure that communities do not undergo significant erosion of access to natural resources on which they depend.

WWF's policy on Indigenous People is triggered in the cases of two of the short listed NPAs - RCN Machiguenga and RN Pacaya-Samiria. In RCN Machiguenga, there is an agreement in place between the Indigenous Communities in the area and SERNANP that meets the criteria for an Indigenous Peoples Plan (IPP) including co-management of the NPA. In the case of Pacaya-Samiria, contacts between the Park Management and the Indigenous Communities living inside the NPA or its buffer zone are sporadic and undeveloped. The situation in Pacaya-Samiria is exacerbated by hydrocarbon drilling and pipelines inside the area of the Reserve. Therefore in order to comply with WWF's policy an Indigenous People Plan will need to be developed for RN Pacaya-Samiria through dialogue with the all-relevant stakeholders.

Since sites for the implementation of potential activities to ensure effective management has not yet been defined, an ESMF was prepared by the Executing Agency PROFONANPE and the lead technical Ministry SERNANP to guide mitigation of any potential adverse environment and social impacts identified once sites have been selected. The Executing Agency and the lead Ministry conducted a series of stakeholder consultations during the

preparation of the project design and development of the ESMF including meeting with local communities in all six potential NPAs.

The ESMF includes elements of an Indigenous People Planning Framework as well as a Process Framework. The ESMF includes guidance on developing site-specific environment and social impact assessments/environment and social management plans, Indigenous People plan (IPP) for those selected NPAs where Indigenous People will be impacted as well as offsetting as restriction of access to natural resources. The Operations Manual that will be developed for the Transition Fund will integrate steps necessary to implement the ESMF.

The Project Manager will have overall responsibility of executing all project activities in accordance with WWF's Environment and Social Safeguards Integrated Policies and Procedures (SIPP). An Environmental and Social Safeguards Officer will be hired under the PMU and will work closely with SERNANP and the technical staff. He or she will advise the Project Manager and oversee the implementation of the ESMF. Individual consultants will be hired by the Executing Agency to develop site specific ESIA's, IPPs or offsetting measures developed together with local communities that would mitigate any access restriction to natural resources caused by development of Conservation Agreements. The Environmental and Social Safeguards Officer will also

- Maintain and continuously update a list of all investments supported by the project;
- Develop terms of reference for safeguards consultants who carry out ESIA's
- Coordinate and participate in training SERNANP staff at the local and national levels;
- Review ESIA's presented for adequacy;
- Make frequent visits to NPAs where projects involving safeguards are under implementation;
- Discuss ESIA's, zoning plans and conservation agreements with NPA Managers to assure compliance with WWF's SIPP;
- Review progress reports regarding investments;
- Prepare project progress reports on safeguard implementation;
- Track grievances and grievance adjudication

WWF GEF Agency will provide necessary training to the PMU especially the Environment and Social Safeguards Officer on WWF's SIPP and will conduct annual supervision mission to provide oversight on the implementation of the ESMF and any other site-specific safeguards tools developed and implemented.

## SECTION 6: GENDER EQUALITY

### Gender in Peru

Peru scores .947 in the Gender Development Index (GDI)<sup>61</sup> and .406 in the Gender Inequality Index. These results indicate an average level with respect to gender equity in comparison with other countries at a global level (see footnote)<sup>62</sup>, and are characterized by various factors. Women in Peru usually receive lower income per capita and have lower labor force participation. Although women's education levels are continually growing, boys are still

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<sup>61</sup> The Human Development Index analyses the achievement of women and men (life expectancy, income, education). (<http://hdr.undp.org/en/composite/GDI#b>)

<sup>62</sup> GII takes into account reproductive health, empowerment, the labor market and fluctuates from 0 where men and women fare equally, to 1 when one of the genders fares as poorly as possible in all measured dimensions. ([http://hdr.undp.org/sites/all/themes/hdr\\_theme/country-notes/PER.pdf](http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/PER.pdf))

more likely to obtain a secondary education degree<sup>63</sup>. With regard to political representation, the participation of women is improving, but still remains low. A law enacted in 2002 requiring representation by at least 30% of both genders in every political party (see national laws below) has achieved progress in women's representation in Congress, which rose from 11.67% during the period 1995-2000 to 21.5% in 2011-2016<sup>64</sup>.

In the home, the available statistics show that women continue dedicating much more time to household duties than men (13.4 hours in the case of woman and 4.02 hours for men)<sup>65</sup>. The rate of domestic violence is high. According to reports, approximately 36.4 % of women suffer abuse at least once in their lifetime (2013)<sup>66, 67</sup>.

In rural areas, the gender gap is frequently higher. For instance, while the difference in education between men and women is decreasing across Peru, women in rural areas have higher illiteracy levels than men. These are also higher than the rates for both men and women in urban areas<sup>68</sup>.

Recognizing the gender gap, Peru has enacted many laws to promote gender equity at the national level, underpinned by national and international standards. Moreover, the Peruvian government has committed itself to gender equity in national and international forums. These standards and laws have the objective of reducing the gender gap over time (see Appendix 24).

### **Gender in the Amazon**

People living in the Peruvian Amazon face the highest rates of poverty and suffer greater gender inequality in comparison with other areas of Peru. The USAID Amazon Gender Diagnosis (2013) carried out in collaboration with the Ministry of Women and Vulnerable Populations and the Amazon Interregional Council (CIAM as per its Spanish acronym) identified different gender inequalities in the Amazon region, for example, limited access to health services and impacts from extractive industries. More specifically, with regards to education, women are less likely to complete secondary education. Amazonian women's illiteracy levels are much higher than men's in the same area. The illiteracy levels vary between 34 and 54% in women and between 10 and 21% in men. Those whose native language is other than Spanish face even greater limitations, both in education and medical care<sup>69</sup>. The rates of teenage pregnancy are high, reaching 26.2 %<sup>70</sup>.

### **Gender approach for the project**

The Project will contribute to providing ecosystem and subsistence services to local and surrounding populations where men and women depend on those services and access them in different ways. This range of uses must be considered. The project recognizes the importance of a gender equality approach that includes the roles of both

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<sup>63</sup> <http://www.hdr.undp.org/en/countries/profiles/PER;>

[https://www.inei.gob.pe/media/MenuRecursivo/boletines/informe-tecnico-n02\\_estadisticas-genero\\_enefebmarz2015.pdf](https://www.inei.gob.pe/media/MenuRecursivo/boletines/informe-tecnico-n02_estadisticas-genero_enefebmarz2015.pdf).

<sup>64</sup> [http://transparencia.org.pe/documentos/retos\\_para\\_la\\_participacion\\_politica\\_de\\_la\\_mujer.pdf](http://transparencia.org.pe/documentos/retos_para_la_participacion_politica_de_la_mujer.pdf)

<sup>65</sup> [http://www.mimp.gob.pe/files/planes/planig\\_2012\\_2017.pdf](http://www.mimp.gob.pe/files/planes/planig_2012_2017.pdf)

<sup>66</sup> <http://www.genderindex.org/country/peru;>

<sup>67</sup> Others refer to much higher statistics (see also the 2015 World Health Organization report):

[http://www.who.int/gender/violence/who\\_multicountry\\_study/fact\\_sheets/Peru2.pdf](http://www.who.int/gender/violence/who_multicountry_study/fact_sheets/Peru2.pdf)

<sup>68</sup> [http://www.mimp.gob.pe/files/planes/planig\\_2012\\_2017.pdf](http://www.mimp.gob.pe/files/planes/planig_2012_2017.pdf)

<sup>69</sup> USAID Amazon Gender Diagnostic 2013, [http://pdf.usaid.gov/pdf\\_docs/pnaec707.pdf](http://pdf.usaid.gov/pdf_docs/pnaec707.pdf)

<sup>70</sup> <https://www.usaid.gov/sites/default/files/documents/1862/PeruCDCS.pdf>

women and men, their knowledge, their skills, and their relationship with environmental resources. As a result, it will incorporate gender equality in all possible areas.

***Gender in project preparation.*** This project meets World Wildlife Fund<sup>71</sup> and Global Environment Facility gender-related policies and puts into practice the incorporation of a gender perspective. During project design, several meetings were held in different communities that inhabit Amazon protected areas and buffer zones. Women attended the meetings to varying extents, and relevant gender notes were recorded (see Appendix 25). However, an important lesson was observed during the project preparation: when meetings were programmed for both genders, women tended to be absent or, when they attended, said little because it is generally accepted that only men participate in natural resources management. Consequently, there was not enough information collected about the specific women roles in Amazon ecosystem conservation and use. In addition to face-to-face meetings, a desk study was undertaken using data collected from reports and other existing publications to understand the gender context in general in Peru. Throughout project implementation, the engagement of men and women will continue to be sought in order to report on the changes from the former project.

***Gender during project implementation.*** Gender equity and women's empowerment will be incorporated into project components throughout the project and in line with SERNANP's regulations related to this issue. As a first step in understanding the gender dynamics and the context in the project area and what will be needed in the gender integration strategy/action plan for this project, a gender analysis will be performed at the start of implementation. The results of the analysis will guide actions aimed at promoting gender mainstreaming in project implementation including (i) promoting gender equality; (ii) reaching out to women or groups of women who are developing initiatives related to the project; (iii) including the gender approach in training of key staff in SERNANP and PROFONANPE. This analysis will enable refinement of current tools for participatory PA management (e.g. gender sensitive stakeholder mapping, radar of stakeholder participation) which by identifying stakeholders as 'communities', 'organizations' or 'ethnic groups' (without taking into account that within these collectives men and women may have different interests, roles and views) may be hindering gender mainstreaming. Other provisions to promote gender equity and mainstreaming include compilation of data on natural resource use/management disaggregated by gender; gender sensitive participatory tools that would encourage the involvement of both women and men, either together or separately if necessary due to cultural, social or other reasons; inclusion of gender specific indicators in management plans, among other.

***Responsibility for the inclusion of a gender approach in the project implementation.***

In year 1, following the gender analysis, **PROFONANPE's Gender Specialist**<sup>72</sup> will identify specific and targeted opportunities to mainstream gender within the project interventions (examples provided in Table 11 below). The **PMU staff** will ensure these opportunities are included in the project execution, and will report on these interventions. The **M&E Officer** in the PMU will be responsible for collecting and reporting gender disaggregated and gender responsive project indicators, and identifying to the Project Manager areas for adaptive management to improve gender mainstreaming. The **Project Steering Committee** will evaluate and advise on key

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<sup>71</sup> [http://assets.worldwildlife.org/publications/9/files/original/9\\_WWF\\_Gender\\_Policy.pdf?1342687922](http://assets.worldwildlife.org/publications/9/files/original/9_WWF_Gender_Policy.pdf?1342687922)

<sup>72</sup> The Gender Specialist is recruited through co-financing.

recommendations related to gender, and provide overall assurance that gender aspects are incorporated throughout project execution and adaptive management.

Table 11 Possible activities under project components to incorporate gender equality and women’s empowerment

Responsible	Activities incorporating a gender perspective
<b>Component 1. Development of a multi-partner, public-private initiative for long-term financial sustainability of the NPAs in the Peruvian Amazon</b>	
PMU in coordination with SERNANP and PROFONANPE.	<ul style="list-style-type: none"> <li>• Gender equality will be included as a guiding principle in the PdP Initiative’s Action Plan</li> <li>• PdP Operations Manual will include indicators and activities to incorporate a gender perspective</li> <li>• Gender equality will be promoted in the Project Steering Committee and in spaces for dialogue and decision making.</li> <li>• Participating organizations linked to the project will be trained in the gender approach.</li> </ul>
<b>Component 2. Diversification of sources to increase NPA financing</b>	
SERNANP PROFONANPE	<ul style="list-style-type: none"> <li>• Assessment and feasibility studies for relevant financing mechanisms will include a gender component to identify the division of labor according to gender, and to evaluate the different knowledge and skills of men and women related to the mechanisms.</li> <li>• The pilots for financial mechanisms will seek to incorporate a gender approach and identify opportunities for both men and women. Lessons learned from these experiences will incorporate recommendations and best practices on how to incorporate gender in the selection and implementation of such mechanisms.</li> </ul>
<b>Component 3. Implementation of PdP Action Plan measures to consolidate and improve the effective management of Amazon NPAs</b>	
SERNANP	<ul style="list-style-type: none"> <li>• Gender equality will be promoted in activities linked to the management goals, including training, participation in the NPA management committees, NPA planning, monitoring and evaluation</li> <li>• Compliance will be sought with gender approach guidelines for NPA management that SERNANP is planning to develop.</li> </ul>
<b>Component 4. Project Coordination and M&amp;E</b>	
PMU	<ul style="list-style-type: none"> <li>• Development of a document and activities to harmonize gender policies across the different project partner institutions and the measures to be applied for their fulfilment.</li> <li>• Proposal and implementation of activities to ensure gender equality.</li> <li>• As appropriate, inclusion of gender disaggregated indicators at the output level for M&amp;E of Annual Work Plans</li> </ul>

**SECTION 7: MONITORING AND EVALUATION**

**7.1 OVERVIEW OF MONITORING AND EVALUATION**

The project M&E plan was designed based on GEF Results Based Management (RBM) policy and guidance, and in accordance with the WWF Network Program and Project Management Standards (PPMS). Developed in conjunction with major international environmental NGOs and endorsed by the WWF Network, the Program and Project Management Standards lend consistency to planning, implementing, monitoring and reporting effective conservation projects and programs worldwide. The monitoring and evaluation (M&E) plan is designed to help

project teams plan, execute, monitor and report progress towards expected results in a consistent and routine manner.

To enable efficient and effective project monitoring of achievement of the project development objective, both objective and outcome level indicators have been selected, clearly defined to enable uniform data collection and analysis, and targets have been set (in Results Framework, Appendix 21). Implementation progress will also be assessed according to targets in the Annual Work Plan and Budget development.

Project evaluation will be conducted through project reporting (bi-yearly project progress reports, and quarterly financial reports) and mid-term and final evaluation by external consultants.

The frequency and schedule of data collection and reporting for the project is defined below (see section 7.2), along with the roles and responsibilities of project team members (see section 7.3). A total of \$654,499 has been budgeted for monitoring and evaluation activities and associated staff and consultancy needs (see Budget).

## 7.2 MONITORING & EVALUATION COMPONENTS & ACTIVITIES

The project Monitoring & Evaluation System has multiple elements. *The PMU is responsible for the following:*

**Project Results Monitoring Plan (Results Framework).** The Project Results Framework (Appendix 21) includes: indicators at the objective and outcome level; methodology for data collection and analysis; responsible parties for data collection; frequency of data collection; baseline information; yearly or mid-term and project close targets; and any key assumptions or related risks that should be monitored or addressed. Throughout the life of the project, the data collected on these indicators will be analyzed to determine if the project strategies are working towards achieving its expected results. Progress against the indicator targets will be reported on at the end of each project year, and will contribute to the project's rating on achievement of the project development objective. Some indicators in the project Results Framework currently have no baseline or targets. The baseline and related targets for these indicators will be developed within the first 6 months of project implementation. Other omitted targets will be determined based on the activities implemented and decisions taken during project execution, as explained in the notes of the results framework.

**Annual Work Plan Tracking.** Towards the end of each project year, the executing agency's PMU will work with project partners to develop a detailed Annual Work Plan and Budget (AWPB) that includes targets for key activities to achieve the outputs. When possible, the development of the annual work plan should take into account suggestions for adaptive management and lessons learned that result from the reflections workshop and which are reported in the biannual Project Progress Reports. The AWPB will be given a no-objection from the WWF GEF Agency, and endorsed by the Project Steering Committee prior to start of the next project year. Tracking against the AWPB targets will be reported on bi-annually, and the end of year tracking will contribute to the project's implementation progress rating.

**Consultant Progress Reports.** The Project Management Unit will receive regular progress reports from any consultants/contractors. These reports will document progress on project activities, challenges encountered, expenditures, lessons learned, and any adaptive management measures suggested or applied, and will feed into the bi-annual Project Progress Reports developed by the PMU.

**Quarterly Financial Reports.** The PMU Finance and Operations Manager will submit a financial progress report every 3 months using the WWF Network Standard financial reporting template. These reports will be delivered to the WWF-GEF Agency and the WWF-US Program Operations team, and will include information on expenditures to date along with expected future expenditures and requests for disbursement to cover expected expenditures from the next quarter.

#### **Annual Reflection Exercise or Workshop**

Prior to completing the annual Project Progress Report, the PMU will organize a Reflection Workshop with key project partners to review whether the project strategies are having the expected results according to the project theory of change, analyze risks and assumptions that hinder project success, suggest modifications to make the project more efficient or effective, and reflect on lessons from the past year of project implementation. The Operational Focal Points will be informed of this workshop.

**Bi-annual Project Progress Reports (PPRs).** The PMU will complete a Project Progress Report after 6 months and 12 months of each project year. The 12-month PPR reports on the progress for the whole project year with particular emphasis on the most recent 6 months of the project. The PPR will report on the progress against the Annual Work Plan and Budget (AWPB), the Results Framework, and the key findings of the Annual Reflection Workshop. The report will be reviewed and approved by the Project Steering Committee, and then submitted to the WWF-GEF Agency. The PMU will use the WWF-GEF Project Progress Report (PPR) template. The report will include:

- Rating of project Development Objective (DO), Implementation Progress (IP), and Project Risk using GEF & WWF-GEF rating criteria;
- Action plans for suboptimal risk ratings (if any);
- Discussion of outcome and impacts of the project, based on data from project monitoring and evaluation plan (including results framework in Appendix 9);
- Progress towards implementation and expenditure of the Annual Work Plan and Budget with discussion on unexpected results or spending;
- Challenges and strengths of the project;
- Summary of gender mainstreaming and gender-related activities;
- Project lessons learned;
- Reflection on opportunities for adaptive management;
- Financial progress (including co-financing reporting in the 12-month report).

**GEF Tracking Tool.** The GEF tracking tool measures progress in achieving the impacts and outcomes established at the project and program level and measures contribution to the GEBs. The PMU will measure contributions toward the relevant indicators in the ASL Program GEF Tracking Tool. The GEF Tracking Tool indicators are measured three times during the course of the program--at CEO Endorsement, at the midterm, and at the end of the project.

**Midterm Project Evaluation Report.** An independent Midterm Project Evaluation will take place around the three-year mark of project implementation (i.e. mid-term), providing an external evaluation of the project effectiveness and efficiency to date. It will provide recommendations to the project team on adaptive management measures that can be done to improve effectiveness and efficiency in the second half of the project. The WWF-GEF Agency,

in collaboration with the PMU and the Project Steering Committee, will provide a formal management answer to the findings and recommendations of the midterm evaluation. The PMU will provide logistics and requested information to the evaluator. The report will be shared with the Operational Focal Points.

**Project Close Report.** The Executing Agency and PMU will develop a project closeout report, using the WWF-GEF template. The report will outline the same areas as the PPRs, but will be cumulative for the whole project period, and will also include information on project equipment handover, an assessment of WWF GEF performance, an exit and sustainability plan, and will focus on key lessons from the project. This report is due within one month of project close.

**Terminal Evaluation Report.** An independent Terminal Evaluation will take place within six months of project completion, providing an external evaluation of the overall project effectiveness and efficiency. It will provide recommendations for WWF-GEF and other agencies on future sustainable finance conservation projects, and recommendations to the project team on achievement and sustainability of the project impacts after completion of the project. The WWF-GEF Agency in collaboration with the PMU and the Project Steering Committee will provide a formal management answer to the findings and recommendations of the terminal evaluation. The report will be shared with the Operational Focal Points.

The Terms of References for the midterm and terminal evaluations will be drafted by the WWF-GEF Agency and Executing Agency in accordance with GEF requirements and the consultant will be contracted by the WWF-GEF Agency. The funding for the evaluations will come from the project budget.

*The WWF GEF Agency is responsible for the following project reporting elements:*

**Annual WWF-GEF Project Implementation Report (PIR).** Around December<sup>73</sup> of each year (or as designated by the GEF Secretariat), the WWF-GEF Agency will deliver to the GEF Secretariat an Annual Project Implementation Report (PIR), building off of the semi-annual PPRs delivered by the PMU. The PIR includes general project information, an implementation summary, results framework, GEF rating criteria, and financial status.

**Annual WWF-GEF Monitoring Review (AMR).** Around August<sup>74</sup> of each year, the WWF-GEF Agency will send to the GEF Secretariat an Annual Monitoring Review (AMR). The AMR is an Excel document with ratings and financial information for every project in the WWF-GEF Agency's portfolio, including the project described in this document. The ratings will be determined by the WWF-GEF Agency, based on ratings reported in PPRS by the PMU, data from the latest results framework and AWPB tracking, and from supervision missions.

**WWF-GEF Project Supervision Reports.** Annually, the WWF-GEF Agency will conduct an implementation supervision mission to discuss project progress with the Executing Agency and PMU, key stakeholders and executing partners. The PMU will assist in organizing logistics for the supervision mission in communication and coordination with the WWF-GEF Agency, and the mission will serve to assist the WWF-GEF Agency in supervising project implementation and monitoring WWF Safeguard Policies in the project regions. The WWF-GEF Agency will develop a report for each annual mission, which the Executing Agency can respond to.

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<sup>73</sup> The date may adjust depending on GEF Secretariat calendar.

<sup>74</sup> The date may adjust depending on GEF Secretariat calendar.

### 7.3 PROJECT STAFF DEDICATED TO M&E

The Project Management Unit (PMU) is responsible for ensuring the monitoring and evaluation activities are carried out in a timely and comprehensive manner and that the data collected is used appropriately for reporting and adaptive management. Staff within the PMU will serve various roles in project M&E.

**Project Manager, PMU.** The Project Manager is responsible for completing Project Progress Reports and ensuring that the project M&E plan is implemented to WWF-GEF standards, on time to meet reporting deadlines, and of highest possible quality. The PMU Manager oversees the collaborative development of annual project work plans (with any executing partners) and their implementation, based on the reflections of the progress reports and M&E plans. As appropriate, the Project Manager will discuss adaptive management measures based off M&E information with the M&E Officer, the Project Coordinator, Project Steering Committee, and WWF-GEF Project Manager.

**Monitoring, Evaluation, and Reporting Officer, PMU.** Under the guidance and supervision of the Project Manager, the Monitoring, Evaluation & Reporting Officer (M&E Officer) will be responsible for M&E activities, including tracking project implementation against the project work plans. The M&E Officer will be responsible for consolidating, collecting and analyzing different data in relation to the project activities, outputs, and outcomes; maintaining the M&E plan and results framework of the project; and supporting the Project Manager in preparing the semi-annual and annual reports on project progress. Depending on the data measured, the M&E Officer may be collecting information from consultants or technical experts or partners in the field. In addition, the M&E Officer is responsible for identifying potential opportunities for adaptive management, and will seek feedback from the PMU and partners throughout the analysis.

**Finance and Operations Manager, PMU.** The Finance and Operations Manager is responsible for tracking the budget; facilitating financial transactions between WWF-GEF, and any executing partners or consultants; and preparing and delivering the quarterly project-level financial reports included in the M&E plan.

## SECTION 8: PROJECT BUDGET AND FINANCING

### 8.1 PROJECT BUDGET OVERVIEW

GEF has allocated the project a total budget of US\$9,007,528 over a six-year period. Project activities will take place over the first five years. The sixth year will see activities associated with financial closure, evaluation, systematization of results, and the final report. The project has five components: The first three components deliver project outputs and objectives. The fourth covers monitoring and evaluation activities. The fifth covers project management costs (PMC). PROFONANPE is the primary recipient for the funds from GEF and it will oversee the whole process for procurement and recruitment in coordination with SERNANP.

Component 1 represents 10% of the total budget (US\$901,978). Almost 80% of its disbursements will be made in the first two years of project implementation. This is because Component 1 will support establishment of the PdP's governance structure and many of its activities will occur before and during the establishment of the transition fund (for example, the single close agreement, the operations manual, information and reporting

systems, the communications strategy). The component is very important because it will lay the foundation for implementation of Component 3 activities.

Component 2 represents 18% of the total budget (US\$1,646,564). Two-thirds of the component's resources will focus on Output 2.3.4—"Pilot implementation of up to three financial mechanisms at site level, new or improved, with the best score"—the activities of which will take place from years one to five. This is consistent with the objective since financial sustainability requires NPAs to generate their own resources and become self-sustaining in the long term. The pilots will shed light on their financial potential and lay the foundation for replication and/or scaling up the experiences in other NPAs.

Component 3 has the largest budget: US\$5,375,557—or 60% of the total allocation. This component makes up the greatest investments in the NPAs and will contribute to improving their management. The majority of the funds will go to the PdP transition fund, the implementation of which will begin during year two. The component includes activities such as equipment and vehicle investment, surveillance system improvements, biological control and monitoring, master plan updating, boundary marking, basic infrastructure construction and repositioning, personnel training (heads, park rangers and specialists), NPA recording in the national register, management committee establishment and operation, resource management plan preparation, and guidelines and methodologies updating.

Component 4 represents 7% of the total budget (US\$654,499) and includes monitoring, evaluation, and coordination with the regional program and the other GEF projects—two in Colombia, one in Brazil, and another in Peru. These funds will be executed proportionally over the six years of the project.

The PMC represents 5% of the total budget, or \$428,930. It includes part of the time of personnel contracted by the project, the costs of the mid-term review and the final audit, as well as other direct costs of PROFONANPE.

Table 12 sets out the distribution of the project's six-year budget, at component, outcome, and output level.

Project co-financing totals US\$54,460,781. This represents more than six times the total budget allocated by GEF. It comes principally from three institutions—SERNANP, WWF, PROFONANPE. Of the total SERNANP co-financing (US\$ 38,000,000), some US\$20,000,000 will be in cash and the remainder in kind. WWF will provide US\$5,000,000 in cash, plus US\$10,000,000 from the Gordon and Betty Moore Foundation, and US\$ 1,054,781 in kind. PROFONANPE will provide US\$406,000 in kind as part of the PMC.

This co-financing will assist with delivery of some key project outputs, most them associated with Component 3, where three-quarters of the co-financing total (almost US\$ 40,000,000) is allocated. The co-financing amounts for components 1 and 2 are similar in size (representing 8.7% and 10.3% of the budget respectively). The allocation for Component 4 represents 5.6%. The PMC allocation represents 2.2%.

Table 13 sets out the distribution of the co-financing by institution at outcome/output level. Within each component, each output is weighted equally.

Table 12 Annual Budget Summary

Amazon Sustainable Landscapes Program ANNUAL BUDGET SUMMARY							
CATEGORY	PROJECT TOTAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
<b>COMPONENT 1: Development of a multi-partner, public-private initiative for long-term financial sustainability of the NPAs in the Peruvian Amazon</b>	<b>901,978</b>	<b>533,475</b>	<b>157,575</b>	<b>77,075</b>	<b>59,584</b>	<b>47,584.00</b>	<b>26,684.98</b>
<b>1.1 Government and donor commitment secured for a long-term financial sustainability initiative for effective management of Peru's Amazon NPAs</b>	<b>295,091</b>	<b>140,758</b>	<b>90,358</b>	<b>20,358</b>	<b>20,361</b>	<b>14,361.00</b>	<b>8,895.00</b>
1.1.1 A 10-year integrated conservation and financial Action Plan to consolidate and improve management effectiveness of the Amazon NPAs as agreed between partners of the PdP Initiative	81,297	41,186	10,786	10,786	10,787	4,787	2,965
1.1.2 PdP Initiative's Framework Agreement (Single Close)	36,897	14,786	4,786	4,786	4,787	4,787	2,965
1.1.3 Targeted donor communications and fundraising strategy for the PdP Initiative	176,897	84,786	74,786	4,786	4,787	4,787	2,965
<b>1.2 PdP Initiative for financial sustainability of NPAs in the Amazon operationalized</b>	<b>431,191</b>	<b>358,858</b>	<b>15,858</b>	<b>15,858</b>	<b>15,861</b>	<b>15,861</b>	<b>8,895</b>
1.2.1 Operations Manual for the PdP Initiative	47,897	25,786	4,786	4,786	4,787	4,787	2,965
1.2.2 Governance structure and management systems for the PdP initiative	36,397	8,286	6,286	6,286	6,287	6,287	2,965
1.2.3 A comprehensive financial information management system for all sources of financing	346,897	324,786	4,786	4,786	4,787	4,787	2,965
<b>1.3 PdP integrated in SERNANP and across other sectors for the management and financing of the Amazon NPAs</b>	<b>175,696</b>	<b>33,859</b>	<b>51,359</b>	<b>40,859</b>	<b>23,362</b>	<b>17,362</b>	<b>8,895</b>
1.3.1 Inter-sectoral coordination mechanisms	80,897	21,286	21,286	13,786	13,787	7,787	2,965
1.3.2 Staff training on PdP	61,897	4,786	22,286	22,286	4,787	4,787	2,965
1.3.3 Technical support to mainstream PdP into the SINANPE Master Plan	32,902	7,787	7,787	4,787	4,788	4,788	2,965

<b>COMPONENT 2. Diversification of sources to increase NPA financing</b>	<b>1,646,564</b>	<b>175,480</b>	<b>433,430</b>	<b>362,830</b>	<b>349,830</b>	<b>293,322</b>	<b>31,671.99</b>
<b>2.1 NPA values and benefits showcased to increase public and private support for PdP and new financing mechanisms</b>	<b>98,266</b>	<b>17,320</b>	<b>29,820</b>	<b>14,820</b>	<b>14,820</b>	<b>14,818</b>	<b>6,668</b>
2.1.1 Economic impact and valuation studies of NPAs	52,883	8,910	21,410	6,410	6,410	6,409	3,334
2.1.2 Targeted communications, learning tours and meetings to leverage government and sectoral support for NPA financing	45,383	8,410	8,410	8,410	8,410	8,409	3,334
<b>2.2 Increased options for the sustainable financing of NPAs</b>	<b>1,548,298</b>	<b>158,160</b>	<b>403,610</b>	<b>333,010</b>	<b>335,010</b>	<b>278,504</b>	<b>25,004</b>
2.2.1 Short list of mechanisms to generate revenue for the sustainable financing of Amazon NPAs	65,383	36,410	6,410	6,410	6,410	6,409	3,334
2.2.2 Feasibility studies of the shortlisted financial mechanisms	115,383	31,410	61,410	6,410	6,410	6,409	3,334
2.2.3 Action plan and guidelines for the development of viable mechanisms	55,383	6,410	6,410	26,410	6,410	6,409	3,334
2.2.4 Pilot implementation of up to three financial mechanisms at site level, new or improved, with the best score	1,091,383	37,110	282,560	256,960	256,960	234,459	8,334
2.2.5 Proposals of new or improved mechanisms at national/system level	135,383	40,410	40,410	30,410	10,410	10,409	3,334
2.2.6 Case studies and strategies for the replication of pilot site mechanisms	85,383	6,410	6,410	6,410	48,410	14,409	3,334
<b>COMPONENT 3. Implementation of PdP Action Plan Measures to consolidate and improve the effective management of Amazon NPAs</b>	<b>5,375,557</b>	<b>70,775</b>	<b>1,068,275</b>	<b>1,068,275</b>	<b>2,068,275</b>	<b>1,068,278</b>	<b>31,678.98</b>
<b>3.1 Improvements in effective management levels contribute to the conservation of biodiversity, sustainable forest and natural resources management, and maintenance of ecosystem services in 2 to 4 Amazon NPAs</b>	<b>5,375,557</b>	<b>70,775.00</b>	<b>1,068,275</b>	<b>1,068,275</b>	<b>2,068,275</b>	<b>1,068,278</b>	<b>31,679</b>
3.1.1 Final selection of NPAs from the short list to be financed with GEF contributions to the TF	96,854	19,592	17,092	17,092	17,092	17,093	8,893
3.1.2 Work Plan and budget for each selected NPA	154,354	29,092	29,092	29,092	29,092	29,093	8,893
3.1.3 Implementation of eligible activities to consolidate and improve effective management in selected NPAs	5,124,349	22,091	1,022,091	1,022,091	2,022,091	1,022,092	13,893
<b>COMPONENT 4: Project Coordination and M&amp;E</b>	<b>654,499</b>	<b>118,101.00</b>	<b>113,501.60</b>	<b>113,501.60</b>	<b>113,501.60</b>	<b>113,495.60</b>	<b>82,397.60</b>
4.1 Project M&E informs project management	365,566	67,928.60	63,328.60	63,328.60	63,328.60	63,324.60	44,327
4.2 Coordination with Regional program	288,933	50,173	50,173	50,173	50,173	50,171	38,070
<b>Project Management</b>	<b>428,930</b>	<b>62,187.67</b>	<b>62,187.67</b>	<b>92,187.67</b>	<b>62,187.67</b>	<b>64,189.67</b>	<b>85,989.67</b>
<b>TOTAL PROJECT COSTS</b>	<b>9,007,528</b>	<b>960,018.68</b>	<b>1,834,969.28</b>	<b>1,713,869.28</b>	<b>2,653,378.28</b>	<b>1,586,869.28</b>	<b>258,423.22</b>

Table 13 Annual Budget Summary – Co-financing

Amazon Sustainable Landscapes Program ANNUAL BUDGET SUMMARY - COFINANCING					
CATEGORY	COFINANCING TOTAL \$	SERNANP	WWF	MOORE	PROFONANPE
<b>COMPONENT 1: Development of a multi-partner, public-private initiative for long-term financial sustainability of the NPAs in the Peruvian Amazon</b>	<b>4,751,556.20</b>	<b>4,500,000</b>	<b>210,956.20</b>	<b>0</b>	<b>40,600</b>
<b>1.1 Government and donor commitment secured for a long-term financial sustainability initiative for effective management of Peru’s Amazon NPAs</b>	<b>1,592,641.91</b>	<b>1,500,000</b>	<b>79,108.58</b>	<b>0</b>	<b>13,533.33</b>
1.1.1 A 10-year integrated conservation and financial Action Plan to consolidate and improve management effectiveness of the Amazon NPAs as agreed between partners of the PdP Initiative	530,880.64	500,000	26,369.53	0	4,511.11
1.1.2 PdP Initiative’s Framework Agreement (Single Close)	530,880.64	500,000	26,369.53	0	4,511.11
1.1.3 Targeted donor communications and fundraising strategy for the PdP Initiative	530,880.64	500,000	26,369.53	0	4,511.11
<b>1.2 PdP Initiative for financial sustainability of NPAs in the Amazon operationalized</b>	<b>1,566,272.38</b>	<b>1,500,000</b>	<b>52,739.05</b>	<b>0</b>	<b>13,533.33</b>
1.2.1 Operations Manual for the PdP Initiative	530,880.64	500,000	26,369.53	0	4,511.11
1.2.2 Governance structure and management systems for the PdP initiative	530,880.64	500,000	26,369.53	0	4,511.11
1.2.3 A comprehensive financial information management system for all sources of financing	504,511.11	500,000	0	0	4,511.11
<b>1.3 PdP integrated in SERNANP and across other sectors for the management and financing of the Amazon NPAs</b>	<b>1,592,641.91</b>	<b>1,500,000</b>	<b>79,108.58</b>	<b>0</b>	<b>13,533.33</b>
1.3.1 Inter-sectoral coordination mechanisms	530,880.64	500,000	26,369.53	0	4,511.11
1.3.2 Staff training on PdP	530,880.64	500,000	26,369.53	0	4,511.11
1.3.3 Technical support to mainstream PdP into the SINANPE Director Plan	530,880.64	500,000	26,369.53	0	4,511.11
<b>COMPONENT 2. Diversification of sources to increase NPA financing</b>	<b>5,651,556.20</b>	<b>5,400,000</b>	<b>210,956.20</b>	<b>0</b>	<b>40,600</b>
<b>2.1 NPA values and benefits showcased to increase public and private support for PdP and new financing mechanisms</b>	<b>1,412,889.05</b>	<b>1,350,000</b>	<b>52,739.05</b>	<b>0</b>	<b>10,150</b>
2.1.1 Economic impact and valuation studies of NPAs	706,444.53	675,000	26,369.53	0	5,075.00
2.1.2 Targeted communications, learning tours and meetings to leverage government and sectoral support for NPA financing	706,444.53	675,000	26,369.53	0	5,075.00

<b>2.2 Increased options for the sustainable financing of NPAs</b>	<b>4,238,667.15</b>	<b>4,050,000</b>	<b>158,217.15</b>	<b>0</b>	<b>30,450</b>
2.2.1 Short list of mechanisms to generate revenue for the sustainable financing of Amazon NPAs	706,444.53	675,000	26,369.53	0	5,075
2.2.2 Feasibility studies of the shortlisted financial mechanisms	706,444.53	675,000	26,369.53	0	5,075
2.2.3. Action plan and guidelines for the development of viable mechanisms	706,444.53	675,000	26,369.53	0	5,075
2.2.4. Pilot implementation of up to three financial mechanisms at site level, new or improved, with the best score	706,444.53	675,000	26,369.53	0	5,075
2.2.5 Proposals of new or improved mechanisms at national/system level	706,444.53	675,000	26,369.53	0	5,075
2.2.6 Case studies and strategies for the replication of pilot site mechanisms	706,444.53	675,000	26,369.53	0	5,075
<b>COMPONENT 3. Implementation of PdP Action Plan Measures to consolidate and improve the effective management of Amazon NPAs</b>	<b>39,792,156.20</b>	<b>24,500,000</b>	<b>5,210,956.20</b>	<b>10,000,000</b>	<b>81,200</b>
<b>3.1 Improvements in effective management levels contribute to the conservation of biodiversity, sustainable forest and natural resources management, and maintenance of ecosystem services in 2 to 4 Amazon NPAs</b>	<b>39,792,156.20</b>	<b>24,500,000</b>	<b>5,210,956.20</b>	<b>10,000,000</b>	<b>81,200</b>
3.1.1 Final selection of NPAs from the short list to be financed with GEF contributions to the TF	2,396,078.10	2,250,000	105,478.10	0	40.600
3.1.2 Work Plan and budget for each selected NPA	2,396,078.10	2,250,000	105,478.10	0	40.600
3.1.3 Implementation of eligible activities to consolidate and improve effective management in selected NPAs	35,000,000	20,000,000	5,000,000	10,000,000	0
<b>COMPONENT 4: Project Coordination and M&amp;E</b>	<b>3,032,756.20</b>	<b>2,700,000.00</b>	<b>210,956.20</b>	<b>0</b>	<b>121,800.00</b>
4.1 Project M&E informs project management	1,516,378.10	1,350,000	105,478.10	0	60.900,00
4.2 Coordination with Regional program	1,516,378.10	1,350,000	105,478.10	0	60.900,00
<b>Project Management</b>	<b>1.232.756,20</b>	<b>900,000</b>	<b>210,956.20</b>	<b>0</b>	<b>121.800</b>
<b>TOTAL PROJECT COSTS</b>	<b>54,460,781</b>	<b>38,000,000</b>	<b>6,054,781</b>	<b>10,000,000</b>	<b>406,000</b>

\*\*Additional contributions to the Transition Fund (~ USD\$20-30 million) is anticipated as additional project co-financing.

Co-financing in cash from SERNANP, WWF, and Moore (US\$35,000,000 in total) is allocated to Output 3.1.3: “Implementation of eligible activities to consolidate and improve effective management in selected NPAs.” Table 14 below sets out the logic of the in-kind co-financing budget distribution by institution, reflecting the relative importance each has in respect of fulfillment of the objectives of each component.

*Table 14 Co-financing distribution by Component*

CATEGORY	SERNANP	WWF	PROFONANPE
COMPONENT 1	25%	20%	10%
COMPONENT 2	30%	20%	10%
COMPONENT 3	25%	20%	20%
COMPONENT 4	15%	20%	30%
PMC	5%	20%	30%
TOTAL PROJECT COSTS	100%	100%	100%

The counterpart contribution will assist with achievement of the project’s outcomes. The project’s main risk is failure to establish the transition fund during the first two years. Its establishment is very important if activities—in particular those in Component 3—are to be delivered in the time frame set. For this reason Component 1 is important, as it lays the foundation for the PdP during the first two years (preparation of the operations manual, establishment of the closing conditions, the fund raising campaign, signature of the memorandum of understanding, establishment of the fund’s governance arrangements). There is a small risk in that some Component 2 national mechanisms will lack the political backing necessary for their establishment. This would reduce the fund raising that has been estimated as potentially available for the system, and the diversification to new income sources. However, this can be offset by implementation of the pilots in the preselected NPAs.

The following table (Table 15) sets out the total distribution of the project’s costs by expenditure category over its six years. The largest category is Grants and Agreements, with a value of US\$5,000,000 allocated to the transition fund. Personnel and consultancy costs follow in size, representing 18.8% and 16.7% respectively of the budget.

Table 15 Distribution of Project Costs by Expenditure Category

TOTAL PROJECT							
CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	PROJECT TOTAL
PERSONNEL	264,897.01	264,897.61	264,897.61	264,906.61	264,899.61	182,901.55	<b>1,507,400</b>
THIRD PARTY FEES & EXPENSES	451,500	387,250	314,750.00	269,250	229,750	38,000	<b>1,690,500</b>
GRANTS & AGREEMENTS	0	1,000,000	1,000,000	2,000,000	1,000,000	0	<b>5,000,000</b>
TRAVEL, MEETINGS & WORKSHOPS	187,200	140,400	91,800	76,800	49,800	6,100	<b>552,100</b>
OTHER DIRECT COSTS	31,421.67	31,421.67	31,421.67	31,421.67	31,421.67	31,421.67	<b>188,530</b>
EQUIPMENT	15,000	0	0	0	0	0	<b>15,000</b>
ADMINISTRATIVE COSTS	10,000	11,000	11,000	11,000	10,998	0	<b>53,998</b>
<b>TOTAL PROJECT COSTS</b>	<b>960,018.68</b>	<b>1,834,969.28</b>	<b>1,713,869.28</b>	<b>2,653,378.28</b>	<b>1,586,869.28</b>	<b>258,423.22</b>	<b>9,007,528</b>

## 8.2 PROJECT BUDGET NOTES

### 8.2.1 Staffing

In accordance with the institutional arrangements, the Project Management Unit (PMU) is composed of a Project Manager and two specialists: a Financial Sustainability Specialist and an NPA Specialist. The Project Manager's function is to coordinate and direct the PMU and manage, in coordination with SERNANP and PROFONANPE, the implementation of project components and activities in accordance with the objectives, with the operational and procurement plans, and with the operations manual. The Project Manager will also coordinate strategic and operational planning for the project and coordinate with SERNANP, PROFONANPE, and other relevant stakeholders the implementation of workshops and preparation of reports, the AWP and Budget, among others. The Project Manager's salary is allocated across the five project components (20% of his or her time per component).

The NPA Specialist's function is to assist the Project Manager in issues related to adaptive management, strategic planning, governance, conservation priorities in intervention areas, preparation of terms of reference, diagnosis of institutional capacities for NPA management, and priority areas for project intervention. Component 3 will receive the highest share of the specialist's time (40%) because of the close relationship between his or her responsibilities and the NPA management level work contained in the component.

The Financial Sustainability Specialist's function is to assist the Project Manager in issues related to NPA financial sustainability, to analyze and update the financial needs of prioritized NPAs, and to assess the efficiency, effectiveness, and sustainability of implementation. The specialist will also be responsible for systematizing and updating NPA financing information. Component 2 will receive the highest share of the specialist's time (40%)

because of the close relationship between his or her responsibilities and financial mechanism design and implementation.

Two additional positions will be established in PROFONANPE for Component 4 and part of the PMC: a Monitoring and Evaluation Specialist and a Financial Assistant. The first will prepare the monitoring and evaluation plan, assess progress against the goals and indicators in the logical framework, implement the GEF monitoring tool, prepare reports, follow up established agreements and commitments, provide evidence of impact to promote project knowledge management and communication, and establish the project information storage system, among other tasks. The Finance Assistant will support preparation of the AWP and Budget, undertake project financial monitoring, coordinate payment requirements, make and record payment estimates, follow up the project's expenditure, record payments made, undertake NPA monitoring visits and administrative supervision, support procurement and contracting processes, and support the preparation of reports, among other tasks.

The following tables (Table 16 and Table 17) set out the budget allocation (by component) of the salary for each of the five positions mentioned above. The first three are distributed across the five components and the remaining two show against components 4 and 5 (project management). The positions will continue throughout the six years of project implementation, except for the Financial Sustainability Specialist and the NPA Specialist (five years).

Table 16 Personnel Budget Distribution by Component

COMPONENT	Project Manager	Fin. Sust. Specialist	NPA Specialist	NPA M&E	Fin. Assist
COMPONENT 1	20%	20%	20%	0%	0%
COMPONENT 2	20%	40%	20%	0%	0%
COMPONENT 3	20%	20%	40%	0%	0%
COMPONENT 4	20%	10%	10%	80%	80%
PMC	20%	10%	10%	20%	20%
<b>TOTAL PROJECT COSTS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 17 Personnel Budget by Component

Position Title	Summary of responsibilities	Average Annual % time	Average annual Budget	Total Project Budget
<b>COMPONENT 1</b>				
Project Manager	Support preparation of the draft memorandum of understanding and the PdP operations manual. Follow up the inter-institutional integrated information system. Strengthen inter- and intra-institutional coordination so that there is strategic planning with a landscapes vision.	20%	14,200 (6 years)	85,200
NPA Specialist	Support the communications campaign and key messages about conservation and NPA value, tailored to each stakeholder. Provide technical support to the Directing Plan that incorporates PdP conservation objectives.	20%	8,200 (5 years)	41,000
Financial Sustainability Specialist	Consolidate and update the PdP costing model. Develop and validate the PdP financial model.	20%	8,200 (5 years)	41,000

	Provide technical support to the Directing Plan that incorporates the system financial sustainability strategy.			
Technical assistance		100%	74,871 (5 years)	74,871
<b>TOTAL COMPONENT 1</b>				<b>242,071</b>
<b>COMPONENT 2</b>				
Project Manager	Undertake travel and participate in business meetings with key stakeholders to demonstrate NPA potential. Support the national mechanisms technical proposal. Systematize lessons learned and the potential for scale-up of the pilot mechanisms.	20%	14,200 (6 years)	85,200
NPA Specialist	Support feasibility analysis and analysis of the possible environmental and social impact of some of the proposed mechanisms.	20%	8,200 (5 years)	41,000
Financial Sustainability Specialist	Support development of the impact and economic return studies. Determine the shortlist of potential mechanisms to be evaluated. Support the estimates and economic projections for the mechanisms.	40%	16,400 (5 years)	82,000
Technical assistance		100%	74,864 (5 years)	74,864
<b>TOTAL COMPONENT 2</b>				<b>283,064</b>
<b>COMPONENT 3</b>				
Project Manager	Establish a shortlist of NPAs to be financed by the project through the transition fund. Establish a work plan and budget for each selected NPA.	20%	14,200 (6 years)	85,200
NPA Specialist	Support the identification of selection criteria to determine the shortlist. Monitor expenditure and investments made in the NPAs.	40%	16,400 (5 years)	82,000
Financial Sustainability Specialist	Link the management results achieved with the new costs of the financial model.	20%	8,200 (5 years)	41,500
Technical assistance		100%	74,868 (5 years)	74,868
<b>TOTAL COMPONENT 3</b>				<b>283,568</b>
<b>COMPONENT 4</b>				
Project Manager	Ensure proper project management and supervise all components.	20%	14,200 (6 years)	85,200
NPA Specialist	Report on project implementation of NPA adaptive management and strategic planning.	10%	4,100 (5 years)	20,500
Financial Sustainability Specialist	Report on project implementation of NPA financial sustainability, analyze and update the financial needs of priority NPAs.	10%	4,100 (5 years)	20,500
Monitoring and Evaluation Specialist	Prepare and update the monitoring and evaluation plan. Assess progress against achievement of the established goals and indicators in the logical framework. Prepare reports and follow up agreements established.	80%	25,333 (6 years)	152,000
Finance Assistant	Support preparation of the AOPs. Coordinate payment requirements and follow up project expenditure reporting. Undertake monitoring and administrative supervision visits to NPAs. Support the procurement, contracting and report preparation processes.	80%	24,133 (6 years)	144,800
Technical assistance		100%	75,807	75,807

			(5 years)	
<b>TOTAL COMPONENT 4</b>				<b>498,807</b>
<b>PMC</b>				
Project Manager	Support project management.	20%	14,200 (6 years)	85,200
NPA Specialist		10%	4,100 (5 years)	20,500
Financial Sustainability Specialist		10%	4,100 (5 years)	20,500
Monitoring and Evaluation Specialist		20%	6,333 (6 years)	38,000
Finance Assistant		20%	6,033 (6 years)	36,200
<b>TOTAL PMC</b>				<b>200,400</b>

Each component also includes technical assistance corresponding to the percentage of PROFONANPE personnel dedicated to project activities. These activities include compliance with high fiduciary standards, such as financial operations transparency; efficient administrative and financial processes; accountability; competitive procurement processes with transparent and effective mechanisms for tender evaluation; proper separation of responsibilities for payment authorization and disbursement; capacity to assure compliance with procurement processes; periodic analysis of processes; and the safeguards necessary to prevent conflict of interest.

### 8.2.2 Third Party Fees and Expenses

The majority of the consultancy costs are in Component 2 because of the need to carefully analyze—using detailed viability, feasibility, and profitability studies—the financial mechanisms to be implemented for the NPA pilots in order to guarantee that they will be successful and can be replicated.

The extent to which third-party costs include design, layout, and printing of documents prepared for the project is noteworthy. These can both generate new funds (by attracting donors through the communications strategies) and document lessons learned from successful experiences (through the systematization of case studies). Components 3 and 5 contain minor costs related to communication, consultations, external audits, and evaluations. The consultancy budget by Component is detailed in Table 18.

Table 18 Consultancy Budget by Component

Consultant Expertise	Summary of responsibilities	Project Year/s	Average annual Budget	Total Project Budget
<b>Component 1</b>				
Work plan prepared, published and disseminated.	Contract a company to undertake the drafting and printing of the work plan prepared by SERNANP.	1	5,500	5,500
Operations manual developed.	Contract a company for the preparation and final drafting of the operations manual previously agreed by PROFONANPE and SERNANP.	1	10,000	10,000
Memorandum of understanding prepared.	Contract a consultancy firm for the preparation of the memorandum of understanding in conjunction with partner organizations.	1	5,000	5,000
SERNANP all source system designed and implemented.	Contract a company to consolidate the Comprehensive Strategic Planning System for all SERNANP NPA management funding sources.	1	150,000	150,000
New SIGA software for PROFONANPE designed and implemented.	Contract a company to design the new SIGA software with a financial monitoring tool that is coordinated with the Comprehensive Strategic Planning System for all SERNANP NPA funding sources.	1	150,000	150,000
Communications strategy developed.	Contract a company to prepare a communications strategy with key messages, communications tools, and targeted materials.	1 and 2	50,000	50,000
Communications strategy implemented.	Contract a company to manage the printing and dissemination of the materials identified in the communications strategy.	1 and 2	7,500	15,000
Key SERNANP and PROFONANPE personnel trained.	Contract institutions specialized in training on sustainability issues, financial mechanisms, and effective management.	1 and 3	17,500	35,000
<b>Total Component 1</b>				<b>420,500</b>
<b>Component 2</b>				
NPA impact and economic value studies developed.	Contract consulting companies to undertake impact and economic value studies with the objective of creating awareness among key stakeholders and involving them in the generation of potential funding mechanisms.	3	15,000	15,000
Prefeasibility studies developed.	Contract consulting companies to analyze certain mechanisms pre-identified at local level.	1	15,000	15,000
Shortlist of potential mechanisms created.	Contract a consulting company to undertake viability studies for the potential mechanisms and evaluate in detail the existing mechanisms.	1	15,000	15,000
Viability analysis of the mechanisms developed.	Undertake studies in greater detail about funding mechanism implementation (cost benefit analysis, risk analysis, market value analysis, etc).	1 and 2	25,000	75,000
NPA ranking mechanisms developed.	Prepare a prioritized list of the mechanisms identified in the NPAs according to their viability and potential.	1	10,000	5,000
Communications materials developed.	Contract a company to prepare, edit, and print communications materials for mechanism implementation.	1 and 4	7,500	30,000

Basic infrastructure improved.	Contract a consulting company to evaluate the impact of improvements to small-scale infrastructure on the generation of positive net income.	1 and 5		795,000
Action plan and protocols for pilots developed.	Prepare an action plan for the three pilots and design a road map for mechanism implementation.	2	20,000	20,000
Pilot implementation supported.	Contract a consulting company to support implementation of the pilot studies, the legal drafting of agreements, the design of monitoring instruments, and the drafting of amendments to policies, procedures, and guides.	1 and 3	30,000	30,000
Safeguards plan developed.	Contract a consultant to develop a safeguards plan.	1 and 5	20,000	20,000
Legal and technical studies undertaken.	Contract consultancy companies to support the legal and technical arrangements for commissioning of the mechanisms.	1 and 3	20,000	50,000
Successful mechanism case studies systematized.	Contract a company to prepare a document that systematizes successful implementation case studies.	4 and 5	24,000	24,000
Publication designed and printed.	Contract a company to design and print the document of case studies and lessons learned from the pilots.	4	26,000	26,000
<b>Total Component 2</b>				<b>1,120,000</b>
<b>Component 3</b>				
Community consultations - safeguards	Conduct workshops and meetings with communities and interested parties.	1 to 5	10,000	50,000
<b>Total Component 3</b>				<b>50,000</b>
<b>PMC</b>				
Audits conducted.	Contract an external audit firm.	1 to 6	6,666	40,000
Mid-term and terminal evaluation conducted	Contract a company to undertake the mid-term review and the final evaluation required by GEF.	3 and 6	30,000	60,000
<b>Total PMC</b>				<b>100,000</b>

### 8.2.3. Grants and Agreements

Table 19 shows a summary of sub recipients. Under Component 3 the GEF finance of US\$5,000,000 channeled through the transition fund via PROFONANPE will be used to improve the management levels in some of the six shortlisted NPAs (Table 20; see Appendix 15). Three management levels and their respective goals have been identified: i) Basic (PA Manager trained, boundaries demarcated, recorded in the NPA registry, NPA management plan updated and implemented, management committee established and operating); Structural (surveillance and control through controlled areas, biological monitoring); Optimal (use and management of natural resources, tourism).

*Table 19 Sub Recipient Summary*

Partner Name	Total sub-recipient Budget
PROFONANPE (transition fund)	5,000,000
<b>Sub Total Sub Grants</b>	<b>5,000,000</b>

Table 20 Grants for Component 3

COMPONENT 3			
Name of Partner	Purpose	Location	Total
PROFONANPE	To manage the transition fund allocated for implementation of eligible activities to consolidate and improve NPA management effectiveness.	Entire project	5,000,000
	See Appendix 20 for eligible activities under Component 3		
<b>TOTAL COMPONENT 3</b>			<b>5,000,000</b>

The funding shortfall for the six NPAs to reach the basic and structural level has been identified and costed (Table 21). It exceeds US\$3.5 million. The funding shortfall for Pacaya Samiria and Allpahuayo Mishana to reach the optimal level is almost US\$ 850,000. Tourism would apply in Tingo María. Together with Pacaya Samiria and Allpahuayo Mishana, the shortfall rises to almost US\$1 million before infrastructure costs are included. The total shortfall for all NPAs to reach the basic level and then the structural level, and for some to then reach the optimal level, totals US\$ 5.4 million—more than US\$ 400,000 beyond the budget.

Hence there is a need to prioritize the six shortlisted NPAs for comprehensive coverage of the proposed activities. The activities most closely related to the goals established for the management levels carry costs associated with training, procurement and repositioning of equipment and vehicles, operational needs, travel for workshops and meetings, consultancies, construction, maintenance of small infrastructure, methodology development, baseline preparation, etc. The activities will be determined once the NPAs to be financed with project funds are identified. Detailed costing will then follow.

Table 21 Shortfall to achieve management goals of the six shortlisted NPAs

NPA NAME	Shortfall for Basic Level	Shortfall for Structural Level	Shortfall for Sust Natural Resource Use (Optimal Level)	Shortfall for Tourism Development (Optimal Level)
Tingo María	265,988	782,800		1,463,000
Río Abiseo	604,961	840,790		
Machiguenga	336,432	1,536,250		
Pacaya Samiria	918,525	2,000,000*	1,255,600	975,000**
Allpahuayo Mishana	655,673	1,487,710	1,542,600	848,000**
Tabaconas Namballe	122,644	2,190,010		
<b>TOTALS (S/)</b>	<b>2,904,223</b>	<b>8,837,560</b>	<b>2,798,200</b>	<b>3,286,000</b>
<b>TOTALS (US\$)</b>	<b>880,068</b>	<b>2,678,048</b>	<b>847,939</b>	<b>995,758</b>

Assumed exchange rate 3.3 (S. / US\$)

\* Amount underestimated. Pacaya Samiria is validating the information.

\*\* Amount underestimated. Infrastructure costs are not included.

#### 8.2.4. Travel

The budget includes ten overseas trips for the heads of SERNANP and PROFONANPE to seek finance from possible donors to the transition fund, the goal for which is US\$70 million. Some 140 field trips are budgeted for Component 2 for the analysis, design, and implementation phases of the funding mechanisms. This is the largest number for any component: it is important to contrast the various experiences and evaluate the sustainability of the pilots and this will take place over the project's full five years. Monitoring and evaluation trips will also occur over the five years under Component 4 in some of the six preselected NPAs. These have a budget of US\$76,100. Table 22 details the travel budget for the project.

*Table 22 Travel Budget*

International or Local (state the destination if known)	Purpose of Travel	Total number of Trips	Total Project Costs
<b>Component 1</b>			
<b>International</b>	Participation by SERNANP/PROFONANPE and strategic partners in negotiations to access external donor funds. The trips are for the head of each institution.	10 (10 trips for two people)	50,000
<b>TOTAL COMPONENT 1</b>			<b>50,000</b>
<b>Component 2</b>			
<b>National</b>	Local trips to develop the shortlist of potential mechanisms and assess existing mechanisms.	20 (10 trips for two people)	10,000
<b>National</b>	Local trips for financial sustainability pilot implementation.	120 (60 trips for two people)	60,000
<b>TOTAL COMPONENT 2</b>			<b>70,000</b>
<b>COMPONENT 4</b>			
<b>National</b>	Local monitoring and technical/financial evaluation trips (six NPAs)	180 (36 trips over five years)	76,100
<b>TOTAL COMPONENT 4</b>			<b>76,100</b>

#### 8.2.5. Workshops and meetings

The budget for workshops and meetings is US\$350,000 allocated as follows: US\$180,000 for Component 1, US\$121,000 for Component 2, US\$10,000 for Component 3, US\$40,000 for Component 4. Component 1 has the highest number of coordination meetings because its outputs are closely linked to the establishment of PdP governance, internal coordination, and compliance with inter-institutional agreements. This means that the component constitutes 50% of the budget for this category. Component 2 meetings are aimed at training and coordination in issues related to financial sustainability and the identification of mechanisms. Components 3 and 4 include a single coordination meeting over the life of the project.

Most meeting will take place in Lima. The cost will vary from US\$1,000 for basic coordination meetings, to US\$40,000 for large events targeted to a particular audience. Meetings that take place in the provinces will cost

between US\$10,000 and US\$45,000, depending on the number of people traveling, the number of nights' accommodation, the location, and the number of people who attend. Table 23 below details the workshops and meetings budgeted for the project.

*Table 23 Workshops and meetings budget*

Location	Purpose of workshop (include number of workshops planned)	Describe who will be participating and the estimated number of participants.	Total Project Costs (US\$)
<b>Component 1</b>			
Lima	To determine and agree the objectives and goals of the PdP.	SERNANP and PROFONANPE officers, partners, PMU	3,250
National	To determine the criteria for establishing the order of priority for transition fund disbursements (space in macro regional meetings will be utilized).	25 NPA heads and personnel from SERNANP head office, PMU	11,250
Project-wide NPAs	To consolidate the cost and finance model.	Six NPA heads and personnel from SERNANP head office, PMU	24,000
Lima	To disseminate the PdP Work Plan.	SERNANP and PROFONANPE officers, partners, PMU	6,000
Lima	To develop the operations manual.	SERNANP and PROFONANPE officers, consultant, PMU	11,000
Lima	To launch the project (signature of the memorandum of understanding).	First year	5,000
Lima	To establish the structure, functions, and procedures for the Project Steering Committee.	Project Steering Committee, SERNANP and PROFONANPE officials	7,500
Lima	To train the Project Steering Committee and key SERNANPE and PROFONANPE technical staff about the operations manual.	Project Steering Committee members, SERNANP and PROFONANPE officials, partners	1,000
Lima	To establish the transition fund that will receive and disburse the financial inputs of various donors.	Project Steering Committee members, SERNANP and PROFONANPE officials, donors	1,000
Lima	To provide training in use of the SPE	Six NPA heads and personnel from SERNANP and PROFONANPE head offices	20,000
National	To organize events to establish relationship with media organizations and/or relevant politicians.	Officials from various ministries, communications media.	25,000
Lima	To organize events and meetings aimed at potential donors and key stakeholders.	Potential donors, partners	25,000
Project-wide locations	To consolidate and implement inter-institutional coordination, the multi-sectoral planning strategy, and NPA integration.	Regional governors, NPA heads, local stakeholders, private individuals, SERNANP and PROFONANPE officials	24,000
National	To establish a national working group to coordinate activities in the context of NPA financial sustainability.	Project Steering Committee members, SERNANP and PROFONANPE officials, partners	15,000

Lima	To provide technical support so that the SINANPE Directing Plan is integrated into the strategic planning process.	25 NPA heads and personnel from SERNANP head office, PMU	6,000
<b>Total Component 1</b>			<b>185,000</b>
<b>Component 2</b>			
Project-wide locations	To provide training and technical assistance to NPA personnel and local stakeholders.	NPA personnel	45,000
Project-wide locations	To hold meetings and multi-sectoral working groups.	NPA personnel, local officials	10,000
Project-wide locations	To deliver workshops about replication of NPA financial mechanisms.	NPA personnel, local officials	20,000
Lima	To deliver workshops with the multi-sectoral and inter-institutional working groups.	Multi-sectoral and inter-institutional working group members.	10,000
Lima	To hold inter-institutional coordination meetings.	SERNANPE, PROFONANPE and partner personnel	6,000
Entire project	To hold national level workshops to validate new mechanisms or improve existing mechanisms at national level.	NPA personnel, officials, partners	30,000
<b>Total Component 2</b>			<b>121,000</b>
<b>Component 3</b>			
Project-wide locations	To conduct safeguards consultations.	Community members and local stakeholders	10,000
<b>Total Component 3</b>			<b>10,000</b>
<b>Component 4</b>			
Lima	To conduct learning exchange workshops.	SERNANP, PROFONANPE and MINAM personnel	40,000
<b>Total Component 4</b>			<b>40,000</b>

### 8.2.6 Equipment

Equipment procurement will be limited to the PMU and PROFONANPE (Components 1, 2, 3 and 4), consisting of five laptops, two printers and one small piece of equipment (a cellular phone) (see Table 24). These are for the six years of the project.

*Table 24 Equipment costs*

Equipment Budgeted	Project justification for equipment	Location	Total Costs (US\$)
<b>COMPONENT 4</b>			
5 laptops	PMU implementation (distributed across components 1 and 4)	Lima	12,500
2 printers			1,200
1 cellular phone			1,300
<b>TOTAL COMPONENT 4</b>			<b>15,000</b>

### 8.2.7 Other Direct Costs

Other direct project costs total US\$188,530, with approximately 30% allocated to components 2 and 3 and the remainder for the PMC. These include contingency and PROFONANPE operational costs for project development. They will be incurred consistently throughout the six years of implementation. Table 25 details other direct costs for the project.

Table 25 Other direct costs

Description	Project Justification	Total Project Costs (US\$)
<b>Component 2</b>		
Contingencies	A sum budgeted for unanticipated events in project implementation.	30,000
<b>TOTAL COMPONENT 2</b>		<b>30,000</b>
<b>Component 3</b>		
Contingencies	A sum budgeted for unanticipated events in project implementation.	30,000
<b>TOTAL COMPONENT 3</b>		<b>30,000</b>
<b>PMC</b>		
Operational costs	Communications (telephone, fax, AV, WP) Equipment operating costs Shipping and handling Office maintenance Office rent Insurance Office security IT support Energy and water	128,530
<b>TOTAL PMC</b>		<b>128,530</b>

### 8.3 PROJECT MANAGEMENT COSTS (PMC)

Project management costs total US\$428,930 (equivalent to 5% of the total budget). Salary and benefits are the largest items and represent almost 50% of the total costs. Other direct costs represent more than 30% of the total costs. This item includes operational costs associated with the activities performed by contracted personnel. The sum of US\$ 100,000 will be allocated to two consultancies: an external financial audit (US\$ 40,000) and a mid-term review (US\$ 60,000). Table 26 below details the PMC costs.

Table 26 Project Management Costs

Line item	Total (US\$)
Salaries and Benefits	200,400
Consultants	100,000
Other Direct Costs	128,530
<b>TOTAL M&amp;E</b>	<b>428,930</b>
<b>TOTAL PROJECT BUDGET</b>	<b>9,007,528</b>
<b>% M&amp;E OF TOTAL PROJECT BUDGET</b>	<b>5%</b>

## 8.4 MONITORING AND EVALUATION BUDGET

Monitoring and evaluation costs total US\$654,499 (equivalent to just over 7% of the total budget). Salary and entitlements are the largest items and represent 75% of the total costs. Travel follows, representing almost 18%. A smaller amount (almost US\$40,000) is allocated for operational costs and equipment (see Table 27 and Table 28 below).

Table 27 M&E summary budget

Line item	Total (US\$)
Salaries and Benefits	498,801
Consultants	
Grants and Agreements	
Travel	116,100
Workshops	
Equipment	5,600
Other Direct Costs	33,998
<b>TOTAL M&amp;E</b>	<b>654,499</b>
<b>TOTAL PROJECT BUDGET</b>	<b>9,007,528</b>
<b>% M&amp;E OF TOTAL PROJECT BUDGET</b>	<b>7.27%</b>

Table 28 M&E Budget

Description	Component under which expense is budgeted	Total Costs (M&E only)
<b>Salaries and Benefits (Position and % of time)</b>		
Manager 20%	Component 4	85,194
NPA Specialist 10%	Component 4	20,500
Financial Sustainability Specialist 10%	Component 4	20,500
M&E Specialist 80 %	Component 4	152,000
Administrative and Financial Assistant 80%	Component 4	144,800
Technical Assistance	Component 4	75,807
<b>TOTAL SALARIES AND BENEFITS US\$ 498,801</b>		
<b>Travel</b>		
Local monitoring and technical/financial evaluation trips (six NPAs)	Component 4	76,100
To conduct learning exchange workshops.	Component 4	40,000
<b>TOTAL TRAVEL US\$ 116,100</b>		
<b>Equipment</b>		
2 laptops	Component 4	5,000
1 printer	Component 4	600
<b>TOTAL EQUIPMENT US\$ 5,600</b>		
<b>Other direct costs</b>		
Operational costs	Component 4	33,998
<b>TOTAL OTHER DIRECT COSTS US\$ 33,998</b>		
<b>TOTAL M&amp;E</b>		<b>654,499</b>
<b>TOTAL PROJECT BUDGET</b>		<b>9,007,528</b>
<b>% M&amp;E OF OVERALL BUDGET</b>		<b>7.27%</b>

## 8.5 SAFEGUARDS BUDGET

The budget for safeguards is detailed in Table 29 below.

*Table 29 Safeguards budget*

Description	Component under which expense is budgeted	Total Costs (US\$)
<b>CONSULTANTS (Expertise and Purpose)</b>		
Contracting of consultants to prepare the safeguards plan.	Component 2	20,000
Contracting of consultants to carry out community consultations.	Component 3	50,000
<b>TOTAL CONSULTING US\$ 70,000</b>		
<b>WORKSHOPS</b>		
Workshops for preparation of the safeguards plan.	Component 2	10,000
Community workshops. Consultations with communities and interested parties, and analysis of actions to mitigate potential environmental and social impact will be undertaken based on the safeguards plan prior to presentation to the selection committee.	Component 3	10,000
<b>TOTAL WORKSHOPS US\$ 20,000</b>		
<b>TOTAL SAFEGUARDS</b>		90,000
<b>TOTAL PROJECT BUDGET</b>		9,007,528
<b>SAFEGUARDS AS % OF OVERALL BUDGET</b>		1%

## 8.6 GENDER MAINSTREAMING BUDGET

A gender analysis will take place at the start of implementation to inform a gender integration strategy/action plan for the project. The gender analysis and action plan, including costs to develop and any staff time, will come from co-financing by PROFONANPE.

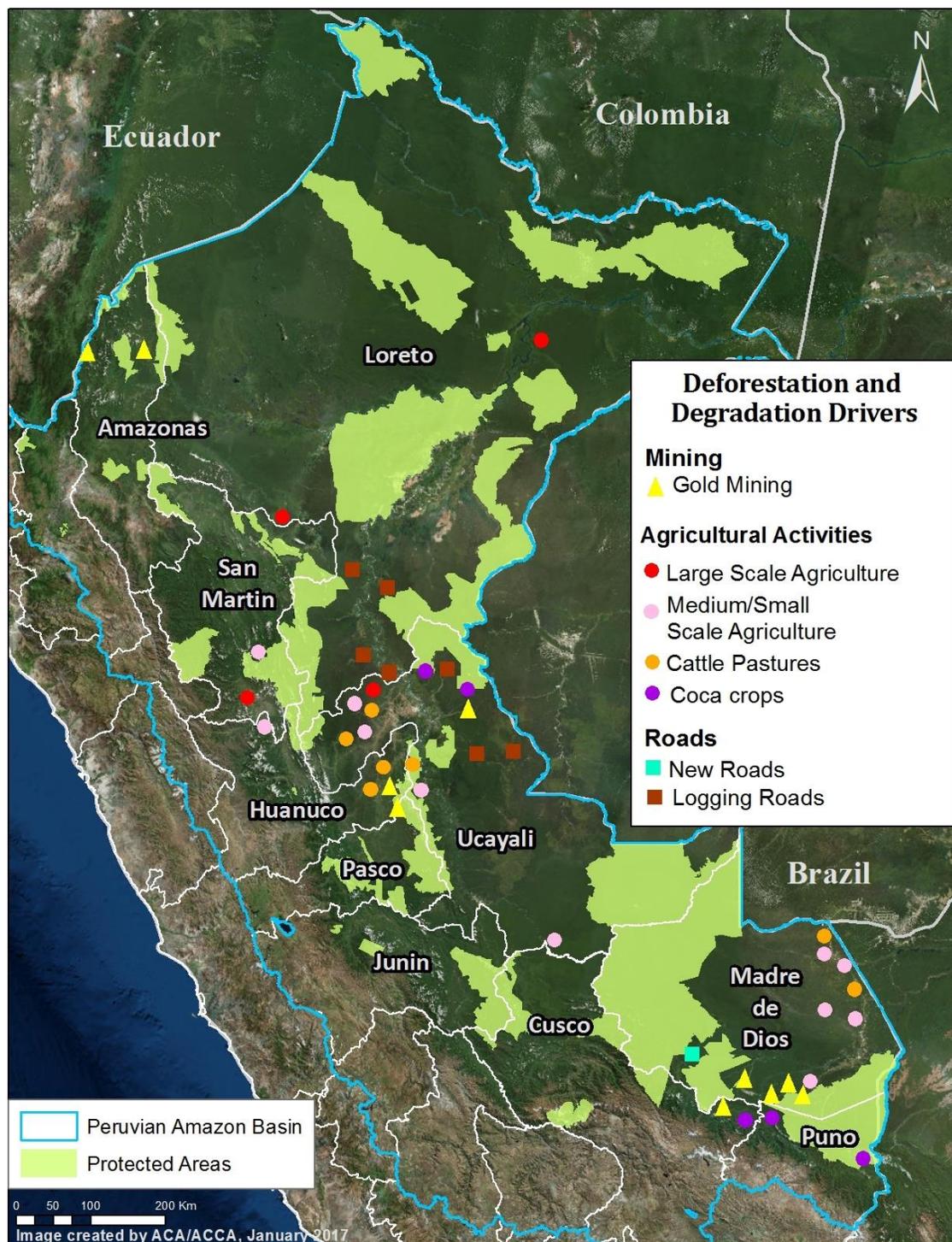
# APPENDICES

## APPENDIX 1 PROJECT MAPS

Figure 9 Main Watersheds in Peru



Figure 10 Deforestation and Degradation Drivers in the Peruvian Amazon



Source: *Finer M, Novoa S (2017) Patterns and Drivers of Deforestation in the Peruvian Amazon. MAAP: Synthesis #2. <http://maaproject.org/2017/maap-synthesis2>*

## APPENDIX 2 ADDITIONAL INFORMATION ON PERU'S NATIONAL PA SYSTEM

Table 30 Natural Protected Areas by management entity, number and area

Natural Protected Areas	Number	Lands (ha)	Sea (ha)	Total (ha)	(%)
Natural Protected Areas by the State (SINANPE)	65	17,546,924.49	403,915.87	17,950,840.36	79
Reserved Zones	12	1,505,920.77		1,505,920.77	7
Regional Conservation Areas	17	2,799,006.36		2,799,006.36	12
Private Conservation Areas	91	361,462.62		361,462.62	2
<b>Overall total</b>	<b>185</b>	<b>22,185,810.12*</b>	<b>403,915.87</b>	<b>22,589,725.99*</b>	<b>100</b>

Source: SERNANP. 2017. Current as of February 2017.

(\*) Note: The total surface area has been reduced by 27,504.12 ha, owing to overlap of the Cordillera de Huayhuash Reserved Zone with the Private Conservation Areas Pacllon, Huayllapa, Jirishanca and Llamac: ACP Pacllon, ACP Huayllapa, ACP Jirishanca and ACP Llamac.

Table 31 SERNANP Organizational Structure

Operative Unit	Department	Functions
Top Level	Board of Directors	It is the highest hierarchical body of the SERNANP; in charge of establishing the policies and general direction
	President of the Board of Directors (Head of SERNANP)	The highest executive authority of the SERNANP. Designated by Supreme Resolution with endorsement from the Minister of the Environment
	Secretary General	The highest administrative authority of the SERNANP, which acts as a link between senior management and the advisory and support bodies. In charge of the administrative management, as well as communication and institutional image of SERNANP
Institutional Control Body	Institutional Control Office	Responsible for scheduling, executing and evaluating the internal control activities of the administrative, technical and financial management of SERNANP in accordance with the regulations of the National Control System and the institutional policy.
Advisory Bodies	Legal Advisory Office	In charge of advising and issuing opinion on matters of legal nature. Manages the systematic compilation of legislation related to the subjects of competence of SERNANP. Reports to the Secretary General.
	Planning and Budget Office (OPP)	Responsible for conducting planning, investment programming, budgeting and technical cooperation processes. Coordinates external financial cooperation. Reports to the Secretary General.
Support Bodies	Administration Office	Responsible for the timely and adequate management of human, financial and material resources.
Line Bodies	NPA Management Directorate (DGANP)	Responsible for conducting effective management and promoting the sustainable use of NPAs
	Strategic Development Directorate (DDE)	In charge of proposing policies, plans, programs, projects and standards related to the development of National, Regional and Local Protected Areas, as well as providing the necessary tools to measure the impact of NPA management.
Decentralized Bodies	NPA Head Offices	They are the basic management units of the NPAs at the site level.

Table 32 Legal framework for natural resources and NPAs

Legal framework:	Information
Peruvian Constitution (1993)	It establishes the constitutional right to enjoy a balanced environment appropriate for the development of life and establishes that natural resources are national property with the state having sovereign right to their use. Article 68 obliges the state to promote biodiversity conservation, the creation and management of protected areas and the sustainable development of the Amazon.
Environment and Natural Resources Code (Legislative Decree No. 613 of 1991)	It introduced a substantial change in the decision-making process for the public and private policies and proposed preventive measures for environment protection. It established four basic principles: a) civic participation; b) obligation to report environment status; c) environmental impact studies; and d) the unimpeded right to legal proceedings.
Law N° 27867: Organic Law of Regional Governments, 2002	It points out specifically that the role of regional governments is to "formulate, coordinate, conduct and oversee the implementation of regional strategies with respect to biodiversity and climate change in the context of the respective national strategies."
Economic and Ecological Zoning Regulation (ZEE, as per its Spanish acronym).	It establishes that ZEE is a dynamic and flexible process to identify different alternatives for the sustainable use of certain territory, based on the evaluation of its potential and limitations in terms of physical, biological, social, economic, and cultural development.
Environmental Management System Law: Enacted by Law N° 28245, 2004.	It aims to ensure the most effective fulfillment of the environmental objectives of public entities; to strengthen the crosscutting mechanism in environmental management, which is the role of the National Environmental Council (CONAM as per its Spanish acronym) and sectoral, regional and local entities in the exercise of their responsibilities, in order to guarantee that they fulfill their roles and ensure overlaps, omissions, duplicity, gaps and conflicts are avoided.
General Environmental Law (Law N° 28611), 13 October 2005.	It regulates the implementation of a national environmental management system together with the regional environmental commissions and the national environmental authority (MINAM as per its Spanish acronym.)
National Environmental Policy (Supreme Decree N° 012-2009-MINAM.	This is a set of public guidelines, objectives, strategies, goals, programs and tools that are intended to define and guide activities of institutions, local governments, private sector and civil society in environmental affairs. It has been formulated on the basis of the guidelines of the state policy for sustainable development and environmental management, taking into consideration Peru's the environmental situation.
Water Resources Law (Law 29.338, 2009.	It regulates the use and management of water resources and includes surface waters, underground waters, continental waters and other related characteristics. It considers sea and atmosphere water, as applicable.
Law on Compensation Mechanisms for Ecosystem Services (Law N°30215)	It promotes, regulates and supervises the compensation mechanisms for ecosystem services derived from voluntary agreements that establish sustainable conservation, recovery actions and use to guarantee ecosystem continuity.
Forest and Wildlife Law (Law N° 29763)	It regulates the governance, control and verification of forest resources, according to international agreements.
Prior Consultation	This is a law of prior, free and informed consultation, that guarantees the rights of indigenous, traditional and local populations recognized in Article 1 of the 169th Convention of the International Labor Organization (ILO), as well as other multilateral institutions such as Andean Community of Nations, the Inter-American Court of Justice, the Inter-American Development Bank, and the World Bank.

Legal framework:	Information
Climate Change	A new Framework Law for Climate Change is under discussion and it is expected to be approved shortly. It includes a proposal for the implementation of the National Centre for Climate Change Monitoring in the National Meteorology Service (SENAMHI). It also mentions the importance of strengthening natural systems resilience and the strategic role of the NPAs.
National Biodiversity Strategy and Action Plan (NBSAP as per its Spanish acronym)	This document established the country's vision and its commitments in relation to the Convention on Biological Diversity. It was accompanied by 19 regional strategies. This project is related to the following strategic NBSAP guidelines: 1.4) In-situ conservation; and 5) Improving awareness of biological diversity. It also refers specifically to the land use planning, which has as an objective "to establish conditions to use and occupation of the territory according to ecological, economic, cultural and social characteristics and those of its components, considering the fragility, the vulnerability and the endemism of ecosystems and species as well as genetic erosion, with the aim of maximizing its use without damaging its quality and sustainability."
Main legal instruments of territorial planning.	<ul style="list-style-type: none"> <li>• Regulations for Land Classification according to its use (DS 0062-75-AG).</li> <li>• Regulations for Economic and Ecological Zoning (087-2004-PCM), modified by Supreme Decree N° 013-2009-MINAM.</li> <li>• Organic Law of Municipalities (Law 27972) and Regulations of Territorial Planning and Urban Development (DS 027-2003-VIVIENDA).</li> <li>• Forestry and Wildlife Law (Law 27308) and its Regulations (DS 014-2001-AG).</li> <li>• Law for the Conservation and Sustainable Use of Biological Diversity (Law N ° 26839) and its Regulations (DS 068-2001-PCM).</li> <li>• Natural Protected Areas Law (Law 26834), and its Regulations (DS 038-2001-AG).</li> <li>• General Environmental Law (Act 28611).</li> <li>• General Law on Cultural Heritage (Law 28296) and its Regulations (DS 011- 2006-ED).</li> </ul>
National policies related to environmental management and climate risk management	<ul style="list-style-type: none"> <li>• Policy 15 proposes action against droughts, desertification, pests, erosion of biological diversity, and water and soil degradation.</li> <li>• Policy 19 promotes the institutionalization of environmental management and sustainability focusing on vulnerable populations.</li> <li>• Policy 32 establishes that the state must guarantee integrated water resource management taking account of climate change.</li> </ul>
National Strategic Plan for National Development 2010-2021, approved by CEPLAN.	It proposes as a national objective (Goal 6 on natural resources and environment) the conservation and sustainable use of natural resources and biodiversity, in a context that allows a high quality of life for people and the existence of healthy, viable and functional ecosystems over the long term.
National Environmental Action Plan (PLANAA Peru) 2011-2020	Its objective is the country's sustainable development through prevention, protection and recovering of the environment and its components, and the conservation and sustainable use of its components in a responsible manner respecting the fundamental rights of people.

Legal framework:	Information
National Agenda for Scientific Research about Climate Change 2010-2021"	Its thematic goals are climate change prediction, the mitigation of greenhouse gas effects, vulnerability and adaptation to climate change, and decision-making tools. There has been a Second National Communication for CMNUCC, which presents the country's progress in climate change adaptation, vulnerability and climate change. In addition, a Vulnerability Map of Peru's regions has been prepared and is currently being updated.
National Climate Change Strategy (2003)	It includes a vision, a set of principles, strategic guidelines and corresponding goals and objectives. It is being currently updated. In 2010, the Climate Change Adaptation and Mitigation Plan was approved.
Regional Biological Diversity Strategies (ERDB, as per its Spanish acronym) originated in Organic Law of Regional Governments (Law N° 27867), 2002.	Regional development involves the consistent and efficient application of policies and instruments for economic, social, demographic, cultural and environmental development through plans, programs and projects aimed at generating conditions that allow economic growth aligned with demographic dynamics, equitable social development, and conservation of natural resources and the environment in regional areas, all oriented to the full enjoyment of rights of women and men and equal opportunities.
Natural Forest Conservation Program presented at the Conference of the Parties in CMNUCC 2008	Its main objective is the conservation of 54 million ha of rainforests as a contribution to climate change mitigation and to sustainable development.
National REDD Strategy and REDD Action Plan.	The R-PP is being updated and a Forest Investment Plan developed. At the decentralized level, REDD Regional Platforms have been established in Piura, San Martín, Cusco, Madre de Dios, Loreto and Ucayali
General Directorate of Climate Change, Desertification and Water Resources of MINAM	This entity is working on the Fifth Communication of the National Report on Desertification and Mitigation of Drought Effects in Peru, corresponding to the period 2010-2011, UNC Secretariat.

NATIONAL STRATEGIES	
<b>National Strategy on Forests and Climate Change (ENBCC, as per its Spanish acronym) 2030</b>	<p><b>Specific Objective 1: Mitigation:</b> To reduce emissions and enhance removal of greenhouse gas emissions I from the USCUS area in an economically competitive, sustainable, equitable and inclusive way, that contributes to the country's development, improves the population's wellbeing and supports global efforts to mitigate climate change.</p> <p><b>Specific Objective 2: Adaptation</b> To reduce the vulnerability to climate change of forest landscapes and the population depending on them, especially indigenous people, small holders and vulnerable groups, improving their resilience and adaptive capacity, considering and reevaluating their traditional knowledge.</p>
<b>National Biodiversity Strategy to 2021 and its 2014-2018 Action Plan (EPANDB, as per its Spanish acronym)</b>	<p><b>Strategic Objective 1:</b> To improve biodiversity status and to maintain the integrity of the ecosystem services this provides.</p> <p><b>Strategic Objective 2:</b> To increase the contribution of biodiversity to national development, improving the competitiveness of the country and the equitable distribution of benefits.</p> <p><b>Strategic Objective 3:</b> To reduce both direct and indirect pressure on biological diversity and its ecosystem processes.</p> <p><b>Strategic Objective 4:</b> To strengthen the capacities of the three levels of government for sustainable biodiversity management.</p> <p><b>Strategic Objective 5:</b> To improve knowledge and technologies for sustainable use of biodiversity, as well as the revalorization of the traditional knowledge of indigenous peoples about biodiversity.</p> <p><b>Strategic Objective 6:</b> To strengthen cooperation and participation by every part of the population for biological diversity governance.</p>
<b>National Strategy for the Green Growth (under development)</b>	The project will contribute with this strategy at the level of funding mechanisms that generate benefits for NPA management and local populations.
NATIONAL PLANS	
<b>2011-2021 Bicentennial Plan</b>	<p><b>Strategic Focus 6:</b> Natural resources and environment</p> <p>6.1 Natural resources and biodiversity conserved and exploited, with the participation of and benefits for local communities.</p> <p>6.4 Vulnerable populations and productive systems adapted to climate change.</p>
<b>National Environmental Action (PLANAA 2011-2021)</b>	<p><b>Priority target 4:</b> Forests and climate change</p> <p>4.1 To reduce the rates of deforestation of primary forests, enhancing their conservation and sustainable exploitation.</p> <p><b>Priority target 5:</b> Biological diversity</p> <p>5.1 To strengthen the conservation, sustainable exploitation and recovery of the country's ecosystems.</p> <p>5.6 To use wild flora and fauna in a sustainable way and to ensure its conservation.</p> <p><b>Priority target 7:</b> Environmental governance</p> <p>7.4 To consolidate the National System of Environmental Information (SINIA), providing free and effective access to information.</p>

<p><b>2009-2018 SINANPE Master Plan</b></p>	<p><b>Strategic Objective 1:</b> General population – Peruvian society values the PNAs.  1.1 Communication  1.2 Environmental Education</p> <p><b>Strategic Objective 2:</b> Biophysics and cultural – biodiversity conservation, cultural processes and values  2.1 Representativeness  2.2 Connectivity  2.3 Research  2.4 Quality of authorized operations  2.5 Monitoring and surveillance</p> <p><b>Strategic Objective 3:</b> Leaders, authorities and organizations – system governance is viable  3.1 Institutionalism  3.2 Policies  3.3 Boundaries and occupancy  3.4 Legal framework</p> <p><b>Strategic Objective 4:</b> Governing Body: the governing body, the administrative bodies and the partners manage the NPA system efficiently.  4.1a Staff / 4.1b Assets  4.2 Financing  4.3 Management Monitoring and Evaluation  4.4 Participatory management</p> <p><b>Strategic Objective 5:</b> Management of resources – sustainable management of processes and natural resources in NPAs and buffer zones  5.2 Ecotourism  5.3 Buffer zones  5.4 Renewable resources management  5.5 Territorial planning  5.6 Environmental goods and services</p>
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Table 33 NPA Categories, their equivalence with IUCN categories and types of governance (at the system and Amazon Biome level)

NPA Categories	Equivalent IUCN category	Type of governance	Total SINANPE	Amazon Biome
<b>Areas of indirect use</b>			<b>27</b>	<b>16</b>
<b>National Park</b> — Provides a space for research, education, tourism and recreation.	<b>II National Park</b>	National Government	14	11
<b>National Sanctuary</b> — One or more biotic communities; acts like a sanctuary for relevant biodiversity or species of a limited range; contains unique natural/geological formations.	<b>III Monument or Natural Characteristic</b>	National Government	9	4
<b>Historical Sanctuary</b> — One or more biotic communities; has historical importance.	<b>III Monument or Natural Characteristic</b>	National Government	4	1
<b>Areas of direct use</b>			<b>38</b>	<b>18</b>
<b>National Reserve</b> — Includes alternatives of sustainable usage and use of native resources (timber extraction is prohibited).	<b>VI Protected area with sustainable use of Natural resources</b>	National Government	15	5
<b>Communal Reserve</b> — Allows the direct use of native resources except: timber; expansion of settlements and agriculture, introduction of cattle breeding.	<b>VI Protected area with sustainable use of Natural resources</b>	National Government and Indigenous Communities	10	10
<b>Protected forest</b> — Maintenance of the ground cover. Provides soil and water management; use and exploitation of native fauna and non-timber forest products.	<b>VI Protected area with sustainable use of Natural resources</b>	National Government	6	3
<b>Wildlife Refuge</b> — Habitat for important and threatened species; intervention for the management of habitat or species.	<b>IV Management area for Habitat/Species</b>	National Government	3	0
<b>Landscape Reserve</b> — Harmonious relationship between man and nature, with significant natural, aesthetic and cultural values; one or more biotic communities.	<b>V Landscape/ Protected Marine Landscape</b>	National Government	2	0
<b>Hunting Ground</b> — At least one biotic community; maintains wildlife hunting management plans.	<b>VI Protected area with sustainable use of Natural resources</b>	National Government	2	0
<b>Reserved Zones</b> — areas earmarked for conservation, granted temporary protection by the National Government,	N/A		<b>11</b>	<b>4</b>
<b>Total</b>			<b>76</b>	<b>38</b>

Sources: Based on information from Plan Financiero del SINANPE 2016-2025; MINAM, SERNANP 2012; UNDP-GEF Peru Resilience ProDoc

### APPENDIX 3 FINANCING FOR THE NATIONAL SYSTEM OF NATURAL PROTECTED AREAS MANAGED BY THE NATIONAL GOVERNMENT (SINANPE)

The management of SINANPE and its NPAs is financed through public and private sources, channeled through SERNANP and PROFONANPE.

Since its creation in 2008, SERNANP has demonstrated to be an efficient executor of its allocated resources. This is reflected in the increase of its annual budget from US\$ 6,475,668 to US\$ 27,890,960 between 2009 and 2015 and its expenditure of more than 90% of what is referred to as the Results-Based Budget (RBB)<sup>75</sup>. The main source of funding are the *Ordinary Resources* allocated by the Ministry of Economy and Finance (MEF) to SERNANP (via Budgetary Program 057—Conservation of Biological Diversity and Sustainable Use of Natural Resources), which increased from less than US\$2,000,000 per year to US\$ 17,000,000 per year between 2009 and 2015. In that period, ordinary resources represented approximately 75.55 % of SERNANP’s public budget or 54.73 % of the total funding for the SINANPE.

In addition to budgetary allocations, the current legal and regulatory framework enables the development of various income-generating mechanisms at NPA level as set out in the SINANPE 2009-2019 Master Plan (including visitor entrance fees, permits for tour operators, licenses and other agreements, contracts related to tourism, NPA administration contracts with private organizations, contracts for the sustainable use of natural resources, among others). However, the funding mechanisms established in the plan were not implemented in a diversified manner as expected.

Those that have been the most developed are linked to tourism, mainly through visitor entrance fees. There has been a sustained growth of tourism in NPAs over the last 10 years, with a record number of more than 1.6 million visitors in 2015, generating more than US\$ 4.4 million (S/ .14,096,940). The most successful cases are linked to NPAs located in territories with a significant concentration of investment related to tourism (e.g. hotels and other types of accommodation), quality services, accessibility and other factors that can hardly be solved at the NPA level. Of the 18 NPAs that currently provide tourism services, five generate approximately 85% of total tourism-related income: Machu Picchu Historic Sanctuary and Tambopata National Reserve in the Amazon region; Paracas National Reserve, Sistema de Islas Islotes y Puntas Guaneras - Islas Ballestas National Reserve, and Huascarán National Park. However, the volume of revenue generated through entrance fees is not enough to cover the costs associated with the provision of recreation and tourism services, the development of tourism infrastructure and the monitoring of potential impacts.

Similarly, other revenue generating mechanisms that have proven significant economic potential in other PA systems, such as tourist concessions and contracts for sustainable use of natural resources, have not yet been able to generate enough income for SINANPE. For example, 161 contracts for natural resource use<sup>76</sup> in 9 NPAs which comprise 11 different renewable natural resources for commercial use (e.g. fruits of “Brazil nut” *Bertholletia*

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<sup>75</sup> The Results-Based Budget is a public administration strategy that links the allocation of resources to measurable products and results in favor of the population. This strategy is implemented through: (i) Budgetary Programs, (ii) Performance Monitoring based on indicators, (iii) Independent Evaluations, and (iv) Incentives promoted by the Ministry of Economy and Finance, through the Directorate General of Public Budget. <https://www.mef.gob.pe>

<sup>76</sup> In addition, there are over 600 natural resource agreements with local communities, mainly for subsistence (which are considered a strategy for cost reduction of management activities, mainly through shared surveillance, and benefit sharing

*excelsa*, “aguaje” palm *Mauritia flexuosa* and “huasai” palm *Euterpe precatoria*; “taricaya” turtle *Podocnemis unifilis*; and several fish species, among others) generated just over US\$ 1.1 million in 2015. In addition, there is limited or even no budget to carry out biological monitoring of the natural resources used through these contracts and agreements.

These *self-generated resources* grew from US\$3.4 million per year in 2009 to some US\$ 4.8 million in 2015, accounting for 22.44 % of SERNANP budget or 16.25% of total resources for the SINANPE.

International cooperation funds (bilateral, multilateral, etc.), usually associated with specific projects and capacity-building activities, bring in significant resources to supplement government funds for NPA management, investments in infrastructure and professional services. Donor funds channeled through SERNANP represented 1.45 % of the SINANPE’s total funding between 2009 and 2015.

Table 34 summarizes the evolution of SERNANP’s budget by income source from 2009 to 2015.

Table 34 Evolution of SERNANP’s budget by income source (in Soles)

Source	2009	2010	2011	2012	2013	2014	2015
Ordinary Resources	6,625,030	32,341,530	40,338,920	36,719,213	41,267,057	39,938,029	53,538,303
Self-generated resources	10,328,900	8,366,783	7,300,000	9,212,498	11,404,244	13,127,648	15,496,694
Donations and transfers	1,462,056	2,038,878	305.630	502.455	679.486	524.777	1,281,462
<b>Total</b>	<b>18,415,986</b>	<b>42,747,191</b>	<b>47,944,550</b>	<b>46,434,166</b>	<b>53,350,787</b>	<b>53,590,454</b>	<b>70,316,459</b>

Source: SERNANP 2016

On the other hand, an important volume of donations from international cooperation are channeled through PROFONANPE. Funding for the SINANPE via PROFONANPE between 2009 and 2015 totaled US\$ 44.49 million, approximately 27% of the total funds in that period<sup>77</sup> (See Table 35 and Figure 11).

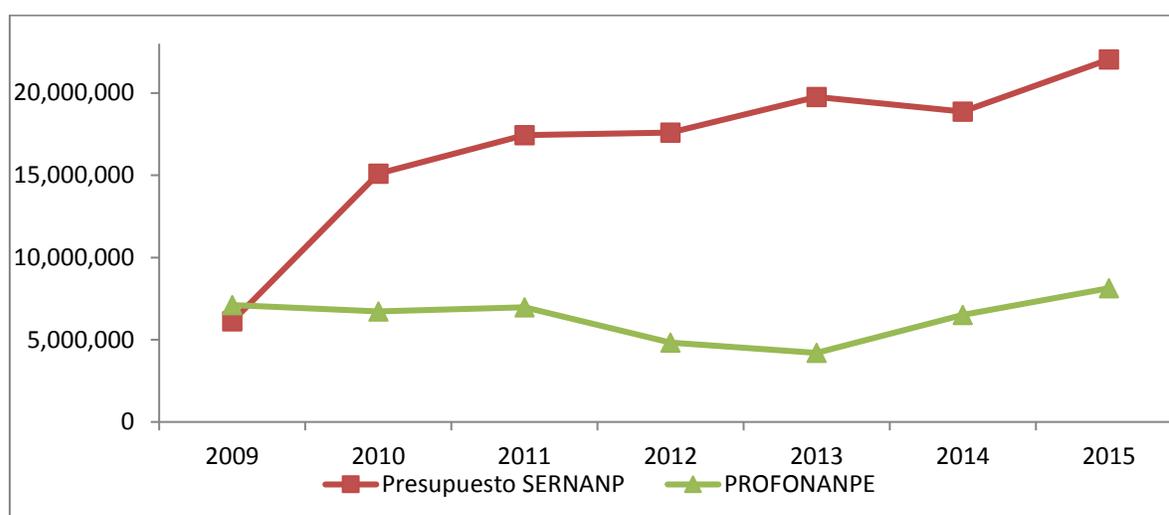
Table 35 Annual Operating Budget for the SINANPE 2009-2015 (in US dollars)

Source	2009	2010	2011	2012	2013	2014	2015
SERNANP’s budget	6,114,205	15,105,014	17,434,382	17,588,699	19,759,551	18,869,878	22,042,777
PROFONANPE	7,115,582	6,729,254	6,972,311	4,825,405	4,198,265	6,514,645	8,133,589
<b>Total revenue in US\$</b>	<b>13,229,788</b>	<b>21,834,269</b>	<b>24,406,693</b>	<b>22,414,105</b>	<b>23,957,816</b>	<b>25,384,523</b>	<b>30,176,366</b>
Annual average exchange rate US\$ .1 in Soles (Central Bank of Peru)	3.012	2.83	2.75	2.64	2.7	2.84	3.19

Source: SERNANP – PROFONANPE 2016

<sup>77</sup> It includes resources for operating costs of the areas, funding for head office, and cross-cutting activities

Figure 11 Evolution of SINANPE's budget by revenue source (in US dollars)

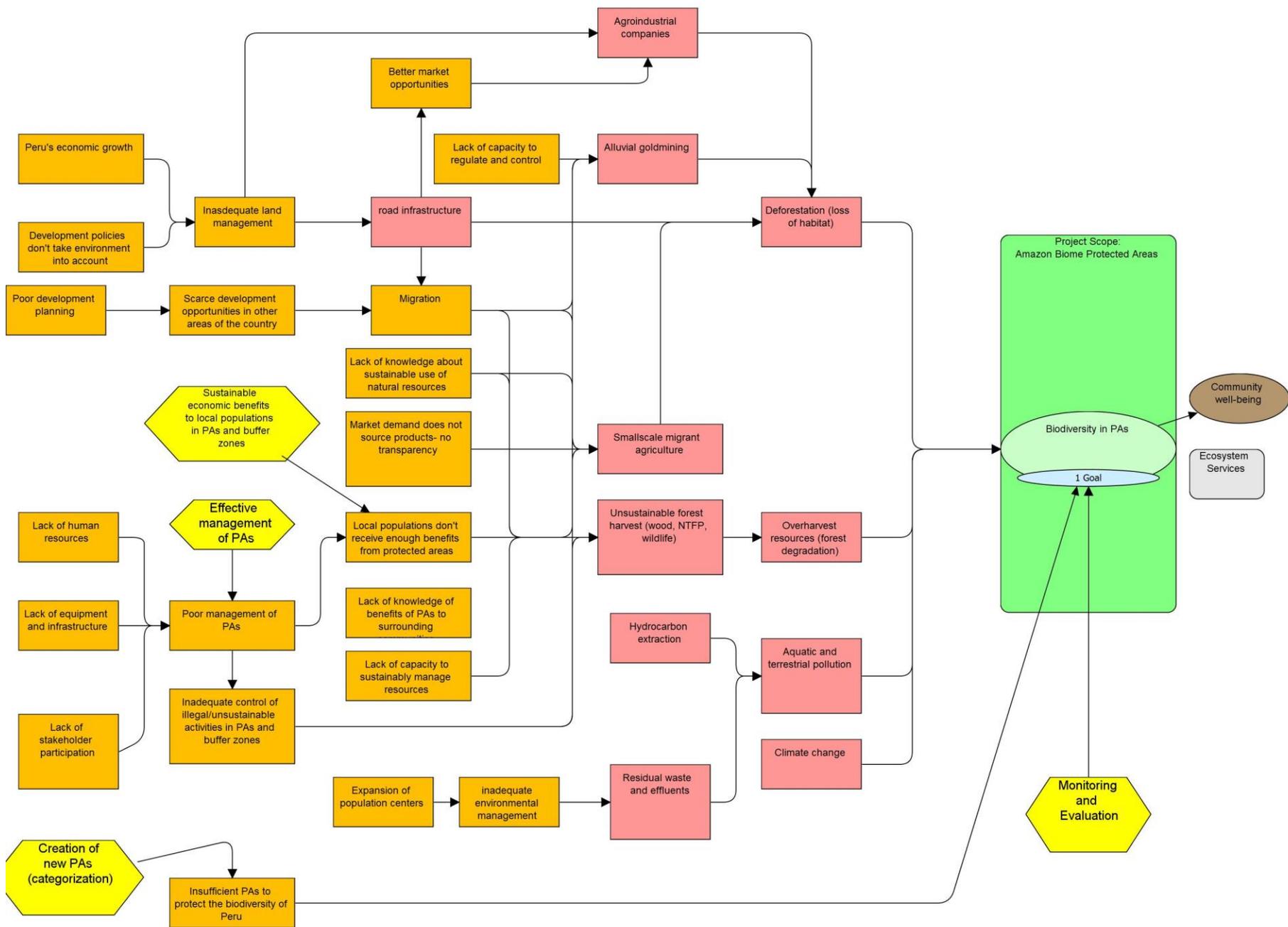


As of December 2016 PROFONANPE has managed/negotiated 61% of all the resources allocated by the GEF to Peru in the biodiversity focal area, involving 9 programs and projects for a total amount of US\$ 56,908,183 (see Table 36).

Table 36 List of previous GEF projects in Peru under the biodiversity focal area managed/negotiated by PROFONANPE

ID	Project Title	Country	Focal Area	GEF Agency	Type	GEF Grant \$
8025	<u>Effective Implementation of the Access and Benefit Sharing and Traditional Knowledge Regime in Peru in accordance with the Nagoya Protocol</u>	Peru	Biodiversity	United Nations Environment Programme	Full-size Project	2,190,000
4773	<u>Conservation and Sustainable Use of High-Andean Ecosystems through Compensation of Environmental Services for Rural Poverty Alleviation and Social Inclusion</u>	Peru	Biodiversity	International Fund for Agricultural Development	Full-size Project	5,354,545
4505	<u>Strengthening Sustainable Management of the Guano Islands, Isles and Capes National Reserve System (RNSIIPG)</u>	Peru	Biodiversity	The World Bank	Full-size Project	8,922,638
3933	<u>SFM Sustainable Management of Protected Areas and Forests of the Northern Highlands of Peru</u>	Peru	Biodiversity	International Fund for Agricultural Development	Full-size Project	1,720,000
2693	<u>Strengthening Biodiversity Conservation through the National Protected Areas Program</u>	Peru	Biodiversity	The World Bank	Full-size Project	8,891,000
1101	<u>Participatory Management of Protected Areas</u>	Peru	Biodiversity	The World Bank	Full-size Project	14,830,000
651	<u>Indigenous Management of Protected Areas in the Amazon</u>	Peru	Biodiversity	The World Bank	Full-size Project	10,000,000
538	<u>National Trust Fund for Protected Areas</u>	Peru	Biodiversity	The World Bank	Full-size Project	5,000,000
					<b>61%</b>	<b>56,908,183</b>

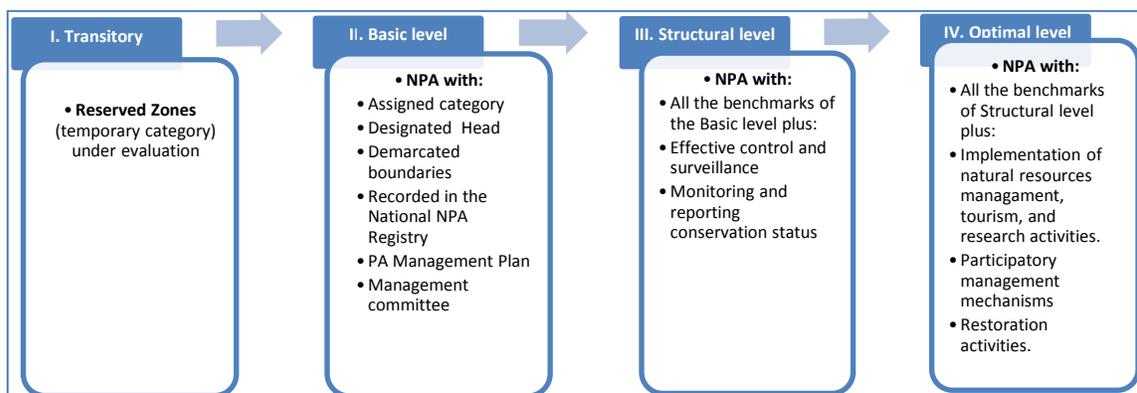
# APPENDIX 4 CONCEPTUAL MODEL



## APPENDIX 5a. SINANPE’s STANDARD LEVELS OF NPA MANAGEMENT

SERNANP defines “*effective management*” as management that allows the conservation of the values that justify the existence of protected areas, the ecosystem services they provide, and the generation of associated socio-economic benefits<sup>78</sup>. To guide management actions of the SINANPE and its NPAs, SERNANP recently adopted a conceptual framework for management effectiveness and defined four standard management levels that show the different stages through which a natural protected area passes, as it optimizes its management. These standard management levels are defined through a number of benchmarks, as shown in Figure 12 and described as follows.

Figure 12 Standard Management of the NPA for the SINANPE; Source: SERNANP 2016



- Transitory management level:** This corresponds to areas that have been earmarked for conservation and granted a temporary category as Reserved Zones, while their suitability to be established as NPA with a specific category is assessed. It formally marks the beginning of a participatory process (which involves the preparation of a technical dossier and consultation with relevant sectors, local communities and other key stakeholders) aimed at the creation of a protected natural area.
- Basic management level:** This corresponds to an established NPA with definitive management category, in which the following characteristics must be in place in accordance with the Protected Natural Areas Law (Law 26834): an NPA Manager, a Management Committee, a Management Plan, the delimitation of the NPA on the ground, and its recording in the NPA Public Registry.
- Structural management level:** In addition to the basic level conditions detailed above, this level includes suitable conditions for effective control and surveillance to enable ‘*controlled sectors*’<sup>79</sup>, so existing effects of pressures don’t increase in intensity or magnitude. These conditions include an adequate number of park rangers; a minimum and adequate provision of infrastructure, vehicles, goods and services, and

<sup>78</sup> SERNANP 2009. Plan Director de las Áreas Naturales Protegidas (Estrategia Nacional)

<sup>79</sup> A ‘*controlled environment*’ (*ambito controlado*) is a sector of an NPA where management conditions have allowed to control existing effects or prevent the emergence of new negative effects (Definition derived from Article 2, Monitoring and Control Guideline in NPAs, approved through Directorate Resolution N° 081-2015-SERNANP-DGANP).

equipment; and a system for reporting on the conservation status of the NPA, based on prioritized indicators in its Management Plan.

- d. Optimal management level: An optimal level of management involves—beyond the conservation of biological diversity—a contribution of the NPA to sustainable development through leveraging its different potentialities and the promotion of activities such as sustainable natural resources use, tourism and research (depending on its management category and zoning). It may also involve the development of actions to reduce existing negative effects on the NPA (e.g. through restoration/rehabilitation of impacted areas). This level may also include the implementation of mechanisms for participatory management, such as conservation contracts with local people, collaborative agreements, biological station administration agreements, implementation of participative surveillance, advisory group formation and even administration contracts.

#### **APPENDIX 5b. BARRIERS RELATED TO THE DIFFERENT BENCHMARKS OF THE STANDARD LEVELS OF MANAGEMENT**

**Public registration of NPA**: To date few areas have been registered in the corresponding registry and some have been wrongly listed under other public records. This stems from some confusing aspects in the regulatory framework that have generated difficulties for the adequate recording of these areas in the Registry of Protected Natural Areas. In spite of a new directive of the National Superintendency of Public Registries (SUNARP) that establishes clearer and more precise rules for the registration of NPAs, and which in turn repeals an earlier directive, according to SERNANP staff many officials of the cadaster offices across the country are not aware of these changes and the procedures to follow when the application for registration of a protected area is filed.

Another barrier for effective management is lack of **physically demarcated boundaries** that would facilitate the different actors and users of the NPA and its buffer zone to clearly recognize the boundaries of the area and for staff to identify access points and exercise more effective control. Although SERNANP has already made a diagnosis of boundaries at the cabinet level and assessed needs for milestones for each NPA, it is necessary to collect field information and field verification. Additional resources are needed for acquisition and installation of milestones for boundary demarcation.

Regarding **management committees**, which are another benchmark for the basic level of management, they constitute the most important formal mechanism for public involvement at the PA level, conceived as spaces that bring together representatives from key stakeholders to promote information exchange, coordination and consultation<sup>80</sup>. The main role of the management committee is to ensure the proper operation of the protected area; monitor implementation of the master plan; monitor, evaluate and receive comments in accordance with specifically approved plans; and monitor compliance with regulatory provisions. Its members choose an executive commission that actively participates in the management of the area on a more regular base. According to the regulatory framework, management committees should meet in a plenary session at least twice a year and

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<sup>80</sup> Procedures for the establishment and operations of Management Committees and their corresponding Executive Commission, General Assembly, and Interest Groups are quite detailed in the regulatory framework (Article 15 of the Law No. 26834 and *Resolución Presidencial N 303/2015*).

approve the executive commission's work plan and activity report. To date, four out of 34 Amazon NPAs lack a management committee.

On the other hand, the level and effectiveness of actual participation in the management committees varies across different types of stakeholders and different NPAs. For example, during consultations several interviewees showed weak knowledge regarding the PA objectives, the role and functions of the management committee, the process for elaboration/updating and approval of NPA management plans or the plan itself (even when many of those people actively support the area's management, for example through collaborative surveillance). Some of these problems stem from deficiencies in the flow of information and communication between delegates to the management committees and their constituencies (for example, some community delegates are not being able to transmit the information they receive from their participation in the management committees back to their communities, nor are they able to channel the needs or aspirations of their communities to the management committees). Lack of sense of ownership of community members regarding the NPA management plans and decision making weakens the role of management committees and is a barrier to effective NPA management. In addition, participation is expensive, especially in large PAs with difficult accessibility and particularly for local and indigenous communities.

While several management committees have found ways to be more efficient in addressing issues of relevance for their NPA (for example, by creating thematic working groups on tourism, monitoring, research, sustainable use, among others) valuable lessons learned from those experiences can't be shared between different areas as currently there are no mechanisms in place for this type of exchanges.

Furthermore, despite an approach that encourages participation of all concerned parties and the existence of an important set of tools for participatory PA management, identification of stakeholders as 'communities', 'organizations' or 'ethnic groups' (while not explicitly taking into account that within these collectives men and women may have different interests, roles and views) may be hindering gender mainstreaming. Even though this approach would support the inclusion of gender perspective in the management of protected areas, currently this is not fully translated into specific provisions to promote gender equality and mainstreaming (e.g., gender sensitive stakeholder mapping; compilation of data on natural resource use/management disaggregated by gender; gender sensitive participatory tools that would encourage the involvement of both women and men, either together or separately if necessary due to cultural, social or other reasons; inclusion of gender specific indicators in management plans, etc.).

With regards to **NPA management plans**, in recent years SERNANP, with support from several conservation NGOs, developed new guidelines for preparation and updating of PA management plans that show some improvements regarding a more strategic focus. For example, it requires the elaboration of a conceptual model but not the corresponding results chains or impact pathways that would capture the rationale for the design and implementation of strategies by showing the assumed causal linkage between activities, intermediate outcomes, and the desired final impact. Given these deficiencies, monitoring for adaptive management is weak. Without indicators clearly linked to the different elements of the theory of change it is not clear for NPA managers how to use the resulting information provided by monitoring to adapt their strategies and actions. Consequently, some NPA managers don't perceive the management plan as a tool for management; rather, strategic planning is still seen as tangential/slightly related to actual management. Hence, they continue to manage reactively, based on day-to-day decisions, instead of adaptively and based on the management plans.

For ***control and vigilance***, the new methodology developed by SERNANP, “ámbitos controlados”/controlled sectors needs more refining and needs to be rolled out into all NPAs, which will require training and guidelines on how to assess needs and monitor success. The NPA managers are not trained in this methodology and they need to be trained in the calculations to get the numbers correctly and revise mistakes or duplications which is already happening now with the number of hectares that are being controlled.

Regarding ***biodiversity monitoring***, since standard protocols are currently under development, often times indicators and targets are not defined based on a scientific approach, but by the NPA manager’s discretion. In some cases indicators do not have an associated baseline or are not measured.<sup>81</sup> As proxy for monitoring the global condition of the NPAs SERNANP follows an approach called *Matriz de Efectos por Actividades Antrópicas* (matrix of effects by human activities) which measures the presence of four “effects” or pressures of human activities in a number of grids in which an NPA is divided (resource over-use, pollution, loss of habitat, and species decline). This is supplemented with information management tools such as the Spatial Monitoring and Reporting Tool (SMART), which facilitates the systematization of georeferenced data during patrolling (including data related to the indicators of human activities that generate effects). Although all the NPA managers report on these effects to central level every six months (as per protocol from SERNANP) this does not necessarily mean the indicators are being properly measured and monitored in the field. Furthermore, not all the grids are being updated regularly in the central information system. By reporting the number/percentage of grids where an effect is present, this methodology might be relevant to provide a general assessment of the conservation status at the system level. However, it has limitations to assess conservation status at the NPA level, which should be based on specific indicators set in the corresponding PA management plans<sup>82</sup>.

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<sup>81</sup> Mejía, P. 2016. Informe del testeo de la aplicación del Instructivo para la elaboración de reportes de Seguimiento de Proyectos de Biodiversidad del GEF - incluye el formulario de evaluación METT

<sup>82</sup> Ibid.

APPENDIX 6 BASELINE FOR BASIC AND STRUCTURAL STANDARD MANAGEMENT LEVELS FOR AMAZON NPAs

NPA Code	NAME OF NPA	BASIC MANAGEMENT LEVEL							STRUCTURAL	
		Categorization	NPA Manager	Boundary demarcation	Inscription in NPA Registry	NPA Management Plan		Management Committee	Controlled Sectors	Biodiversity Monitoring
		Definitive management category assigned	NPA manager designated and trained	Complete physical boundary demarcation	NPA recorded in the NPA Registry	Elaborated/ Updated	Reviewed annually and under implementation	MC established, adequately trained, meets at least twice/yr	NPA has adequate requirements for control	Reporting on 'efectos x actividades'+ management plan indicators
BP 03	Pui Pui	Green	Yellow	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow
BP 04	San Matías -San Carlos	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
BP 06	Alto Mayo	Green	Yellow	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow
PN 02	Tingo María	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
PN 03	del Manu	Green	Yellow	Yellow	Red	Green	Yellow	Yellow	Yellow	Yellow
PN 06	del Río Abiseo	Green	Yellow	Yellow	Red	Green	Yellow	Yellow	Yellow	Yellow
PN 07	Yanachaga - Chemillén	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
PN 08	Bahuaja - Sonene	Green	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
PN 09	Cordillera Azul	Green	Yellow	Yellow	Red	Green	Yellow	Yellow	Yellow	Yellow
PN 10	Otishi	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
PN 11	Alto Purus	Green	Yellow	Red	Green	Yellow	Yellow	Yellow	Yellow	Yellow
PN 12	Ichigkat Muja Cordillera del Cóndor	Green	Yellow	Red	Green	Yellow	Yellow	Yellow	Yellow	Yellow

PN 13	Güepi-Sekime	Green	Yellow	Red	Red	Green	Yellow	Red	Yellow	Yellow
PN 14	Sierra del Divisor	Green	Yellow	Red	Red	Green	Yellow	Red	Yellow	Yellow
RC 01	Yanesha	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
RC 02	El Sira	Green	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
RC 03	Amarakaeri	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
RC 04	Asháninka	Green	Yellow	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow
RC 05	Machiguenga	Green	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
RC 06	Purus	Green	Yellow	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow
RC 07	Tuntanain	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
RC 08	Chayu Nain	Green	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow
RC 09	Airo Pai	Green	Yellow	Red	Red	Red	Red	Red	Yellow	Yellow
RC 10	Huimeki	Green	Yellow	Red	Red	Red	Red	Red	Yellow	Yellow
RN 08	Pacaya - Samiria	Green	Yellow	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow
RN 09	Tambopata	Green	Yellow	Red	Green	Yellow	Yellow	Yellow	Yellow	Yellow
RN 10	Allpahuayo Mishana	Green	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
RN 12	Matsés	Green	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
RN 14	Pucacuro	Green	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
SH 03	de Machupicchu	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow

SN 06	Megantoni	Green	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
SN 07	Pampa Hermosa	Green	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
SN 08	Tabaconas - Namballe	Green	Yellow	Green	Red	Green	Yellow	Yellow	Yellow	Yellow
SN 09	Cordillera de Colán	Green	Yellow	Yellow	Red	Green	Yellow	Yellow	Yellow	Yellow
ZR 03	Santiago - Comaina	Red	Yellow	Grey	Grey	Grey	Grey	Grey	Grey	Grey
ZR 07	Sierra del Divisor	Red	Yellow	Grey	Grey	Grey	Grey	Grey	Grey	Grey
ZR 11	Río Nieva	Red	Yellow	Grey	Grey	Grey	Grey	Grey	Grey	Grey
ZR 16	Yaguas	Red	Yellow	Grey	Grey	Grey	Grey	Grey	Grey	Grey

**TABLE LEGEND**

**BASIC- Categorization**

NPA with definitive management category	Green
Area with temporary conservation status and no definitive category (Reserved Zones)	Red

**BASIC – Designated and trained NPA Manager**

NPA Manager designated and trained	Green
NPA Manager designated in charge of more than one area	Yellow
No designated NPA Manager	Red
N/A	Grey

**BASIC – Demarcated boundaries**

NPA has all boundaries physically demarcated	Green
NPA with partially demarcated boundaries	Yellow
NPA without demarcate boundaries	Red
N/A	Grey

**BASIC - NPA Registration**

Recorded in the NPA National Registry	Green
Not recorded in the NPA National Registry	Red
N/A	Grey

**BASIC – NPA Management Plan**

NPA management plan elaborated/updated	Green
NPA management plan under preparation or updating	Yellow
Without NPA management plan	Red
N/A	Grey

Implementation of NPA management plan reviewed annually	Green
Implementation of management plan partially reviewed	Yellow
No review on implementation of NPA management plan	Red
N/A	Grey

**BASIC – NPA Management Committee**

Management committee officially established, trained, and meeting at least twice a year (as set in legislation)	
Management committee established, not trained, meeting less that twice a year	
NPA without Management committee	
N/A	

**STRUCTURAL – Controlled Sectors (“ambitos controlados”)**

NPA has all the requirements for effective control (according to “ambitos controlados” methodology)	
NPA has some of the requirements for effective control	
NPA lacks requirements for effective control	
N/A	

**STRUCTURAL – Monitoring of conservation status**

They report on “matrix of effects by human activity” ( <i>efectos por actividades antropicas</i> ), comply with the Master Plan indicators and have the total of monitoring inputs covered.	
They report on “matrix of effects by human activity” partially comply with the Master Plan indicators and have some of the necessary resources for monitoring.	
They report on “matrix of effects by human activity” but don’t comply with the Master Plan indicators and don’t have resources for monitoring	
They don’t report on “matrix of effects by human activity” and don’t comply with the Master Plan indicators	
N/A	

## APPENDIX 7 LIST OF POSSIBLE FINANCIAL MECHANISMS

\*\*The final shortlist of financial mechanisms will be developed through Output 2.2.1, and may draw on some of the mechanisms listed below.

Proposed Revenue Source	Proposed Mechanism	Revenue potential for SERNANP	Implementation potential			Potential costs		TOTAL	Amount US\$ per year	Realistic amount in US\$
		Revenue	Legal viability	Political viability	Costs for the Peruvian treasury	Minimal Administrative Costs	Minimal costs for the private sector			
Earmarked Taxes	SERNANP will be designated as a beneficiary of the special tax for marketing and development of the national tourism sector.	2: direct fund allocation, permanent and recurrent for SERNANP.	0: Law N° 27889, needs to be amended to create this new tax.	1: does not benefit any specific entity but does not affect current revenues. The Ministry of Tourism will continue to receive the same revenue.	2: The government will increase their revenues.	2: No additional administrative procedures are required, SUNAT (the tax authority) will continue to use the same controls and administrative procedures since the payments comes from the same source (international airfare).	0: moderate cost increase to the private sector.	7	4,285,714	2,000,000
	To increase in two US dollars the special tourism tax to go to SERNANP. Another alternative is not to increase the tax but change its allocation (this will be politically more difficult)									
Revenues from natural resources use or public goods inside national protected areas	Water use fees, will include an additional charge for protection and restoration of hydrological ecosystem services of water quantity and quality in National Protected Areas and Regional Protected Areas.	2: these are permanent and recurrent revenue streams for SERNANP (may not benefit Amazon areas directly).	0: requires the amendment of law N° 29338, Water Resources Law.	1: does benefit or affects any government agency. The National Water Commission (ANA) will continue collecting the same fees.	2: the Peruvian government will continue to collect revenues which will increase.	1: there will be some additional administrative cost for ANA which collects fees, considering this is a new fee that will have to be transferred to SERNANP. Will require some capacity building for ANA.	0: new cost for the private sector, there will be charge to reflect their water use, watershed protection and restoration of the hydrological services originating in national protected areas.	6	4,285,714	4,285,714

	SERNANP will charge fees and licenses for use guano in islands that are national protected areas by AGRORURAL.	2: these are permanent and recurrent revenue streams for SERNANP.	2: no legislation needs to be amended, only a presidential decree is required to establish the new fees.	0: AGRORURAL may be affected since it may have to transfer part of their revenues.	2: the Peruvian government will continue to collect revenues which will increase.	0: SERNANP will have to establish a new regulation, there is now procedure for this. There will be some new costs associated with collecting and managing the new fees.	0: AGRORURAL will transfer the cost of the new fees to the users and consumers of guano increasing its price.	6	428,571	428,571
Tax deductions	Tax breaks from the Forestry and Wildlife law for concessions within the national protected areas system.	0: these revenues will not go directly to SERNANP, but could benefit the protected areas system. This could save funds that will be covered by the private sector. This will not be clear until there is legislation in place.	1: regulation needs to be established to regulate some sections of the Forestry and Wildlife Law. A supreme decree approved by Ministry of Finance (MEF) and Ministry of Agriculture (MINAGRI).	1: the Ministry of Finance (MEF) may oppose the tax deductions, it has to comply with the Forestry and Wildlife Law.	0: The Peruvian government receives less revenue.	0: Ministry of Environment will have to regulate new tax deductions based on the concessions in national protected areas.	2: No cost for the private sector.	4		
Park entry fees	Update of the park entry fee rates	1: these are permanent and recurrent revenue streams for SERNANP .	2: no legislation need to be amended , only a presidential decree is required to establish the new fees.	2: does not affect any other agency	2: the Peruvian government will continue to collect revenues which will increase.	1: SERNANP will have to make a cost benefit analysis	2: No cost for the private sector.	9	1,200,000	1,200,000

Source: Elaborated by Jessica Villanueva and Esteban Brenes based on Report from Carlos Trinidad: Consultancy about policy and regulations options to increase the public budget for SINANPE, 2015.

KEY: 0 = Low; 1 = Medium; 2 = High

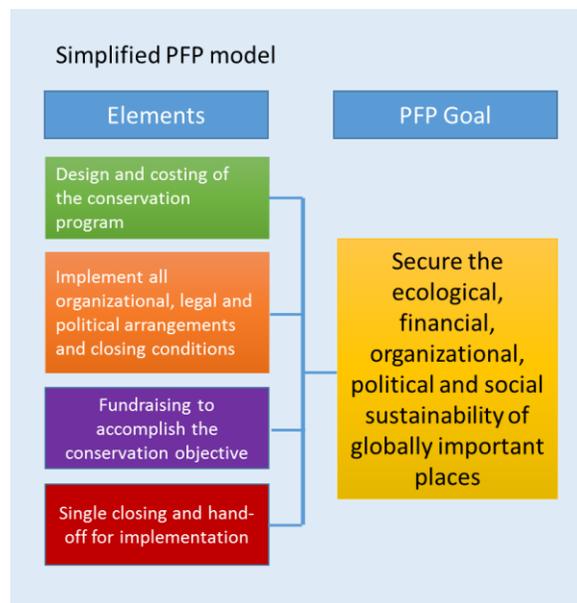
## APPENDIX 8 PFP APPROACH

Historically, many conservation programs have focused on single protected areas, and external donations have often served as piecemeal “supplements” to government funding, rather than a consistent support for government financing of PA-related activities. Project finance for permanence (PFP) is adapted from the private sector practice for organizing and funding complex, expensive, and well-defined projects and presents a means for permanent and full funding of conservation areas relying on rigorous project selection and project management.

The PFP model is the result of an evolution across a number of large-scale projects, including: (1) the Amazon Region Protected Areas (ARPA) program to conserve 60 million ha of Amazon rainforest, (2) the combined conservation/economic development plan for the Great Bear Rainforest in British Columbia, and (3) the Forever Costa Rica project to expand and finance Costa Rica’s terrestrial and marine protected area system.

A PFP is defined as an initiative that at one time, secures important policy changes, and all funding necessary to meet specific conservation goals of a program over a defined long-term timeframe, with the ultimate goal of achieving the ecological, social, political, organizational and financial sustainability of that program (WWF, 2016).

A signature component of the PFP approach is a single close agreement that delivers pledged funds when conditions for permanence are met, which serves to motivate the parties and draw out additional financial and political commitments. PFP brings together various entities that are usually needed to ensure landscape-scale conservation by establishing a multi-stakeholder process that benefits all involved. It generates financial leverage that magnifies the effect of each funder’s contribution through the single close agreement, providing a powerful incentive to private and public donors to support the government-led conservation program and it establishes transactional influence that uses the promise of large-scale philanthropic investments to encourage legal, regulatory, and organizational actions that will benefit conservation activities through the closing structure, which requires that all closing preconditions are met (Redstone, 2011).



The key elements of a PFP initiative are:

1. Designing and costing of the conservation program: Under governmental lead the multiannual conservation goal and program are designed and costed in sufficient detail.
2. Implement all organizational, legal, and political arrangements required before closing: This step includes enacting legal and regulatory frameworks and decrees for creating the program, the development of an operations manual, the setting up of a transition fund, harmonizing of budgetary planning processes to enable a coordinated implementation of the program between the governmental agencies and the transition fund
3. Fundraising to accomplish the conservation objective: Fundraising for the program's full cost and design and preparation for sustainable financing mechanisms to contribute to governmental budgetary commitments
4. Closing and hand-off for implementation: Completing a single close agreement after all necessary closing conditions have been met (including government actions and the raising of all of the necessary funds for implementation).

## APPENDIX 9 COST PLANNING, FINANCIAL GAP AND PRELIMINARY DONOR TARGET

The cost planning process to establish the financial gap to implement PdP was led by SERNANP's Strategic Development Department (DDE) and the Management of Protected Areas Department (DGNPA), and followed a stringent process:

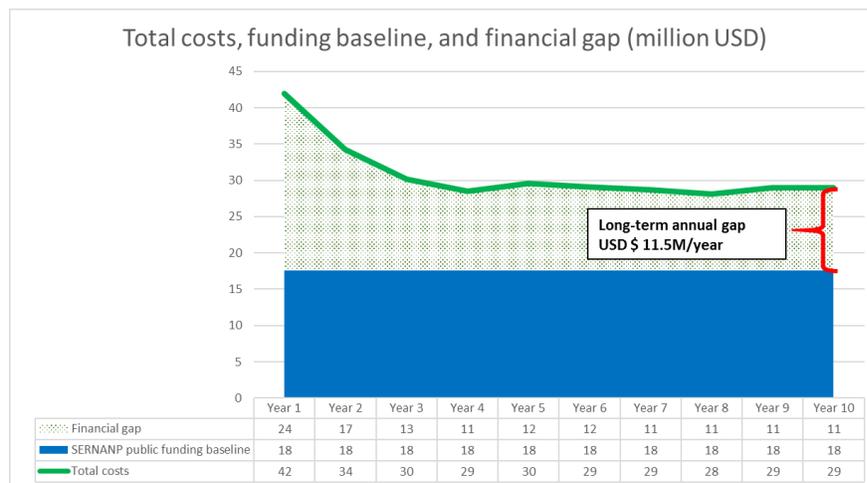
1. Once the goals for *basic* and *structural* management were established (i.e., the benchmarks to achieve to consolidate each management level), DDE defined the detailed activities and their sequencing to meet these goals at the NPA level. DGNPA defined the detailed activities for the tourism and natural resource use goals, which are components of the *optimum level of management*. While basic and structural management targets in phase 1 apply to the total of the 34 NPAs and 4 RZs in the Peruvian Amazon, 12 of those NPAs were selected for investment in the sustainable use of natural resources and 8 NPAs for investment in tourism, based on an expert-driven analysis of the potential and feasibility to achieve these goals in each respective NPA.
2. For each activity associated to each goal, DDE and DGNPA identified the different types of inputs needed to implement this activity (e.g. personnel, infrastructure, operating expenses for meetings and trips, consultancies, training, vehicles, etc.)
3. For the basic and structural level goals, during 7 macro regional workshops with different groups of NPAs represented by the NPA manager and at least one specialist, each NPA established its additional requirements to current baseline per type of input to implement each activity, meet each goal and reach a level of structural management within a maximum period of 10 years. Input requirements were defined by NPA for each year of the initiative (e.g. in the case of the patrol activity under the control and surveillance goal, each NPA established its additional staffing needs and operating expenses required for each year per sector of the NPA).
4. While for most of the basic and structural level goals, activities and their recurrence were defined at the central level and only inputs were defined at the NPA level, in the case of the control and surveillance goal the "controlled sector" methodology was used for the definition of activities of inputs needed for each NPA. This methodology requires the division of each NPA into different sectors. The sectors are differentiated by their topography and accessibility, which define the threat exposure for this sector. In addition to the threat exposure, for each sector the different pressures documented by the Matrix of Effects for Human Activities (*Matriz de efectos por actividades*) as drivers for biodiversity loss were taken into consideration for defining the activities and inputs required to maintain the current state of conservation of the respective sector. Depending on the accessibility and type of pressure, each sector may require different amounts of staff inputs, infrastructure, vehicles and operating expenses. For example, while in some cases a sector with poor accessibility may be controlled by semiannual flyovers other sectors may require the continuous presence of park rangers.
5. Once the quantities of additionally required inputs were established per year and per NPA, SERNANP experts proceeded to establish unit prices per input, differentiating the type of expenditure for each input, and whether it is a one-time investment or a recurrent cost. In most cases, DDE established ranges for unit prices differentiated by region and size of the NPA, or standard values for personnel, vehicles and equipment based on historical records of the SERNANP central purchasing department. Likewise, DDE established the costs associated with the supporting activities provided by DDE, the DGNPA, and the Office

of Legal Advice (OAJ). In the case of operating expenses, unit prices were defined by each NPA management individually based on their experience regarding the needs of the NPA.

6. Once unit prices were defined by input and NPA, DDE summed the total financial needs per input per year by multiplying the amount of input required by the unit price for each NPA for each year of the initiative.
7. The resulting cost estimates for basic and structural management levels were validated in a subsequent workshop with all the NPAs.

Figure 13 shows the total annual financial gap for basic and structural management for 34 NPAs and 4 RZs, and for tourism and sustainable resource use goals at the optimum level (for 8 and 12 of those NPAs, respectively). The financial gap is bigger (as much as \$ 24 million USD per year) in the first five years, due to the need to build new infrastructure (such as administrative headquarters and checkpoints) and buy vehicles and equipment. The long-term annual gap for phase 1 of the PdP is approximately \$ 11.5 million USD per year.

Figure 13 Total costs, funding baseline and financial gap of Phase I of PdP



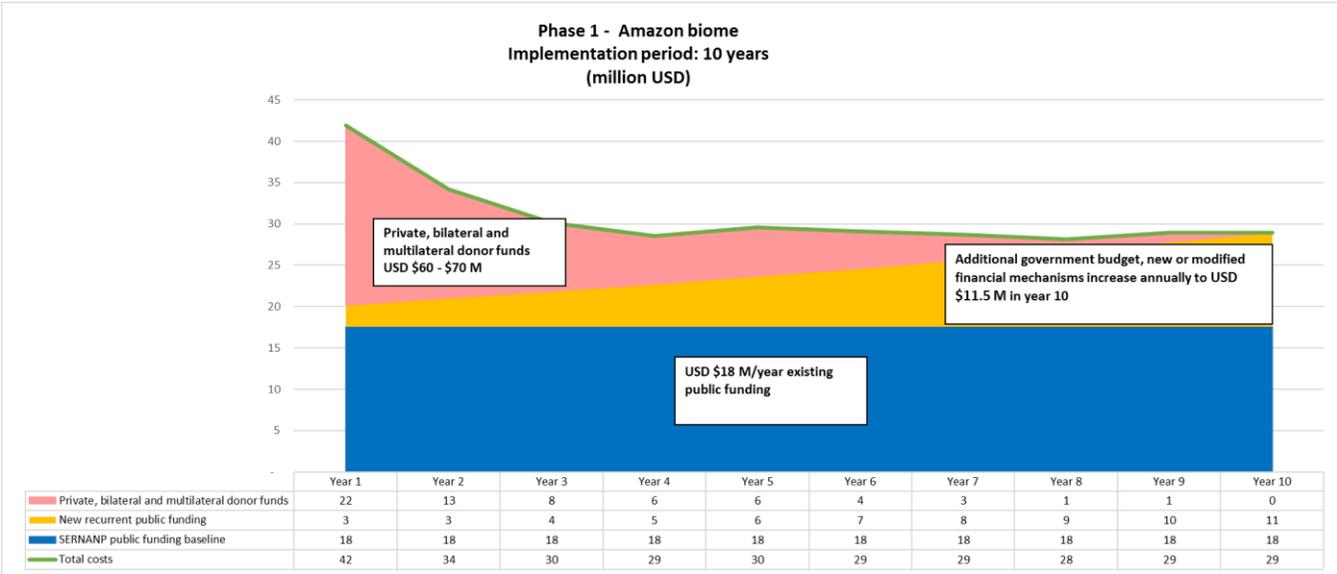
It is important to note that this is the preliminary gap projection, as it requires strategic prioritization of the order of NPAs for implementing the conservation activities and achieving the respective goals. The peak in year 1 is due to the fact that all NPAs planned for infrastructure construction, purchase of vehicles and equipment and contracting new staff starting in year 1. However, it will not be feasible to make all of these investments and staffing increases in all 34 NPAs in parallel, since processes must be coordinated at central level (purchases, new hires, etc.) and parallel implementation would exceed the absorptive and management capacity of SERNANP central staff. A staged implementation would also allow for lessons learned in the first years to feed into planning and execution in the following years, thereby increasing implementing and management efficiency.

Based on the preliminary gap projection, a first estimate of the financial target for the total amount of donor contributions required for the single closing and the full implementation of phase 1 of the PdP was calculated. The estimate was based on the guiding principle that an increasing proportion of the annual gap should be covered by new or modified in-country financing mechanisms or additional allocation of public budget to the

PdP conservation goals. Furthermore, the model uses the assumption of a significant in-country financial commitment in addition to the baseline funding in year 1 (15% of the current baseline funding) to show governmental commitment to the initiative and provide a financial counterpart to the large amount of donor funds needed in the first year. Starting in year 2, the model assumes a stable annual real increase of 4% of in-country funds allocated to the PdP conservation goals to achieve full coverage of the long-term recurrent financial gap of \$ 11.5 million USD per year by year 10.

Based on these assumptions of the desired trajectory, the difference between total financial gap over 10 years minus total in-country allocation over 10 years was estimated - including provisions for contingencies (exchange rates, inflation rates, unforeseen expenditures) and transition fund management fees - resulting in a donor target range of between \$ 60 million USD and \$ 70 million USD (see Figure 14 below).

Figure 14 Phase 1 of PdP Initiative - Amazon Biome- estimated donor target range



To refine the financial model for PdP and calculate the exact donor target, the following activities will be carried out during GEF implementation:

- Prioritize which NPAs will implement PdP conservation activities in earlier versus later years based on SERNANP’s absorption and management capacity, and refine cost model projections accordingly (Outcome 1.1)
- Refine the financial model to account for donor fund restrictions regarding eligible activities, cost items, tranches or time restrictions, to ensure full coverage of annual financial needs (Outcome 1.1)
- Perform pre-feasibility and feasibility studies of short-listed sustainable financing mechanisms (Outcome 2.2) to provide validated annual projections of increased self-generated revenues to SINANPE (RDR funds)

- Reach a political decision on the annual percentage of newly-generated revenues and/or increases in ordinary budget achieved through Outcome 2.1 that will be allocated to NPAs and PdP phase 1 conservation activities, and refine estimates of annual in-country funding allocations to PdP accordingly
- Refine for the timing to implement specific NPA PdP activities as needed to comply with donor restrictions and capacity to generate additional annual financial resources from new or modified sustainable financing mechanisms

### **Fundraising status and contingency plan**

The PdP initiative's framework agreement (single close) is scheduled to be signed during the first year of project implementation and is contingent on meeting the target of between \$ 60 million USD and \$ 70 million USD of donor fund commitment to the PdP conservation goals.

As of May 2017, a total of \$ 41 million USD has been pledged in support of the PdP initiative, including \$ 10 million USD from the Gordon and Betty Moore Foundation, \$ 5 million USD from WWF, \$ 5 million USD from GEF, and \$ 20 million USD of bilateral funds from the German cooperation pledged by SERNANP.

With the support of GEF project funds for output 1.1.1, the ongoing engagement of SERNANP and WWF with prospective donors indicates a potential of raising another \$ 25 million USD in donor funds.

The signing of the framework agreement can take place if 80% of the final donor target has been pledged and there are reasonable indications of obtaining the remaining amount from specific identified donors. If less than this amount is committed, the Project Steering Committee will have two options:

1. Postpone the deal close and renegotiate terms with each donor.
2. Reduce the scope of phase 1 of the PdP initiative in terms of NPAs or conservation goals.

In the event that the deal closing is postponed, WWF GEF Agency will consult with the GEF to evaluate the following three options:

1. Transfer the funds to PROFONANPE after year 1 as initially scheduled. The funds will be invested by the transition fund's investment manager and begin to accrue investment returns while project executing agencies and partner NGOs work toward the deal closing with the established financial donor target.
2. Wait to transfer funds to the transition fund along with other donors participating in the single close agreement. In the interim period, funds would remain with WWF GEF agency.
3. Use funds to directly fund PdP conservation activities in the 2 – 4 of the shortlisted NPAs. WWF GEF Agency would transfer funds to PROFONANPE, who would then issue sub-grants to SERNANP and the selected NPAs, thus directly funding the same activities that would be funded through the PdP initiative during the project period.

If the close is postponed and/or it closes with between 85% and 100% of the final donor target, SERNANP and WWF will continue the fundraising efforts to cover as much of the remaining gap as possible during GEF project implementation. Under all scenarios, the executing agencies will work towards increasing revenues from new or modified sustainable financing mechanisms.

## APPENDIX 10 BUILDING ON GEF INVESTMENTS IN PERU: SECURING THE FUTURE OF PERU'S PROTECTED AREAS

Theme	National Trust Fund for Protected Areas WB-GEF FONANPE 1995-1999 PMIS#538	Indigenous Management of Protected Areas in the Amazon WB-GEF PIMA 2001 – 2007 PMIS#651	Participatory Management of Protected Areas Project for Peru WB-GEF GPAN 2003 – 2009 PMIS#1101	Strengthening Biodiversity Conservation through the National Protected Areas Program WB-GEF PRONANP 2010 – 2015 PMIS#2693	WWF-GEF Securing the future of Peru's PA PMIS#9374
<p><u>Goal:</u> Long term and system-wide financial sustainability for PA conservation in Peru</p> <p><u>Challenge:</u> Development and adoption of a system-level structure for financial sustainability for a standard of protected area management</p>	<p>Established permanent trust (endowment) fund, with income that would finance management of priority PAs. However, donors could not input to trust fund, so sinking fund was also set up.</p> <p>Aim of 10% annual gross return was not achieved and deemed unrealistic</p> <p>Established PROFONANPE as a non-government institution for PA financing</p>		<p>Aimed to obtain sustainability for the financing of recurrent costs in SINANPE.</p> <p>Achieved US\$6 million increase the Endowment Fund established under FONANPE project.</p> <p>Designed financial strategy for SINANPE</p>	<p>Asset Fund of \$11,9 million implemented to cover recurring costs of national, regional and local protected areas, within three of the four selected corridors. This built on the FONANPE trust fund/endowment fund. It did not generate the expected returns.</p> <p>Use of the interest from endowment funds (PRONANP portfolio)</p>	<p>Establishment of a 10-year transition fund and model to finance a standard level of management for all Amazon NPAs</p> <p>Learning from the past GEF projects, a transition (or sinking) fund, instead an endowment fund, will be established. The fund will focus at the PA system level for the Amazon, rather than small sub-sets or suites of NPAs.</p> <p>The PdP allows for donors to invest in either the sinking fund or via government budget (based on lessons from FONANPE).</p> <p>PdP will have an established investment policy and will have a Steering Committee that functions for both the PdP and the WWF-GEF project</p>
<p>Goal: Increasing government sources for PA financing</p> <p>Challenge: Reliance on donors and central government budget; lack of self-generated income.</p>	<p>Created an endowment fund, with interest to support PA management</p> <p>Design of mechanisms for debt swap agreements.</p> <p>Implementation of entrance fees</p>	<p>Promoted economically, socially and environmentally sustainable investments by indigenous grassroots organizations through the Biodiversity Investment Sub - Grant Scheme. This generated local benefits but did not substantially contribute to NPA or system financing.</p>	<p>Supported small scale economic activities (PAES) with the local population and sustainable resource use in NPAs and buffer zones</p> <p>Established administration contracts with non-government entities for NPA management</p>	<p>Increased leveraging ratio of subnational governments and private sector for three ecological corridors from a baseline of 2:1 to 4:1</p> <p>Continued PAES and use of contracts for administration (managed by NGOs)</p>	<p>Development of system-wide financial mechanisms to support PA system financing, as well as replicable site-based mechanisms; to generate capacity for increasing financing at the system level, not just at the local scale.</p> <p>Promotion of the economic, tourism, and other values of</p>

Theme	National Trust Fund for Protected Areas WB-GEF FONANPE 1995-1999 PMIS#538	Indigenous Management of Protected Areas in the Amazon WB-GEF PIMA 2001 – 2007 PMIS#651	Participatory Management of Protected Areas Project for Peru WB-GEF GPAN 2003 – 2009 PMIS#1101	Strengthening Biodiversity Conservation through the National Protected Areas Program WB-GEF PRONANP 2010 – 2015 PMIS#2693	WWF-GEF Securing the future of Peru's PA PMIS#9374
			PAES and contracts contributed to financing individual NPA costs	Claimed that 8 sustainable financing mechanisms developed and implemented. However, these were not actual resource-generating mechanisms to finance conservation and PA management, but strategies for capitalizing on existing funds and programs (in this sense they were more like strategies to provide sustainable business opportunities and generate benefits for local actors and reduce pressures on biodiversity.)	NPAs to increase cross sector government support to financing the NPA system.
<p><u>Goal:</u> Implement a standard level of effective PA management</p> <p><u>Challenge:</u> To improve management effectiveness by consolidating a standard level of management across the NPA system (operationalized by management plans, demarcation, registration, management committees, staff, patrols, monitoring, tourism, natural resource</p>	<p>Basic level management was achieved for 10 NPAs through funds channeled from PROFONANPE</p> <p>Staff numbers increased, field staff turnover decreased, staff training</p>	<p>Promoted sustainable NPA conservation through involvement of indigenous communities in Peru's Amazon.</p> <p>Established and categorized 4 protected areas (Gueppi Sekime NP, Alto Purus NP, El Sira CR, and Pacaya-Samiria NR), and brought 120,000 indigenous and local populations in these PAs into co management schemes. However, Santiago Comaina could not be categorized and still remains a reserved zone.</p> <p>Participatory monitoring and evaluation system for NPA system developed but not well implemented</p>	<p>Funded preparation/updates, and implementation, of NPA management plans</p> <p>Capacity building for INRENA (management agency), PROFONANPE, and civil society involved in NPA management</p> <p>Successful integration of civil society and private sector into NPA management and planning</p> <p>Establishment of management committees including local stakeholders</p> <p>Did not continue the M&amp;E system developed under PIMA</p>	<p>Scaled up PIMA's approach to strengthen biodiversity protection and conservation by increasing participation of civil society and the private sector in the management of ANPs</p> <p>Methodologies prepared for the development of planning tools for PA</p> <p>15 Management plans prepared</p> <p>Supported regional environmental management</p>	<p>Definition of a standard level of NPA management, to streamline the usage of the resources and investments made in the PAs, resulting in effective management.</p> <p>Implementation of activities to reach standard level of management for Amazon NPAs in ten years, including in 3-4 NPAs directly financed through the GEF project funds.</p>

Theme	National Trust Fund for Protected Areas WB-GEF FONANPE 1995-1999 PMIS#538	Indigenous Management of Protected Areas in the Amazon WB-GEF PIMA 2001 – 2007 PMIS#651	Participatory Management of Protected Areas Project for Peru WB-GEF GPAN 2003 – 2009 PMIS#1101	Strengthening Biodiversity Conservation through the National Protected Areas Program WB-GEF PRONANP 2010 – 2015 PMIS#2693	WWF-GEF Securing the future of Peru's PA PMIS#9374
management by communities) but no NPAs have achieved this level		Strengthened institutional and technical capacity of INRENA and indigenous groups  Established five Protected Area Management Committees			

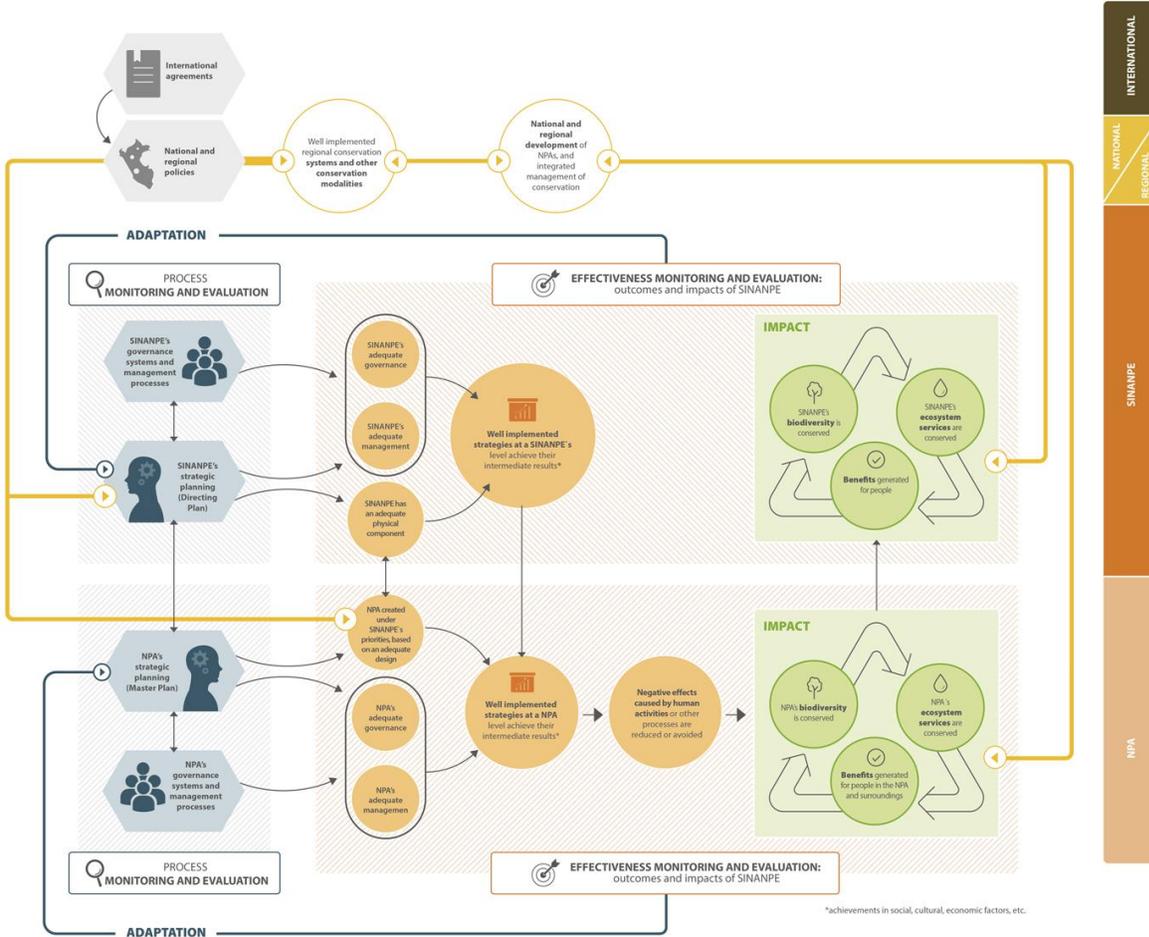
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# APPENDIX 11 CONCEPTUAL FRAMEWORK FOR EFFECTIVE MANAGEMENT OF THE SINANPE

## GESTIÓN EFECTIVA del SINANPE

Aquella gestión que permite alcanzar el impacto deseado: la conservación de los valores que justifican la existencia de las áreas, de los servicios ecosistémicos y la generación de beneficios socio-económicos asociados.



## APPENDIX 12 LINKAGES WITH OTHER PROJECTS IN THE PERUVIAN AMAZON

1. **The UNDP-GEF project "Transforming management of protected area/landscape compounds in Peru to strengthen ecosystem resilience management"** (2014-2020) Previous name "Building Resilience in the Amazon Biome: Protected Natural Areas as an integral part of climate change adaptation" approved by BMU (International Climate Initiative)
2. **Conservation and Protection of the Tabaconas Namballe National Sanctuary, Province of San Ignacio - Cajamarca Region (SNIP Code No.150623):** Recovering vegetation cover in the Tabaconas Namballe National Sanctuary and its buffer zone. Implementing agency: SERNANP. Finance Source: SERNANP.
3. **Support for strengthening administration, protection, management and monitoring of natural resources in the Pacaya Samiria National Reserve:** Strengthening the management of the Samiria River basin and tributaries of the Pacaya Samiria National Reserve. Implementing agency: SERNANP and PROFONANPE. Financial Source: PLUS PETROL.
4. **Strengthening Biodiversity Conservation through the National Program of Protected Natural Areas:** Contribute to long-term ecological sustainability of NPAs in Peru through the expansion of SINANPE ecological representativeness and the implementation of conservation activities at various levels (national, regional and private) within the ecological corridors. Implementing agency: SERNANP and PROFONANPE. Financial Source: KFW-GEF.
5. **Effective management of Protected Natural Areas (SINANPE III):** Contribute to the conservation, valuation, restoration and rational use of the country's biological diversity and to sustainable development. Implementing agency: SERNANP and PROFONANPE. Financial Source: KFW.
6. **Wildlife Conservation in the Peruvian Amazon:** Contribute to the conservation of biodiversity in the Amazon and Peru. Implementing agency: WCS. Financial Source: WCS.
7. **Benefits of eco-systemic goods and services, reducing poverty in areas of high biodiversity in the Andean Peruvian Amazon:** Contribute to the reduction of poverty and environmental degradation in areas of high biodiversity in the Andean Peruvian Amazon through generating capabilities and political, technical and business conditions to develop successful experiences of sustainable use of eco-systemic goods and services and their relationship in the fight against poverty. Implementing authority: SERNANP and MINAM. Financial Source: European Union.
8. **IAPA: Integration of the Protected Natural Areas of the Amazon Biome.** Ends 2018. Project funded by the European Union and FAO. Its objective is to contribute to the increase of ecosystem resilience to the effects of climate change, maintaining the provision of goods and services that benefit biodiversity, communities and local economies. It is developed in 8 countries that make up the Amazonian territory - Bolivia, Brazil, Guyana, Peru Colombia and Ecuador. Its expected results are: (i) Consolidation of the Amazonian vision, (ii) Conservation opportunities (implementation of action plans), (iii) Governance, participation, equity and shared benefits, and (iv) Financial sustainability (financing strategy to support the action plan of the conservation vision of the Amazonian biome 2010-2020 and mechanisms of financial sustainability in two conservation landscapes).

9. **REDPARQUES: Latin American network of protected areas.** Eco systemic vision - Amazon Biome. Implementing agency: WWF. Financial Source: BMU. Regional Working Group on Effective Management and Financial Sustainability. REDPARQUES fosters a space for coordination, learning and exchanges among the different LAC countries/members.
10. **Conservation and sustainable use of biodiversity through co-management of community reserves with communities in the Amazon jungle.** Improved protection of biodiversity and sustainable use of forest resources in communal reserves in the Amazon region using a co-management approach. Implementing agency: BMU and GIZ. Financial Source: BMU.
11. **Generation of opportunities for the development of ecologically and economically sustainable productive systems and environmental services associated with the forest for the mitigation of climate change (National Forest Conservation Program):** Contribute to the conservation of 54 million hectares of tropical forests as an important contribution to climate change mitigation and the sustainable development of forest-dependent populations. Implementing agency: MINAM. Financial Source: MINAM.
12. **Proposed "Contribution to the environmental objectives of - Pro-Environment":** Peru reaches selected national and regional targets related to sustainable uses of systems, biodiversity conservation and the capacity to mitigate and adapt to climate change. Executing agency: GIZ. Financial Source: BMZ.
13. **Improving the scenic and landscape beauty services in protected natural areas in the PN Tingo María, PN Yanachaga Chemillén, RN Junín, SH Chacamarca and SN Huayllay (SNIP Code 280650).** Implementing agency: SERNANP. Financial Institution: SERNANP.
14. **Improving client service for biodiversity conservation and sustainable development of NPRs at SERNANP's administrative headquarters in Loreto, Iquitos district, Maynas province - Loreto (SNIP Code 278530):** For conservation and sustainable development of The Pacaya Samiria National Reserve, the Matsés National Reserve, the Allpahuayo Mishana National Reserve, the Pucacuro National Reserve and the Güeppí Sekime National Park, the Airo Pai Communal Reserve, the Huimeki Communal Reserve and the Yagua Reserved Zone. Implementing authority: SERNANP. Financial Institution: SERNANP.

## APPENDIX 13 OTHER LESSONS LEARNED THAT INFORMED PROJECT PREPARATION

### Lessons Learned and Recommendations that informed general project approach<sup>83 84</sup>

GEF support is contributing to large-scale change in biodiversity governance in countries by investing in NPA systems. Through interventions at the NPA level, GEF support is also helping catalyze gradual changes in governance and management approaches that help to reduce biodiversity degradation.

GEF support allows adaptability and higher likelihood of broader adoption in cases where it pays particular attention to three key elements in combination: long-term engagement, financial sustainability, and creation of links across multiple approaches, stakeholders and scales.

GEF funding was also found to give greater attention to creating links between different scales and among different stakeholders that otherwise would not interact over a longer period of time. This was accomplished mainly through process-oriented activities that would yield benefits in the long term such as training, consultations and planning processes, and exchange workshops, which were credited for facilitating dialogues that sped up the adoption of innovative management approaches. As mentioned earlier, GEF support often linked NPA-level interventions with higher-scale initiatives, facilitating the exchange of lessons across the system.

Landscape approaches to conservation broaden the funding base and/or narrow the funding gap and make clear that investing in healthy ecosystems is critical for livelihoods and development. Subnational NBSAPs can act as potent catalysts to intensify cross-sector coordination and collaboration.

In cases where GEF did not provide long-term support directly to government agencies or give sufficient attention to financial sustainability, links between scales or among stakeholders tended to become weaker once the project ended.

GEF should invest more in interventions that enable dialogue and joint decision-making not only among multiple stakeholders in and around NPAs, but also stakeholders representing different sectors and operating at different scales – NPA, landscape, NPA system, national ministries -- that tend to have conflicting development priorities and management objectives with regards to biodiversity conservation. At the minimum, these would be stakeholders undertaking activities that involve environmental protection, natural resource use, economic development, and infrastructure development.

Rather than the total additional amounts made available, it is the capacity for overcoming various constraints which shapes the degree to which funds meet needs and deliver conservation outcomes. These constraints refer e.g. to an enabling governance environment, the stability of funding flows, the flexibility with which they can be used, the quality and reliability of financial planning, and the capacity and motivation to effectively conduct conservation tasks on the ground. A focus on filling the ‘funding gap’ does not capture these more complex requirements for sustaining conservation. Therefore, development cooperation should take a holistic approach

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<sup>83</sup> Global Environment Facility Independent Evaluation Office (GEF IEO). Impact Evaluation of GEF Support to Protected Areas and Protected Area Systems, Evaluation Report No. 104, Washington, DC: GEF IEO, 2016.

<sup>84</sup> Discussion Brief: Enhancing the financial sustainability of biodiversity conservation - conclusions from a review of experience in German development cooperation (PDF Download Available). Available from: [https://www.researchgate.net/publication/311087325\\_Discussion\\_Brief\\_Enhancing\\_the\\_financial\\_sustainability\\_of\\_biodiversity\\_conservation\\_-\\_conclusions\\_from\\_a\\_review\\_of\\_experience\\_in\\_German\\_development\\_cooperation](https://www.researchgate.net/publication/311087325_Discussion_Brief_Enhancing_the_financial_sustainability_of_biodiversity_conservation_-_conclusions_from_a_review_of_experience_in_German_development_cooperation)

and provide financial as well as technical assistance, in order to tackle the various constraints to financial sustainability of biodiversity conservation.

### **Lessons learned that informed Component 2<sup>85 86</sup>**

It is essential for protected areas to maximize the use of different financial mechanisms in order to reduce risks associated with income fluctuation. Financial sustainability of protected areas without adequate diversification of financial mechanisms is not possible.

When identifying and selecting financial mechanisms, planners should focus on innovative options to complement traditional financing sources. Identifying and eliminating legal, regulatory, and administrative barriers that hinder existing and potential financial mechanisms is an important step in this process.

Innovative financing mechanisms can deliver multiple benefits, but only if their design is carefully fitted to context.

Economic feasibility studies are valuable tools to determine the real potential of financial mechanisms. The omission of these studies can lead to poorly informed decisions and implementation problems that can cause low financial returns. Also, planners should consider a wide range of potential investors when conducting their feasibility studies.

While there are important successes, new mechanisms have in some places either failed or not taken off, even if funding was made available for their initial set-up. The main reason: New mechanisms tend to require new skills, institutions, partnerships, and regulations – this takes years to decades to develop. Therefore, careful adaptation of a mechanism's design to its operating environment is required. It appears therefore promising to first focus on improving the design and functioning of existing financing mechanisms. For new mechanisms, experts and decision makers benefit from jointly exploring and comparing alternative design options to find a suitable fit for their specific socio-economic and institutional setting.

Strategic allocation of the resources generated should also be promoted. Moreover, financial mechanisms can be designed to combine fiscal, social, and environmental benefits.

### **Lessons/Recommendations that informed site selection for Component 3**

As it has consistently demonstrated, the GEF must also continue to adopt the most rigorous scientific criteria in selecting areas for investment, integrating new and more appropriate criteria such as climate change vulnerability as they are developed. Use recently developed technologies that are capable of integrating multiple sources of data and types of criteria (e.g., key biodiversity area, species richness, climate change vulnerability), and that allow

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<sup>85</sup> Flores, M., Rivero, G., León, F., Chan, G., et al. 2008. Financial Planning for National Systems of Protected Areas: Guidelines and Early Lessons. The Nature Conservancy, Arlington, Virginia, USA.

<sup>86</sup> Discussion Brief: Enhancing the financial sustainability of biodiversity conservation - conclusions from a review of experience in German development cooperation (PDF Download Available). Available from: [https://www.researchgate.net/publication/311087325\\_Discussion\\_Brief\\_Enhancing\\_the\\_financial\\_sustainability\\_of\\_biodiversity\\_conservation\\_-\\_conclusions\\_from\\_a\\_review\\_of\\_experience\\_in\\_German\\_development\\_cooperation](https://www.researchgate.net/publication/311087325_Discussion_Brief_Enhancing_the_financial_sustainability_of_biodiversity_conservation_-_conclusions_from_a_review_of_experience_in_German_development_cooperation)

for more systematic and rigorous analysis for allocating investments in areas important for global environmental benefits<sup>87</sup>.

Never underestimate the logistical challenges of working in remote regions. Like all project locales, the Amazon is a unique region that presents a highly challenging environment to work in, particularly in the conservation of biodiversity where many of the candidate sites are in the more inaccessible areas. Add to this a low and sparsely distributed population with few service providers and difficulties in launching any effort that requires extensive public participation, preparation of management plans, purchase of equipment, construction of infrastructure and the associated communications, processes and procedures that accompany these activities are bound to occur. It is almost always more cost-efficient to factor in local characteristics in project design even at additional cost in time and resources, than attempt mid-course corrections as they develop in implementation. Preparation of ARPA 2 incorporated this lesson in project design. Of particular relevance is to ensure to factor in “premiums” in terms of costs and time over similar operations elsewhere in the country to better gauge project costs and calendars to reduce risk of overestimating the achievement of outcomes and outputs during project implementation. <sup>88</sup>

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<sup>87</sup> Global Environment Facility Independent Evaluation Office (GEF IEO). Impact Evaluation of GEF Support to Protected Areas and Protected Area Systems, Evaluation Report No. 104, Washington, DC: GEF IEO, 2016.

<sup>88</sup> Implementation Completion and result report on a grant from the global environment facility trust fund in the amount of USD 30 million to the Fundo Brasileiro para a Biodiversidade (FUNBIO) for an Amazon region protected areas project. (2009). Brasilia: The World Bank.

## APPENDIX 14 LESSONS FROM PFP INITIATIVES THAT INFORMED PROJECT DESIGN

The definition and structure of PFP initiatives evolved over the past 15 years. Future PFP efforts will certainly continue this evolution, refining the model with each new application. The following list of lessons learned is based on evaluation reports and personal feedback from key staff of the three initiatives in Brazil, Costa Rica and Canada, and were used to guide the ProDoc development and the design of the project’s components and strategies.

Best practice former PFP initiatives	Application to Patrimonio de Peru
<p><b>Define charismatic and measurable program goals that include permanence in the conservation plan.</b></p>	<p>In the case of PdP the conservation goal aspires to ensure structural management effectiveness across 17 million ha of largely intact Amazon rainforest.</p>
<p><b>Organize a partnership including at a minimum the host government, a high- capacity conservation NGO, and an anchor funder for the external private funding.</b></p> <p>PFP deals are inherently public-private partnerships with the host government. The NGO can, depending on the circumstances, lead on fundraising, provide scientific expertise, mediate partner relationships, and handle post-closing implementation. An anchor funder with significant capacity gives the PFP effort early credibility and important connections across the philanthropy community.</p>	<p>In Peru, the government-led partnership was established through an MoU signed in 2014 by the Ministry of Environment of Peru, SERNANP, the Andes Amazon Fund, the Gordon and Betty Moore Foundation, the Peruvian Society for Environmental Law, PROFONANPE and WWF.</p>
<p><b>Define program goals that are aligned with government priorities.</b></p>	<p>The goals and scope of the PdP initiative were defined by SERNANP and are based on institutional priorities and the institution’s 10-year Master Plan.</p>
<p><b>Design a financial model and action plan that is usable for all stakeholders involved in the design of the initiative.</b></p> <p>Because PFP focuses on achieving long-term goals, the project team should design the financial model based on outcomes, but ensure that it will adhere easily to government line-item budgeting.</p>	<p>The development of the financial model will be led by SERNANP and receive technical assistance from WWF. The design will deliver outcome- and NPA specific financial data, but provide a clear linkage to the Budget-by-Results accounting of the Peruvian government.</p>
<p><b>Ensure that the public-private partnership is secure by developing distinct closing conditions and disbursement milestones.</b></p> <p>The former should frame a deal in which all parties both contribute to and receive something from the project, so that each is better off accepting the deal than rejecting it. When these conditions have been met, the deal can close. Disbursement milestones include the measures required of government in the program design and term sheet to allow the private funds management entity to distribute funds for implementation. In most projects, including ARPA,</p>	<p>In the case of PdP the term sheet, the operations manual and the memorandum of understanding will be developed in a coordinated effort by SERNANP as governmental lead institution and PROFONANPE, the independent trust fund that will manage private philanthropic investments in the initiative. All documents will be shared with all other signatories to receive their feedback and provide opportunity to negotiate closing conditions and disbursement milestones before the single closing.</p>

<p>the government is the major source of financing for supported PAs (as well as authority for the program). It is thus crucial that the PFP structure can use the financial partnership between the government and the independent entity to ensure performance by all parties of previously-agreed-upon actions.</p>	
<p><b>Design mechanisms to formalize government intentions to fulfill funding agreements.</b></p> <p>International experience has shown that governmental funding is usually insufficient to cover all costs related to effective management. In addition, it is not advisable to rely on only one single financial source to finance large-scale and long-term initiatives. Experts from former PFP initiatives coincide in recommending to include the exploration and design of diversified domestic financial mechanisms from the start of a PFP initiative to increase the probability to meet in-country financial disbursement requirements throughout the implementation phase.</p> <p>It is best to do this before the closing, as afterwards there is less incentive to make the policy changes needed to secure the funding. Diversifying funding will make the financial model underpinning the PFP deal more resilient, mitigating future funding risks.</p>	<p>Component 2 of the project centers on the objective to increase funding security and mechanism diversity at the local and the system level, which will contribute to enable the government to meet their funding commitments of the initiative and, more importantly, thereafter and ensure financial sustainability of the national protected area system.</p>
<p><b>Use an existing organization to manage the transition fund, where possible.</b></p> <p>Where there are suitable options, a PFP project team should recruit an existing organization rather than create a new one to manage the transition fund. This obviates the need to build organizational structure and credibility from scratch and can reduce project time and cost significantly.</p>	<p>In the case of PdP, PROFONANPE was selected to manage the PdP transition fund, based on their positive track record in managing large amounts of private, bilateral and multilateral donor funds.</p>
<p><b>Fundraise for the full cost of the conservation program.</b></p> <p>To close, the project team needs commitments to cover the financial plan’s estimates for program costs in perpetuity. PFP is an “all or nothing” approach: no commitments are called unless the project has obtained commitments for the full cost.</p>	<p>Component 1 of the project includes a specific output related to support the partners’ joint efforts to increase donor commitments to PdP to meet the financial target related to donor investments of the PdP initiative.</p>

## APPENDIX 15 PROTECTED AREA SITE SELECTION PROCESS AND MAIN FEATURES OF SHORTLISTED AREAS

During the PPG phase, several activities were developed in order to select a short-list of potentially eligible NPAs for GEF funding under Component 2 (pilots of sustainable financing mechanisms) and Component 3 (consolidation of *structural level* of management and improvement of management effectiveness in project-funded NPAs). Given the geographic scope of the ASL Program, only the 34 NPAs within the Peruvian Amazon Biome were considered eligible for funding under the project.

The process involved expert consultation, workshops and meetings with key staff; and review of several sources, including IBAT for Research and Conservation Planning<sup>89</sup>, the World Database on Protected Areas<sup>90</sup>, Birdlife International Datazone<sup>91</sup>, the World Database of Key Biodiversity Areas<sup>92</sup>, the IUCN Red List of Threatened Species<sup>93</sup>, and the Ramsar Sites Information Service<sup>94</sup>, among others.

The selection process sought to analyze all Peruvian Amazon NPAs in light of a number of criteria considered essential for the project as follows:

- I. **Potential for successful implementation of project activities.** This involved assessing:
  - i. the presence of land tenure conflicts with indigenous and/or local communities;
  - ii. the presence and level of other socio-environmental conflicts (e.g., encroachment, presence of illegal activities such as mining, logging, illegal fishing, agriculture, etc.), and
  - iii. Ease of access to the NPA as per Amazon region standards (relatively easy to access, does not require multiple days or a plane/helicopter to access the NPA).<sup>95</sup>
- II. **Likelihood of achieving structural management within the 5-year project period.** The list of NPAs was analyzed for feasibility of achieving the benchmarks of the “structural level” of management as defined by SERNANP within the 5-year project period, based on current management baseline and the estimated cost to reach that level.
- III. **Potential for site-level income generation.** Finally, the NPAs were assessed for:
  - ii. their potential for implementing sustainable financing mechanisms at the site, and
  - iii. PA capacity for such mechanisms, measured by existence of/potential partnerships and past performance in fund management.

The 34 protected areas were reviewed across all of the above selection criteria, and sites that met, or almost met, all of the criteria were highlighted and shortlisted (Table 38). A list of 19 NPAs were rated as lower risk, in terms of having minimal conflicts and having high accessibility, therefore, considered with stronger potential for project success within five years. Sites with ongoing issues around illegal resource use and/or land rights were excluded to minimize risks in implementation. Sites that are difficult to access were excluded

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<sup>89</sup> <https://www.ibat-alliance.org/ibat-conservation/datainibat>

<sup>90</sup> <https://www.protectedplanet.net/>

<sup>91</sup> <http://datazone.birdlife.org/home>

<sup>92</sup> <http://www.keybiodiversityareas.org/home>

<sup>93</sup> <http://www.iucnredlist.org>

<sup>94</sup> <https://rsis.ramsar.org/>

<sup>95</sup> This criterion was based on one of ARPA’s lessons learned: “Never underestimate the logistical challenges of working in remote regions. The Amazon is a unique region that presents a highly challenging environment to work in, particularly in the conservation of biodiversity where many of the candidate sites are in the more inaccessible areas. Of particular relevance is to ensure to factor in “premiums” in terms of costs and time over similar operations elsewhere to better gauge project costs and calendars to reduce risk of overestimating the achievement of outcomes and outputs during project implementation”.

to ensure implementation and oversight is not hampered by high time or cost to access. The analysis generated a short list of seven protected areas: Allpahuayo Mishana National Reserve, Machiguenga Communal Reserve, Machupicchu National Park, Pacaya Samiria National Reserve, Rio Abiseo National Park, Tabaconas National Sanctuary, and Tingo Maria National Park. Finally, Machu Picchu National Park was excluded from consideration given the already high level of funding that the famous ecotourism site already attracts and its singularity (thus, low potential for replication).

Table 37 shows the status of the 34 NPAs of the Peruvian Amazon biome according to the criteria described above. Information on the final short list of six NPAs is described in further detail in Table 38.

Additional information can be found in the METT forms in the Project’s Tracking Tool.

Figure 14 Shortlisted NPAs (in yellow) for eligible activities of the GEF Project

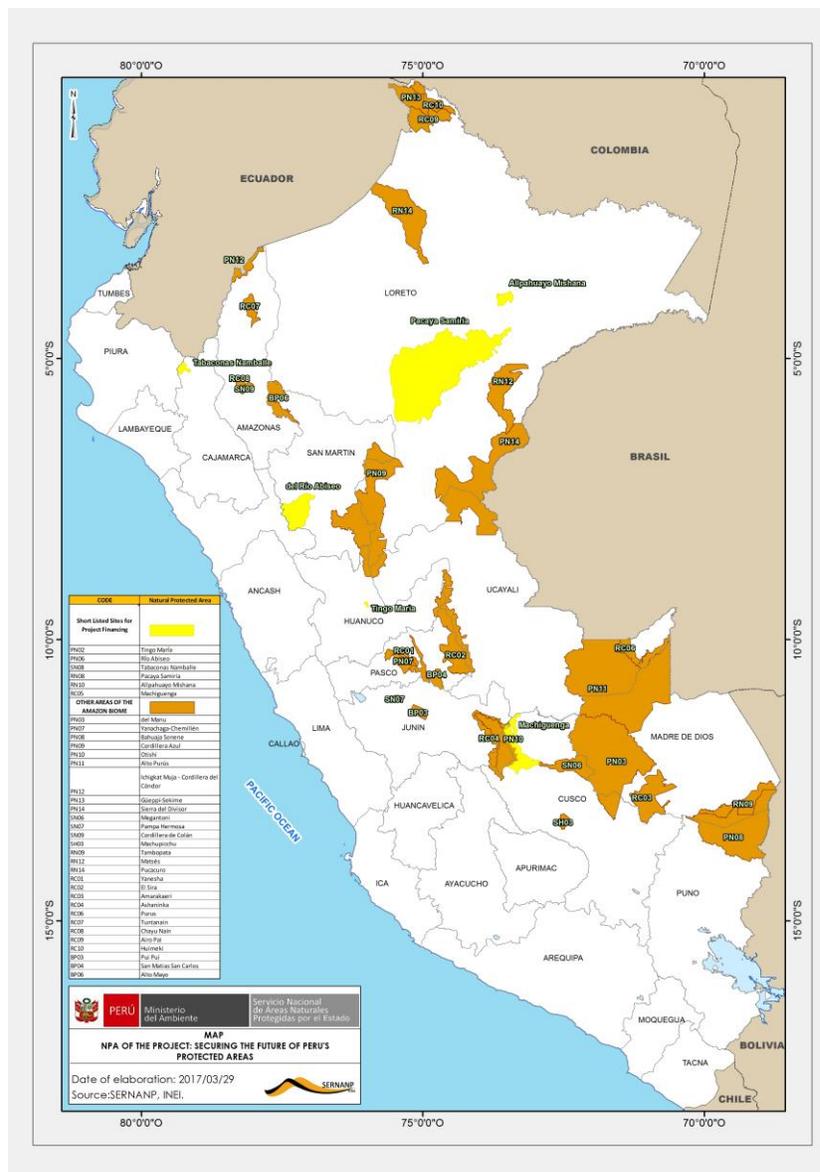


Table 37 Status of the 34 Amazon NPAs regarding the selection criteria

(✓ Meets criteria, ○ somewhat meets criteria, ✗ Does not meet criteria)

Name of the Protected Area	Potential for successful implementation			Likelihood of achieving structural management in 5 years	Potential for implementing sustainable financing mechanisms	
	Lack of land tenure problems	Lack of other socio-environmental conflicts	Accessible	Management baseline + cost gap for structural management	Opportunity for sustainable finance mechanisms	Co-finance and/or strategic partnerships
1. Matsés	✓	✓	✗	✗	✓	○
2. El Sira	✗	✓	✓	✗	✓	○
3. Cordillera Azul	✓	✓	✓	✗	✗	✓
4. Sierra del Divisor	✓	✓	✓	✗	✗	✓
5. Bahuaja Sonene	✗	✓	✓	✗	✓	✓
6. Manu	✓	○	✓	○	✓	○
7. Cordillera del Condor	✓	○	✗	○	✗	○
8. Otishi	✓	✗	✓	○	✓	✗
9. Airo Pai	✓	✓	✗	○	✓	○
10. Asháninka	✓	✗	✓	○	✓	✓
11. Amaraakeri	✓	○	✓	○	✗	✓
12. Huimeki	✓	✓	✗	○	✓	○
13. Tabaconas Namballe	✓	✓	✓	○	✓	✓
14. Tuntanain	✓	✓	✓	○	✗	○
15. San Matías San Carlos	✗	✗	✓	○	✓	○
16. Alto Mayo	✗	✓	✓	○	✓	✓
17. Cordillera Colán	✗	✓	✓	○	✓	○
18. Tambopata	✓	✗	✓	○	✓	✓
19. Pucacuro	✓	✓	✗	○	✓	✓
20. Megantoni	✓	✓	✓	○	✓	✗
21. Pui Pui	✓	✓	✓	○	✓	✗
22. Yanachaga Chemillen	✗	○	✓	✓	✓	✓
23. Machiguenga	✓	✓	✓	✓	✓	✓
24. Gueppi Sekime	✓	✓	✗	✓	✓	✓
25. Allpahuayo Mishana	✓	✓	✓	✓	✓	✓
26. Pacaya Samiria	✓	✓	✓	✓	✓	✓
27. Alto Purus	✓	✓	✗	✓	✓	✓
28. Machupicchu	○	✓	✓	✓	✓	○
29. Yanasha	✓	✓	✓	✓	✗	✓
30. Pampa Hermosa	✓	○	✓	✓	✓	✗
31. Purus	✓	○	✗	✓	✓	✓
32. Río Abiseo	✓	✓	✓	✓	✓	✓
33. Chayu Nain	✓	✓	✓	✓	✗	✓
34. Tingo María	✓	✓	✓	✓	✓	✓

Table 38 Short list of eligible protected of areas

PA NAME	Tabaconas Namballe	Machiguenga	Allpahuayo Mishana	Pacaya Samiria	Del Río Abiseo	Tingo María
<b>SERNANP category</b>	National Sanctuary	Communal Reserve	National Reserve	National Reserve	National Park	National Park
<b>IUCN category</b>	Category III	Category VI	Category IV	Category IV	Category II	Category II
<b>WDPA ID</b>	20178	303322	168276	249	7461	260
<b>Date of inscription</b>	May 20, 2008	Jan 14, 2003	Jan 15, 2004	Feb 25, 1972	August 11, 1983	May 14, 1965
<b>Size (ha)</b>	32,125	218,905	58,069	2,080,000	274,520	4,777
<b>Region</b>	Cajamarca	Cusco	Loreto	Loreto	San Martín	Huánuco
<b>Biomes</b>	Tropical and subtropical moist broadleaf forests; Montane grasslands and shrublands	Tropical and subtropical moist broadleaf forests	Tropical and subtropical moist broadleaf forests	Tropical and subtropical moist broadleaf forests	Tropical and subtropical moist broadleaf forests; Montane grasslands and shrublands	Tropical and subtropical moist broadleaf forests
<b>Ecorregions (national categories)</b>	Montane Forests of the Cordillera Real Oriental; Páramos	Moist Forests of Southwest Amazonia; Ucayali Moist Forests; Peruvian Yungas	Napo Moist Forests; Amazon River and Flooded Forests	Ucayali Moist Forests; Amazon River and Flooded Forests	Ucayali Moist Forests; Páramos; Peruvian Yungas	Ucayali Moist Forests; Peruvian Yungas
<b>Main values/objectives</b>	Maintain a representative sample of the Páramos. Protect cloud forests and endangered species such as spectacled bear, tapir and Podocarpus forests.	Ensure the conservation of biological diversity for the benefit of the Ashanika and Machiguenga communities.	To conserve the biological diversity and habitat of the varillal and chamizal forests on the white sand (Napo Ecoregion) and the flooded forests of the Nanay River Basin. To contribute to the conservation of the hydrographic basin of the Nanay River, main source of drinking water for the population of Iquitos.	Vast complex of alluvial terraces and floodplains covered by tropical rainforest. The site embraces the two large river basins and includes numerous permanent freshwater lakes, lagoons, and seasonally flooded, forested wetlands. A diverse population of mammals, invertebrates, reptiles, and birds.	Protects headwaters of 3 major rivers, Andean grasslands and the lowland, montane and cloud forests. Rare species such as critically endangered Yellow-tailed Woolly Monkey Spectacled Bear, Giant Armadillo, North Andean Deer, Jaguar and several other cat and primate species	Montane Rainforests and cloud forests of the Selva Alta; scenic beauty (waterfall, caves); promote tourism
<b>International designations</b>	RAMSAR Site 1691: Lagunas Las Arreviatadas	n/a	n/a	RAMSAR Site 546 Pacaya-Samiria National Reserve	Rio Abiseo National Park World Heritage Site; Gran Pajaten Biosphere Reserve	n/a

PA NAME	Tabaconas Namballe	Machiguenga	Allpahuayo Mishana	Pacaya Samiria	Del Río Abiseo	Tingo María
<b>KBA<sup>96</sup></b>	IBA: PE051 Santuario Nacional Tabaconas Namballe Criteria met: A1	IBA 086 Cordillera Vilcabamba Criteria met: A1, A2, A3	IBA: PE107 Cuenca Rio Nanay Criteria met: A1, A2, A3	IBA: PE108 Reserva Nacional Pacaya Samiria Criteria met: A1, A2, A3, A4i	IBA PE066 Rio Abiseo y Tayabamba Criteria met: A1, A2, A3	IBA: PE073 Parque Nacional Tingo Maria Criteria met: A2, A4ii
<b># KBA trigger species<sup>97</sup></b>	1	66	17	19	10	2
<b>Overall PA global irreplaceability rank<sup>98</sup></b>	1122	352	494	343	232	n/a
<b># Species under CITES</b>	Appendix I: 5 Appendix II: 2	Appendix I: 5 Appendix II: 7	Appendix I: 9 Appendix II: 16	Appendix I: 9 Appendix II: 35	Appendix I:20 Appendix II:29	Appendix I: 1 Appendix II: 45
<b>Threats</b>	Illegal mining; grazing; biological resource use; recreational activities; invasive alien species; roads	Oil and gas drilling; roads	Agriculture; logging and wood harvesting; biological resource use; roads	Biological resource use (fishing and harvesting aquatic resources, hunting); logging and wood harvesting	Grazing; Invasive Species (Rainbow trout)	Agriculture; biological resource use
<b>Indigenous Peoples</b>	No	Machiguenga, some Ashaninka and Kaquinte	No	Cocama	No	No
<b>Key allies</b>	WWF, Coop Café	ECA (Executor of Administration Contracts of the Communal Reserve)	SPDA, ProNaturaleza	Pronaturaleza, WCS, FundaAmazonia	Grupo Gestor Reserva Biosfera - FUNDAVI (Fundacion Amazonia Viva)	Protectora de animales, ecosistemas y salud pública; DIAKONIA
<b>Vulnerability to CC<sup>99</sup></b>	Medium (2030) Medium (2050) High (2080)	Medium (2030) Medium (2050) High (2080)	High (2030) High (2050) High (2080)	Low (2030) Medium (2050) Medium (2080)	Medium (2030) Medium (2050) Medium (2080)	Medium (2030) Medium (2050) High (2080)

<sup>96</sup> Key Biodiversity Areas (KBAs) are sites that contribute significantly to the global persistence of biodiversity, on land, in freshwater or on the seas. They are identified through national processes by local stakeholders using a set of globally agreed scientific criteria. <https://www.ibat-alliance.org/ibat-conservation>

<sup>97</sup> IBAT

<sup>98</sup> Global irreplaceability: aggregated measure of the degree of global dependence of species on the protected area, calculated from the percentage of each species' global distribution overlapping the boundaries of each protected area. Global irreplaceability ranks: protected area rank in decreasing order of irreplaceability scores, across all 173,461 currently designated protected areas. <http://irreplaceability.cefe.cnrs.fr/>

<sup>99</sup> SERNANP, WWF. (2014). Documento de Trabajo 12: Análisis de la Vulnerabilidad de las Áreas Naturales Protegidas frente al Cambio Climático

Table 39 KBA Species in the shortlisted PAs

Tabaconas Namballe	Machiguenga	Allpahuayo Mishana	Pacaya Samiria	Del Río Abiseo	Tingo María
<i>Penelope barbata</i> Bearded Guan	<i>Amazilia viridicauda</i> Green-and-white Hummingbird <i>Andigena hypoglauca</i> Grey-breasted Mountain-toucan <i>Asthenes vilcabambae</i> Vilcabamba Thistletail <i>Aulacorhynchus coeruleicinctis</i> Blue-banded Toucanet <i>Bolborhynchus orbynesius</i> Andean Parakeet <i>Brachygalba albogularis</i> White-throated Jacamar <i>Cacicus koepckeae</i> Selva Cacique <i>Cercomacra manu</i> Manu Antbird <i>Chiroxiphia boliviana</i> Yungas Manakin <i>Cinnycerthia peruana</i> Peruvian Wren <i>Coeligena violifer</i> Violet-throated Starfrontlet <i>Conirostrum ferrugineiventre</i> White-browed Conebill <i>Conothraupis speculigera</i> Black-and-white Tanager <i>Cranioleuca marcapatae</i> Marcapata Spinetail <i>Creurgops dentatus</i> Slaty Tanager <i>Cymbilaimus sanctaemariae</i> Bamboo Antshrike <i>Delothraupis castaneiventris</i> Chestnut-bellied Mountain-tanager <i>Diglossa mystacalis</i> Moustached Flowerpiercer <i>Entomodestes leucotis</i> White-eared Solitaire	<i>Conopias parvus</i> Yellow-throated Flycatcher <i>Galbula albirostris</i> Yellow-billed Jacamar <i>Harpia harpyja</i> Harpy Eagle <i>Herpsilochmus gentryi</i> Ancient Antwren <i>Heterocercus aurantiivertex</i> Orange-crested Manakin <i>Lanio fulvus</i> Fulvous Shrike-tanager <i>Malacoptila rufa</i> Rufous-necked Puffbird <i>Mitu salvini</i> Salvin's Curassow <i>Nannopsittaca dachilleae</i> Amazonian Parrotlet <i>Nonnula brunnea</i> Brown Nunlet <i>Percnostola arenarum</i> Allpahuayo Antbird <i>Picumnus aurifrons</i> Bar-breasted Piculet <i>Pionites melanocephalus</i> Black-headed Parrot <i>Poecilatriccus calopterus</i> Golden-winged Tody-flycatcher <i>Polioptila clementsii</i> Iquitos Gnatcatcher <i>Topaza pyra</i> Fiery Topaz <i>Zimmerius villarejoii</i> Mishana Tyrannulet	<i>Cacicus sclateri</i> Ecuadorian Cacique <i>Crax globulosa</i> Wattled Curassow <i>Galbalcyrhynchus leucotis</i> White-eared Jacamar <i>Galbula albirostris</i> Yellow-billed Jacamar <i>Galbula cyanescens</i> Bluish-fronted Jacamar <i>Galbula cyanicollis</i> Blue-necked Jacamar <i>Gymnophaps salvini</i> White-throated Antbird <i>Harpia harpyja</i> Harpy Eagle <i>Hypocnemoides maculicauda</i> Band-tailed Antbird <i>Leucippus chlorocercus</i> Olive-spotted Hummingbird <i>Malacoptila rufa</i> Rufous-necked Puffbird <i>Morphnus guianensis</i> Crested Eagle <i>Myrmoborus melanurus</i> Black-tailed Antbird <i>Picumnus aurifrons</i> Bar-breasted Piculet <i>Pionites melanocephalus</i> Black-headed Parrot <i>Psophia leucoptera</i> Pale-winged Trumpeter <i>Sterna supercilii</i> Yellow-billed Tern <i>Tachyphonus rufiventer</i> Yellow-crested Tanager <i>Thamnomanes schistogynus</i> Bluish-slate Antshrike	<i>Andigena hypoglauca</i> Grey-breasted Mountain-toucan <i>Aulacorhynchus huallagae</i> Yellow-browed Toucanet <i>Buthraupis aureodorsalis</i> Golden-backed Mountain-tanager <i>Doliornis sclateri</i> Bay-vented Cotinga <i>Entomodestes leucotis</i> White-eared Solitaire <i>Hemispingus rufosuperciliaris</i> Rufous-browed Hemispingus <i>Leptosittaca branickii</i> Golden-plumed Parakeet <i>Poospiza alticola</i> Plain-tailed Warbling-finch <i>Thripophaga berlepschi</i> Russet-mantled Softtail <i>Vultur gryphus</i> Andean Condor	<i>Ramphocelus melanogaster</i> Huallaga Tanager <i>Steatornis caripensis</i> Oilbird

Tabaconas Namballe	Machiguenga	Allpahuayo Mishana	Pacaya Samiria	Del Río Abiseo	Tingo María
	<p><i>Epinecrophylla leucophthalma</i> White-eyed Antwren  <i>Eubucco versicolor</i> Versicoloured Barbet  <i>Formicarius rufifrons</i> Rufous-fronted Antthrush  <i>Galbula cyanescens</i> Bluish-fronted Jacamar  <i>Grallaria erythroleuca</i> Red-and-white Antpitta  <i>Heliodoxa branickii</i> Rufous-webbed Brilliant  <i>Hemispingus xanthophthalmus</i> Drab Hemispingus  <i>Hemitriccus flammulatus</i> Flammulated Bamboo-tyrant  <i>Hemitriccus rufigularis</i> Buff-throated Tody-tyrant  <i>Herpsilochmus motacilloides</i> Creamy-bellied Antwren  <i>Hylopezus berlepschi</i> Amazonian Antpitta  <i>Iridosornis jelskii</i> Golden-collared Tanager  <i>Iridosornis reinhardti</i> Yellow-scarfed Tanager  <i>Lanio versicolor</i> White-winged Shrike-tanager  <i>Lepidothrix coeruleocapilla</i> Cerulean-capped Manakin  <i>Leptopogon taczanowskii</i> Inca Flycatcher  <i>Malacoptila semicincla</i> Semicollared Puffbird  <i>Megascops marshalli</i> Cloud-forest Screech-owl  <i>Mitrephanes olivaceus</i> Olive Flycatcher  <i>Myiotheretes fuscorufus</i> Rufous-bellied Bush-tyrant</p>				

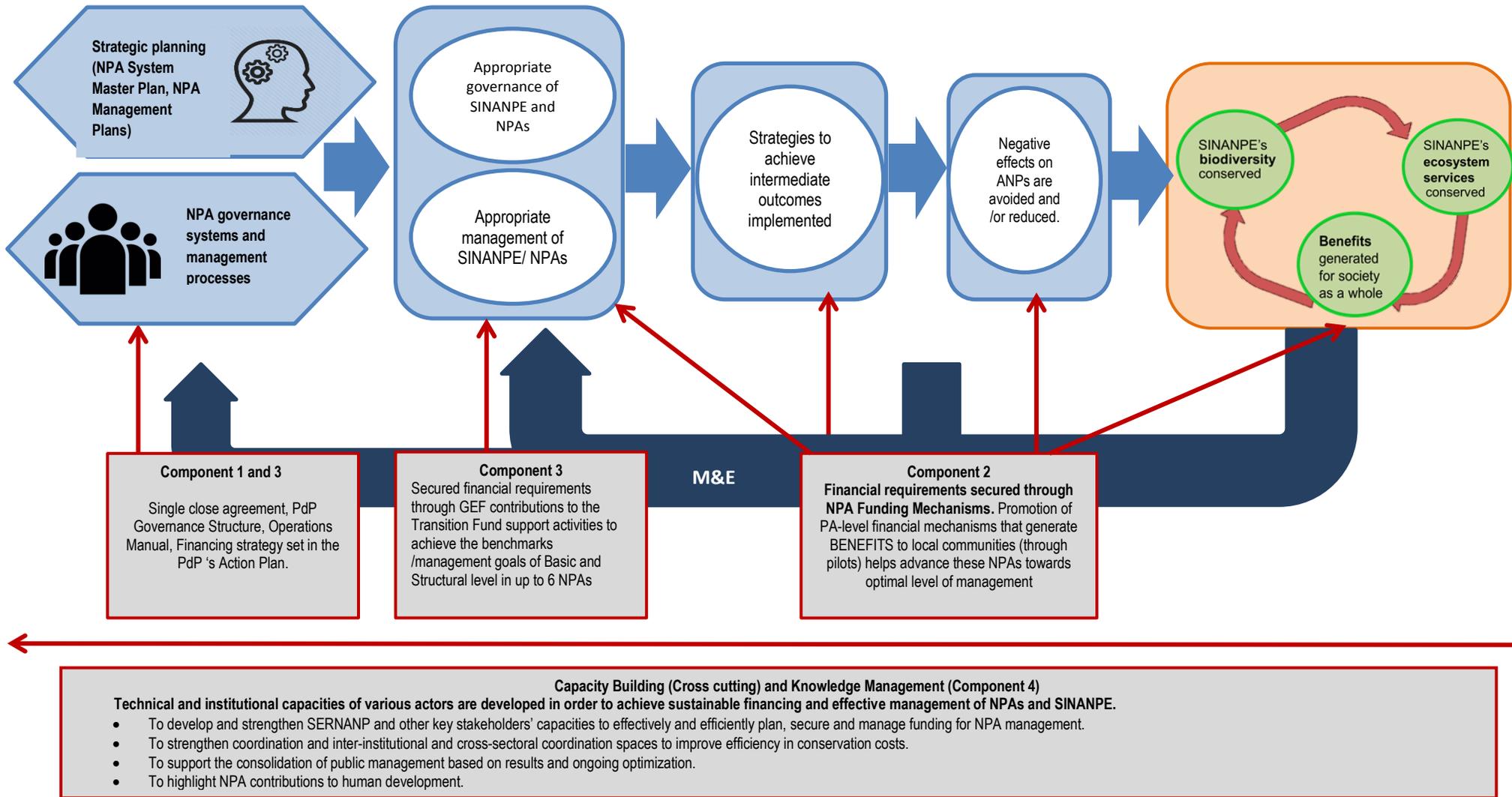
Tabaconas Namballe	Machiguenga	Allpahuayo Mishana	Pacaya Samiria	Del Río Abiseo	Tingo María
	<p><i>Myrmeciza goeldii</i> Goeldi's Antbird  <i>Myrmotherula iheringi</i> Ihering's Antwren  <i>Neopelma sulphureiventer</i> Sulphur-bellied Tyrant-manakin  <i>Odontophorus balliviani</i> Stripe-faced Wood-quail  <i>Percnostola lophotes</i> White-lined Antbird  <i>Phaethornis koepckeae</i> Koepcke's Hermit  <i>Phaethornis philippii</i> Needle-billed Hermit  <i>Philydor erythrocerum</i> Rufous-rumped Foliage-gleaner  <i>Phlogophilus harterti</i> Peruvian Piedtail  <i>Picumnus aurifrons</i> Bar-breasted Piculet  <i>Picumnus dorbignyanus</i> Ocellated Piculet  <i>Pionus tumultuosus</i> Speckle-faced Parrot  <i>Pipreola intermedia</i> Band-tailed Fruiteater  <i>Pipreola pulchra</i> Masked Fruiteater  <i>Primolius couloni</i> Blue-headed Macaw  <i>Psarocolius atrovirens</i> Dusky-green Oropendola  <i>Psophia leucoptera</i> Pale-winged Trumpeter  <i>Pteroglossus beauharnaesii</i> Curri-crested Aracari  <i>Scytalopus parvirostris</i> Trilling Tapaculo  <i>Scytalopus unicolor</i> Unicoloured Tapaculo</p>				

Tabaconas Namballe	Machiguenga	Allpahuayo Mishana	Pacaya Samiria	Del Río Abiseo	Tingo María
	<i>Simoxenops ucayalae</i> Peruvian Recurvebill				

Table 40 Baseline for the 6 shortlisted NPAs, eligible for direct GEF funding to support consolidation of structural level of management under Component 3

NPA	Basic					Structural		
	Designated NPA Manager	Demarcation	Registration	Management Plan		Management Committee	Controlled Areas	Biological Monitoring
	NPA manager designated and trained	Physical boundaries completely demarcated	NPA recorded in the NPA Registry	Elaborated/ Updated	Reviewed annually and under implementation	MC established, adequately trained, meets at least twice/year	NPA has adequate requirements for control	Reporting on 'efectos x actividades'+ MP indicators + supplies
Tingo María NP	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Yellow
Río Abiseo NP	Yellow	Yellow	Red	Green	Yellow	Yellow	Yellow	Yellow
Machiguenga CR	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
Pacaya Samiria NR	Yellow	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow
Allpahuayo - Mishana NR	Yellow	Red	Red	Green	Yellow	Yellow	Yellow	Yellow
Tabaconas - Namballe NS	Yellow	Green	Red	Green	Yellow	Yellow	Yellow	Yellow

**APPENDIX 16 CONTRIBUTION OF THE GEF PROJECT TOWARDS THE INTERVENTION HYPOTHESIS UPON WHICH SINANPE'S CONCEPTUAL FRAMEWORK FOR EFFECTIVE MANAGEMENT IS BASED**



**APPENDIX 17 PROJECT IMPLEMENTATION SCHEDULE**

COMPONENT / OUTCOME / OUTPUT	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6							
	I	II	III	IV																								
<b>COMPONENT 1: Development of a multi-partner, public-private initiative for long-term financial sustainability of the NPAs in the Peruvian Amazon</b>																												
<b>Outcome 1.1 Government and donor commitment secured for a long-term financial sustainability initiative for effective management of Peru’s Amazon NPAs</b>																												
1.1.1. A 10-year integrated conservation and financial Action Plan to consolidate and improve management effectiveness of the Amazon NPAs as agreed between partners of the PdP Initiative																												
1.1.2. PdP Initiative’s Framework Agreement (Single Close)																												
1.1.3 Targeted donor communications and fundraising strategy for the PdP Initiative																												
<b>Outcome 1.2 PdP Initiative for financial sustainability of NPAs in the Amazon operationalized</b>																												
1.2.1. Operations Manual for the PdP Initiative																												
1.2.2. Governance structure and management systems for the PdP initiative																												
1.2.3 A comprehensive financial information management system for all sources of financing																												

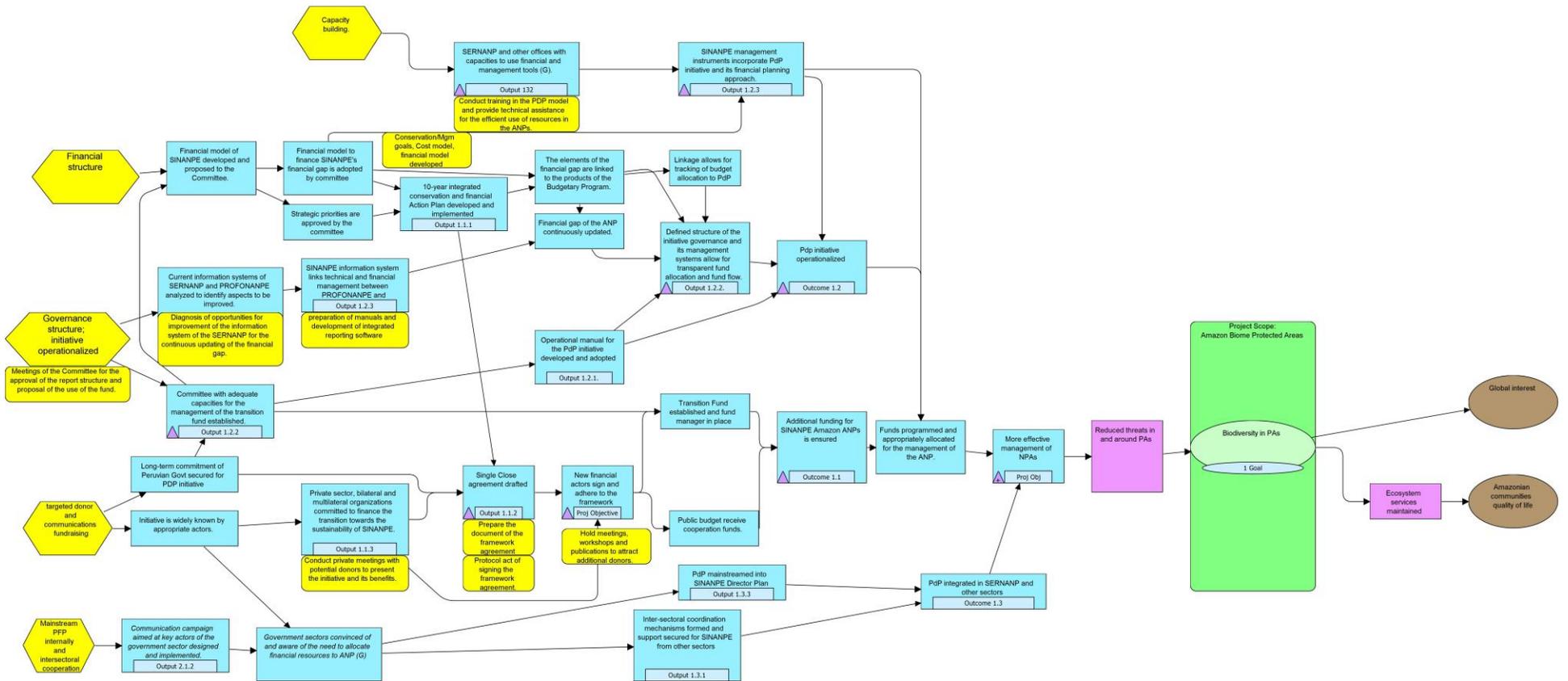
COMPONENT / OUTCOME / OUTPUT	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
	I	II	III	IV																				
<b>Outcome 1.3 PdP integrated in SERNANP and across other sectors for the management and financing of the Amazon NPAs</b>																								
1.3.1 Inter-sectoral coordination mechanisms																								
1.3.2 Staff training on PdP																								
1.3.3 Technical support to mainstream PdP into the SINANPE Director Plan																								
<b>COMPONENT 2: Diversification of sources to increase NPA financing</b>																								
<b>Outcome 2.1 NPA values and benefits showcased to increase public and private support for PdP and new financing mechanisms</b>																								
2.1.1 Economic impact and valuation studies of NPAs																								
2.1.2 Targeted communications, learning tours and meetings to leverage government and sectoral support for NPA financing																								
<b>Outcome 2.2 Increased options for the sustainable financing of NPAs</b>																								
2.2.1 Short list of mechanisms to generate revenue for the sustainable financing of Amazon NPAs																								
2.2.2 Feasibility studies of the shortlisted financial mechanisms																								

COMPONENT / OUTCOME / OUTPUT	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
	I	II	III	IV																				
2.2.3 Action plan and guidelines for the development of viable mechanisms																								
2.2.4 Pilot implementation of up to three financial mechanisms at site level, new or improved, with the best score																								
2.2.5 Proposals of new or improved mechanisms at national/system level																								
2.2.6 Case studies and strategies for the replication of pilot site mechanisms																								
<b>COMPONENT 3: Implementation of PdP Action Plan Measures to consolidate and improve the effective management of Amazon NPAs</b>																								
<b>Outcome 3.1 Improvements in effective management levels contribute to the conservation of biodiversity, sustainable forest and natural resources management, and maintenance of ecosystem services in 2 to 4 Amazon NPAs</b>																								
3.1.1 Final selection of NPAs from the short list to be financed with GEF contributions to the TF																								
3.1.2 Work Plan and budget for each selected NPA																								
3.1.3 Implementation of eligible activities to consolidate and improve effective management in selected NPAs																								
<b>COMPONENT 4: Project Coordination and M &amp; E</b>																								

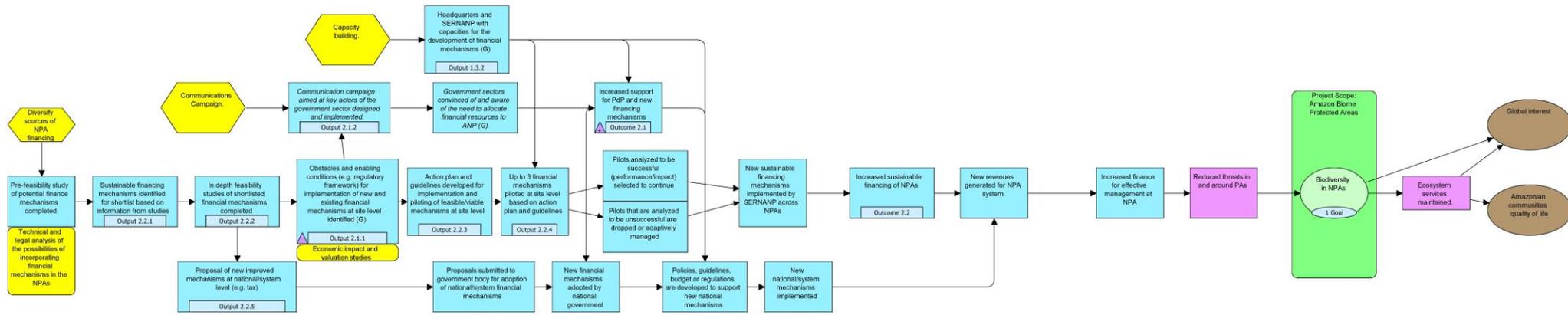
COMPONENT / OUTCOME / OUTPUT	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
	I	II	III	IV																				
<b>Outcome 4.1 Project M&amp;E data and lessons learned are transparent, participatory and shared with relevant stakeholders to contribute to coordination, knowledge management and achieving program results</b>																								
4.1.1. Project M&E informs project management																								
4.1.2 Coordination with Regional program																								

# APPENDIX 18: RESULTS CHAINS

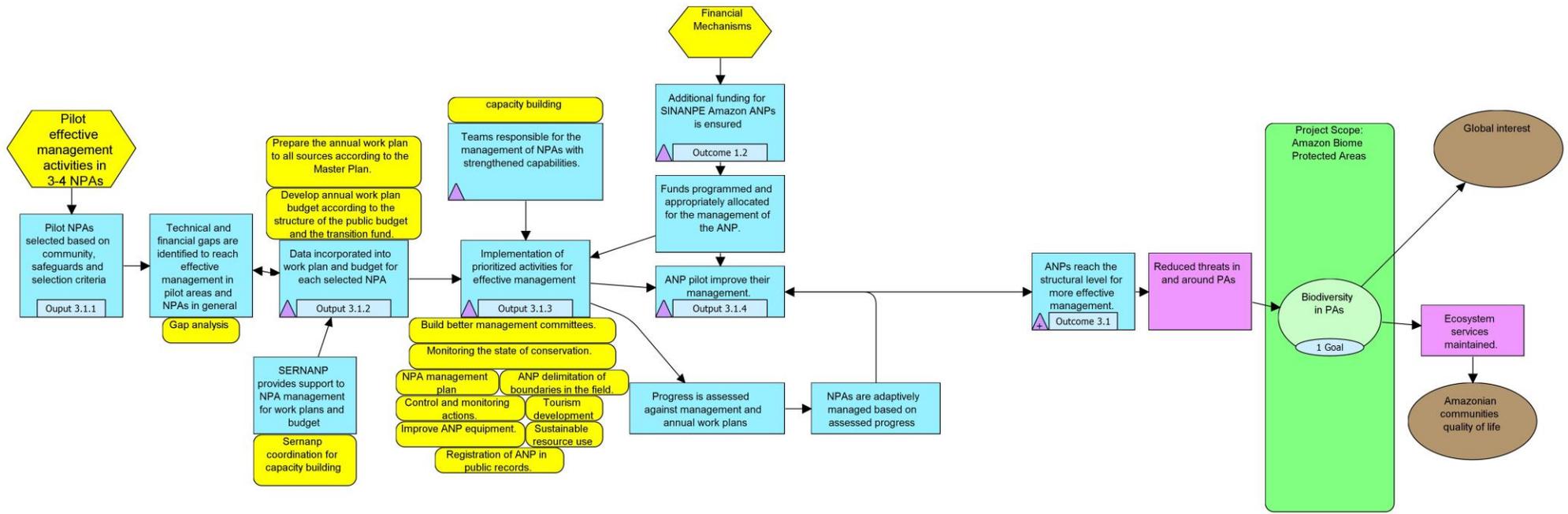
## Component 1



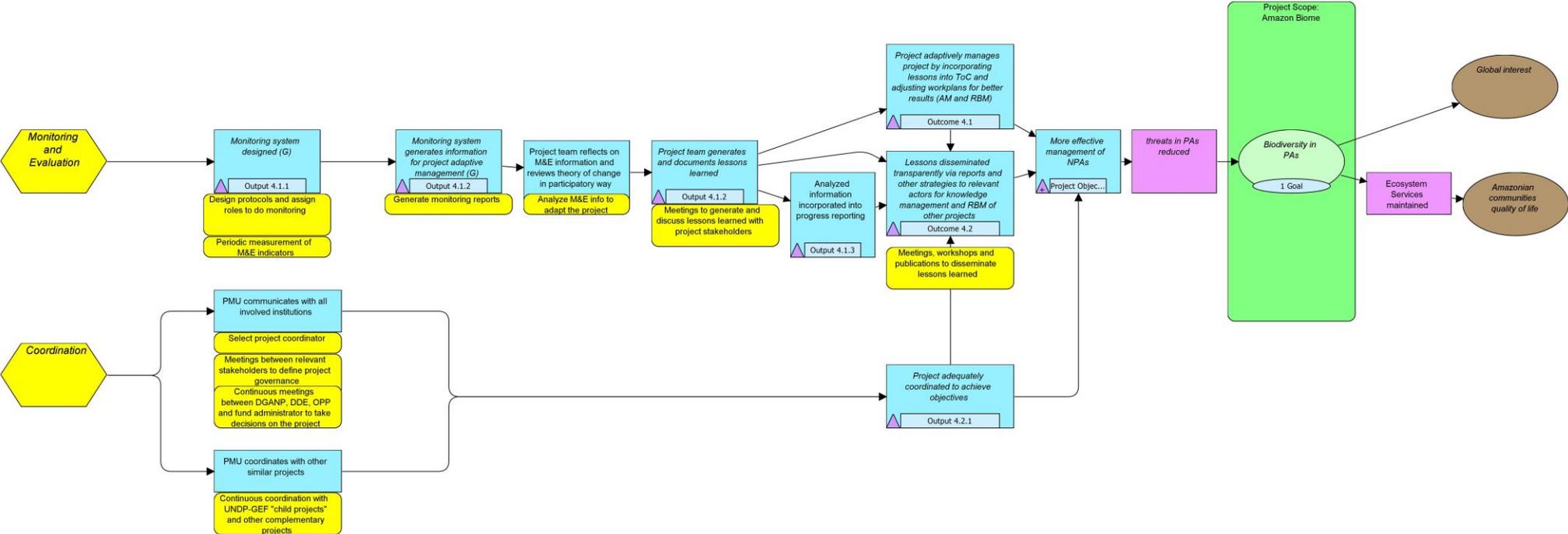
## Component 2



## Component 3



# Component 4



## APPENDIX 19 KEY CONDITIONS FOR A SINGLE CLOSE AGREEMENT

### 1. Confirm the interest of external donors

The success of the initiative Peru's Natural Legacy (PdP for is acronym in Spanish) depends greatly on commitment from external donors. To ensure such commitment, and where the requirements of one donor coincide with those of the government and of other donors, considerable shuttle diplomacy is often necessary.

It is often very important for there to be several key donors providing the largest funding levels and leading discussions with the government and with other donors. Key PdP donors are WWF GEF, the Gordon and Betty Moore Foundation (GBMF) and KfW through their support to SERNANP, and WWF, through a substantial set of smaller commitments. Ensuring consistent and ongoing commitment by these institutions to the structure of the PdP agreement is therefore a priority.

### 2. Secure commitment from the Peruvian Government through MINAM

PdP success and the potential for the raising of external funds depend entirely on a significant long-term commitment by the government. This means that MINAM must be in agreement with the terms of the single close agreement. The Vice-Minister for Natural Resources will chair the steering committee for both the GEF project and the PdP. This will demonstrate the government's political will to support the PdP through the promotion of sustainable financial mechanisms that assist SERNANP increase its budget to cover the future funding shortfall using directly collected resources.

### 3. Confirm capacity for coordination between the transition fund and the public budget

External donors will have two options for channeling their contributions—through the public budget or through the private transition fund. A coordination platform will be established through the GEF project to ensure these two mechanisms are coordinated. Information and reporting systems (established in the Operations Manual) will be developed to ensure transparency in the use of these resources.<sup>100</sup> There will also be capacity building in financial planning for SERNANP and PROFONANPE.

### 4. Complete the terms and conditions sheet (prior to the single close agreement)

For the PdP to be more than just a series of general commitments that “make us feel good”, it is important that the single close agreement's terms and conditions are appropriate for a serious document about a large-scale commitment.

By the agreement's nature, and in the context of the simultaneous signature concept, it is paramount that there be considerable clarity about the contributions by, and the return to, each of the parties. In the case of external donors, the contribution requirements are straight forward: each must deliver a defined amount of money according to an established timetable, in accordance with certain conditions.

For the government, achieving agreement to the terms and conditions can involve many agencies and various kinds of commitments. The government not only contributes funds, but also commits to using external finance in

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<sup>100</sup> This will outline the composition, rights, and responsibilities of the PdP's governance and management bodies; establish procedures to guide work plan implementation and PdP management; and guide operation and administration of the transition fund and the coordination platform.

a particular way and in accordance with a set timetable. The agreements also entail changes to the way in which NPAs have been managed to date. It is evident that progressing these commitments is no easy task and will require leadership from someone in government. This leadership comes from the Vice-Minister for Natural Resources.

## **5. Conditions for signing the single close agreement**

There are two sets of conditions necessary for formalization of the single close agreement, or signing conditions—fund raising conditions, and governing conditions.

### **Fundraising conditions for signing the single close agreement**

The parties undertake to make their best efforts to collect funds from non-government sources. The total fundraising goal is a range of between \$60-\$70 million, from two different resource categories. Each of these contributions is indispensable to achieving the signing conditions, including those required of the Peruvian government. In other words, there will be no contribution to SINANPE unless all signing conditions are met and the single close agreement is signed<sup>101</sup>. The two sources of funds are:

**Bilateral and multilateral donors.** Fundraising from these sources is the responsibility of the government, with support from the other parties.

**Private donors.** Fundraising from these sources is the responsibility of WWF, PROFONANPE and GBMF, with support from the other parties.

In respect of the donors, the conditions for signing the single close agreement and launching of the PdP are:

- that fundraising reaches the goal (a range of between \$60-\$70 million) objective;
- that the transition fund and the coordination platform<sup>102</sup> have been established in accordance with the legal and governance structure and the fund is ready to receive the contributions;
- that each donor has internal approval to sign the documents;
- that SERNANP and PROFONANPE sign a parallel agreement to ensure that disbursements from the fund complement government strategies and funds.

### **Conditions for signing the single close agreement by the Peruvian government**

- The Peruvian government and the parties will commit to a comprehensive financial plan that details costs and income sources for the protected areas and that specifies the items included in the agreement.
- The Peruvian government will demonstrate its support for the initiative through a significant public declaration that indicates its intention to offer finance for recurrent costs.
- The Peruvian government will formally commit itself to establishing a long-term management plan for SINANPE that is consistent with the objective of a gradual transition to full financial and operational responsibility for the care of its protected areas by 2027.
- The Peruvian government formally commits itself to make its best efforts to provide recurrent funding to SERNANP through the life of the PdP. The Peruvian government has the power to decide how to provide these resources (for example, through the public budget, through income from licensing or tourism, or other sources), despite these needing to come from recurrent financing sources.

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<sup>101</sup> Those conditions include agreed management goals, geographic scope and timeframe. Also the public declaration from the Peruvian government, among others conditions that give comfort to the donors and assure the PdP implementation.

<sup>102</sup> A mechanism for coordinating implementation of the activities financed by public and multilateral resources administered by the Peruvian state and by private finance administered through the transition fund.

### **Signing of the single close agreement**

Once the signing conditions stipulated above are met to the satisfaction of the parties, the external finance will be transferred to the private fund or to the public budget. If the conditions are not met, the agreement will not be signed and neither the government nor the parties will be obliged to continue with the commitments described in this document.

## APPENDIX 20 MANAGEMENT GOALS AND ACTIVITIES OF PDP AND ELIGIBLE ACTIVITIES FOR GEF FUNDING THROUGH THE TRANSITION FUND

- 1. Categorization:** Not relevant for GEF Project, as all of the 6 short listed sites are already categorized (the project will not directly work in any of the reserved zones).
- 2. Designated NPA Manager with adequate knowledge to ensure proper management of the NPA**
  1. According to Article 14 of the Law of Natural Protected Areas (Law 26834) every NPA should have a Chief. This officer is the one who takes responsibility for driving the protected area and ensures proper management.
  2. All of the 6 shortlisted GEF project sites already have NPA Managers.
  3. GEF financing will support capacity building activities that provide targeted training in effective management, the controlled sector approach, planning, budgeting and administration processes
- 3. Demarcation:**
  - a. Installation of markers/posts that identify the physical boundaries of the NPA, in order to facilitate the different actors to recognize the boundaries of the area. It is also important to identify access points and exercise more effective control. Demarcation process includes:
    1. Diagnosis of limits<sup>103</sup> implemented by NPA staff under the guidance and revision of an expert of the Strategic Department at the central level
    2. Determine location of points for building milestones implemented by NPA staff under the guidance and revision of an expert of the Strategic Department at the central level
    3. Install of milestone markers by NPA staff
    4. Maintenance of milestones markers by NPA staff
  - b. Under the current baseline, SERNANP has already made the diagnosis of limits and needs of physical milestones
  - c. All 6 shortlisted NPAs require demarcation on-ground, and this is an eligible activity for GEF funding via the transition fund.
  - d. Eligible for GEF funding, through the transition fund, includes:
    1. Gathering information from the field and field verification of the diagnosis of limits.
    2. The GEF project financing, through the transition fund, can support the purchase of structures, materials, costs of freight and labor for installation of main and secondary milestones in terrain (physical demarcation).
- 4. Inscription/Registration of NPA:** The registration of a NPA is a mechanism to make public and formal the restrictions that exist on the area. This registration is done according to the provision set out in the General Environmental Law (Law No. 28611).
  - a. The registration process consists of two steps:
    1. Preparation of technical information for the registration process: The responsible technical specialist at SERNANP issues technical documentation consisting of a descriptive document and the map of the ANP, which together will conform the inscription file. The SERNANP Legal Advisory

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<sup>103</sup> During this process, SERNANP coordinate with the communities in case they are affected by the demarcation process in order to not affect them depending on their previous established rights for the land.

Office prepares a registration file based on the technical documents to be submitted to the Public Land Registry and forwards these to the respective NPA Head.

2. Presentation of Registration Application. The NPA Head will sign and seal the application and present it to the corresponding regional Public Land Registry, where the NPA will be registered and a registration document will be issued.
  - b. All 6 shortlisted NPAs require registration, and this is an eligible activity for GEF funding via the transition fund.
  - c. Eligible for GEF funding, through the transition fund, includes: Consultancy contracts to develop the required detailed maps and operating budget to verify NPA limits on the ground.
- 5. NPA Management Plan:** According to Article 20 of the Law of Natural Protected Areas (Law 26834) any NPA must have a Management Plan. It represents a planning document for a period of 5 years prepared in accordance with No. 49-2014-SERNANP where the prioritization of certain actions, coordinated with the various actors who have an interest in the NPA is reflected Presidential Resolution.
- a. All of the 6 shortlisted NPAs will require updated management plans during the project period. In the new planning cycle to update the management plans, activities and costs as have been considered in the PdP conservation action plan and cost model will be mainstreamed into the management plans.

**Status of the management plans of the 6 shortlisted NPAs of the GEF project**

NPA	Acronym	NPA Management Plan		
		Date	Approval Resolution	Period
<b>NATIONAL PARKS</b>				
Tingo María	PNTM	31.Mar.2017	RP N° 090-2017-SERNANP	2017 - 2021
del Rio Abiseo	PNRA	25.Mar.2014	RP N° 073-2014-SERNANP	2014 - 2019
<b>NATIONAL SANCTUARIES</b>				
Tabaconas-Namballe	SNTN	10.Feb.2015	RP N° 022-2015-SERNANP	2015 - 2019
<b>NATIONAL RESERVES</b>				
Pacaya Samiria	RNPS	24 Set 2009	RP N° 173-2009-SERNANP	2009 - 2014
Allpahuayo - Mishana	RNAM	13.Jul.2013	RP N° 112-2013-SERNANP	2013 - 2018
<b>COMMUNAL RESERVES</b>				
Machiguenga	RCM	28.Feb.2017	RP N° 065-2017-SERNANP	2017 - 2021

Fuente: SERNANP

- b. Eligible activities for GEF project funding:
  1. Consultancies to facilitate or consolidate information for the management plan and, where necessary, collect additional or updated information on ecological and socio-economic conditions relevant to the development of management strategies
  2. Workshops with NPA staff, representatives of the management committees and other strategic stakeholders to develop and share management goals, strategies and activities and confirm support for their implementation
  3. Travel for central management staff to the NPAs to participate in these workshops
  4. Printing and publication of the management plans

5. Annual follow-up workshops to monitor progress and commitments of stakeholders that were recorded in the strategy section of the management plan

**6. NPA Management Committee:**

- a. According to Article 15 of the Law of Natural Protected Areas (Law 26834) every NPA should have established a Management Committee. These committees are comprised of representatives of communities, civil society organizations, private sector industries and representatives of other public sector institutions with an interest in the NPA (e.g. regional governments or municipalities). The representatives usually commit to participate in the committee for two years. The committees meet at least twice a year, sub-committees on specific topics usually meet also between these two major gatherings.
- b. Public regulation and the Plan Director establish that the management committees should have a propositional and consultative character and support the NPA management in their implementation of the management plans (e.g. through voluntary control and monitoring activities). In practice, they also provide a platform to voice opinion and concerns and to resolve conflicts between different stakeholders.
- c. Since members of the committees change mostly every two years, it is important to implement a recurrent capacity building process to ensure informed and equitable planning and decision-making processes.
- d. Eligible expenditure from the GEF project includes:
  1. Meetings of the Management Committee (at least 2 meetings per year) and sub-committee meetings. GEF would cover travel costs for committee members to the meeting, rent of the meeting space and refreshments.
  2. Training of Management Committee members (on issues related to planning, environmental legislation, environmental conflict resolution partner, etc.). Training would be provided by a SERNANP expert together with an expert for facilitation and conflict resolution. These trainings would be provided on an annual rolling basis and combine committees of several neighboring NPAs. GEF would finance the facilitation expert, travel expenses for SERNANP staff and travel support to management committee members to the training site.
- e. All of the 6 short-listed areas have an established Management Committee (including an Executive Committee in force), however they do not meet twice per year.

**7. Controlled Areas (“Ámbitos controlados”)**

- a. A SERNANP priority for NPA management is to have a control and monitoring system that addresses the factors generating threats, ensuring the conservation status of the area. A controlled area is defined as an area that has all sufficient control and monitoring activities in place to guarantee the maintenance of the status quo situation for biodiversity conservation, i.e. prevent the spread of negative human activities and their impact on biodiversity conservation. It does not include restoration of affected areas. SERNANP developed a planning methodology called “*controlled sector approach*” (*ámbitos controlados*) in 2015 to help NPA managers plan their needs for control and vigilance based on the current threat level of the NPA. As a first step, the NPA managers have to divide their NPAs in different sectors based on geographical and infrastructure features (e.g. access roads, tourism facilities) that define accessibility and thereby the current threat level to a certain part of the NPA. Once the sectors have been defined, the NPA head and her experts define the need for

additional infrastructure, staff, operating budget, vehicles and other equipment to keep each of these sectors under control, to prevent any additional negative impact or expansion of currently occurring threats. This methodology will be used to define the control and vigilance strategies in all new or updated management plans in the future.

- b. Of the 6 short listed NPAs, four have limited personnel, infrastructure and equipment (requirements gaps exists) to implement control and monitoring, and two NPAs (Tingo Maria and Allpahuayo – Mishana) have no staff, infrastructure and equipment necessary for control and surveillance. The aim is to develop the NPAs to the level where they meet the minimum optimal requirements of personnel, infrastructure and equipment to maintain controlled areas; and this is eligible under the GEF project funding.
- c. Eligible under GEF project financing:
  - 1. Operating budget for patrols (gasoline, daily allowances or food)
  - 2. Construction or improvement of infrastructure (ranger refuges, checkpoints, administration offices)
  - 3. Acquisition of equipment: e.g. Radio and communication equipment, GPS, technical equipment and furniture for ranger posts and refuges, electric generators, solar panels, outboard motors, water treatment systems
  - 4. Acquisition of vehicles (boats, trucks, vans, motorcycles)
  - 5. Overflights
  - 6. Training in control and vigilance for park rangers
  - 7. Maintenance of infrastructure
  - 8. Maintenance of equipment
  - 9. Vehicle maintenance

**8. Biological Monitoring:** Each NPA requires a system for assessing the conservation status of biological diversity that seeks to verify whether the actions of control and surveillance are being conducted efficiently.

- a. The activities in this goal according to the Presidential Resolution No. 181-2015-SERNANP are:
  - 1. Development of environmental monitoring protocol.
  - 2. Training in environmental monitoring.
  - 3. Development of baseline
  - 4. Acquisition of equipment
  - 5. Maintenance of equipment.
  - 6. Environmental monitoring.
- b. Of the 6 short listed NPAs, five already report on the matrix of effects by activities ("*efectos por actividades*") and comply with monitoring the indicators of Management Plan. One NPA (Rio Abiseo) reports using an activity-by-activity matrix and partially comply with monitoring the Management Plan indicators.
- c. Eligible under GEF financing:
  - 1. Consultancies to develop or improve existing monitoring protocols for up to three main indicators included in the NPA management plans and their respective baseline

2. Training for NPA staff (NPA monitoring specialists and park rangers) in environmental monitoring of the three selected indicators, including data collection and interpretation
  3. Acquisition of lacking equipment to ensure proper monitoring of the selected indicators (e.g camera traps, nets, binoculars, laptops) and its maintenance
  4. Gasoline, food for monitoring on the ground (should be in combination with control patrols where possible)
9. **Sustainable natural resource use:** One of SERNANP's main strategic objectives is to enhance the generation of benefits to local sustainable livelihoods in NPAs and their buffer zones and to promote thereby local support to the NPAs, while ensuring the conservation of the natural resource base in the NPA. The promotion of sustainable resource is therefore one of the two major strategies SERNANP wants to implement for optimal level management in the framework of the Law on the Conservation and Sustainable Use of Biological Diversity (Law No. 26839) which states: "The use of natural resources in Protected Natural Areas, and any other activity, may be authorized only if it is compatible with the category and assigned zoning, as well as the area management plans. These activities must not jeopardize the fulfillment of the primary objectives of the area".

SERNANP has selected 12 of the 34 Amazon PAs that comply with above-mentioned law, since the objectives in their respective management plans include the promotion of sustainable resource use, and are suitable and with potential for sustainable use (either ones that are already used and show growing market potential or currently not used natural resources with a market potential), to implement sustainable use activities. Among identified possible sustainable uses are: collection of chestnuts, fishing, resin production, collection of cedar seeds. Of the short listed 6 NPAs for GEF, Allpahuayo Mishana and Pacaya Samiria are among the prioritized ones.

Eligible activities for GEF funding are:

1. Consultancies to develop a diagnosis of the natural resource of interest. The study would establish the baseline and the level of extraction permitted to ensure that the resource base is not deteriorated, and any other specific management activity required to maintain or improve the conservation status of the respective resource.
2. Development of resource-specific management plans: These plans regulations and guidance to ensure the sustainable management of the respective resource. All resources must have a management plan, which is developed by SERNANP staff or by consultants. GEF project budget would cover either operational expenses for SERNANP specialists to the NPA to gather information necessary to prepare the management plan or cover a consultancy to implement this activity.
3. Training for users (e.g. local communities) in topics related to extraction, monitoring, processing and relevant technologies by SERNANP staff or experts from MINAM. GEF project budget would pay travel expenses and workshops.
4. Operational costs related to the issuance of new permits (travel for central SERNANP staff to NPA to verify information received for the permit application)

5. Monitoring of the natural resource under extraction permits. GEF project budget would cover operating costs for the NPA resource use specialist to undertake monitoring patrols based on the guidance established in the diagnosis and management plans.
6. Support to establish market linkages. GEF project budget would finance scoping studies for potential markets and requirements for different natural resources, support to access regional and national markets, participation of SERNANP and permit holders in regional or national exhibition fairs for sustainable natural products and the development of a limited amount of communication materials.

10. **Sustainable tourism:** The second major strategic objective for optimal level management is the promotion and enhancement of sustainable tourism activity in those NPAs whose category allows for tourism development. According to the Plan Director, tourism activity in the NPAs is understood as a public use activity, which provides opportunities for recreation and the enjoyment of natural values and cultural aspects of the NPA. Tourism in the NPAs is not seen as an end but a means to achieve the primary objectives of conservation, recreation and education within those NPAs. It should also promote the sustainable development of local populations in and around the NPA. Additionally, SERNANP perceives tourism development and the promotion of NPAs as a major tourism destination as the main opportunity to increase its political negotiation power with MEF and other ministries, and to diversify its funding base and increase the amount of self-generated funds for the NPA network.

Any NPA that seeks to develop activities related to tourism needs the following three planning instruments to be in place:

- The NPA Management Plan, which defines the main strategic guidelines for public use activities in the NPA for a time horizon of 5 years
- The Tourist and Recreational Use Plan, which details the scope of the tourism use sub-program and its activities
- The Site plan, which includes microzoning and indicates guidelines for the development of tourism activities, monitoring requirements, guidelines for architectural design and works, and regulation of flows and activities (e.g. carrying capacity, limits of acceptable change etc.).

Based on the following criteria SERNANP selected 8 of the 34 Amazon NPAs to receive funding for the development of sustainable tourism activities:

1. Connectivity to a major tourism destination or tourism circuit
2. Permanent flow of visitors
3. Collection or potential to charge entrance fees
4. Presence of national tourism companies or local tourism operations
5. Basic management conditions in place: Categorization, limits, master plan, etc.
6. Potential to generate alliances with private or public sector (local governments or sectoral entities)

Of the short listed 6 NPAs for GEF, Allpahuayo Mishana, Tingo Maria and Pacaya Samiria are among the prioritized ones.

Eligible activities for GEF funding are:

1. Consultancies to develop tourism use plans and site plans
2. Operating budget for central level specialists to monitor compliance and implementation of existing tourism and site plans
3. Training of NPA staff on visitor management, safety, environmental education of visitors
4. Maintenance of existing infrastructure
5. Development of visitor information materials
6. Operating budget to implement monitoring of visitor satisfaction and visitor impacts (based on carrying capacity and limits of acceptable change)
7. Operating budget to monitor permits and concession operations and their compliance with rules, standards and payments
8. System-wide study of visitor profile
9. Development of a system-wide tourism strategy (visitor profile, marketing, strategic alliances, concession opportunities, pricing of tourism permits etc.)

The improvement of existing and the construction of new tourism infrastructure in the prioritized NPAs will be funded through KfW co-finance. It includes road access, trails, restrooms, visitor centers, visitor refuges, camp sites and lookouts.

**APPENDIX 21 MONITORING & EVALUATION PLAN (GEF RESULTS FRAMEWORK)**

COMPONENT / OUTCOME	INDICATOR / UNIT	MEASUREMENT AND DESCRIPTION	METHOD / SOURCE	BASELINE	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6		
<b>Objective indicators</b>												
<b>Project Objective: To promote long-term financial sustainability for the effective management of the National System of Natural Protected Areas of Peru (SINANPE) for the protection of globally important biodiversity and ecosystem services in the Amazon Biome.</b>												
<b>Sustainable Financing</b>	Achieve single close to cover the financial gap (estimated between \$60-70M) for management of the Amazon natural protected areas (NPAs).  Target: Single Agreement achieved (\$70 million) and closing conditions agreed to.	Non Cumulative  Single close agreement is defined in produc.	Single agreement signed  Legal Terms sheet and Memorandum of Understanding signed by the partners of the Initiative as part of the Single Agreement.	\$40M has been currently committed towards single close.		Single close signed for 70M						
<b>Effective management</b>	Number of hectares with improved METT score due to Project intervention  Target: Targets will be established during the first 6 months of the Project, after it is determined which NPAs will be financed through the Project.	Cumulative	Standard METT score assessed by Project team  The number of hectares will be determined based on the areas of the NPAs that improve their score.	P	TBD	TBD	TBD	TBD	TBD	TBD		
				<b>NPA</b>							<b>Area (ha)</b>	<b>Baseline</b>
				Allpahuayo Mishana							58,069.9	44 (45.83%)
				Machiguenga							218,905.6	42 (42.42%)
				Pacaya Samiria							2,080,000	51 (51.52%)
				Rio Abiseo							274,520	61 (63.64%)
				Tabaconas-Namballe							32,124.87	60 (62.5%)
				Tingo María							4,777	58 (60.42%)
Improvement of the conservation status (in %) of the NPAs participating in the Project.  Target: The target will be determined during the first 6 months of the Project, after the baseline is groundtruthed and its corresponding sources of information and prospective analyses are established.	Cumulative  Improvement of conservation status determined by standard scorecard.  To be measured annually and at baseline. (Degree of area impacted).	This is a standard scorecard used by SERNANP to test for anthropogenic activities/drivers for affecting biodiversity - no CC- i) overuse of resources, ii) pollution, iii) displacement of native species, iv) habitat loss. Link is available at: <a href="http://www.sernanp.gob.pe/documentos/10181/12318/11+Doc+Trabajo+SISTEMA+DE+MOITOREO+DEL+ESTADO+DE+CONSERVACION-GRILLAS.pdf/49265472-1895-4b19-bf38-718aeab25bfe">http://www.sernanp.gob.pe/documentos/10181/12318/11+Doc+Trabajo+SISTEMA+DE+MOITOREO+DEL+ESTADO+DE+CONSERVACION-GRILLAS.pdf/49265472-1895-4b19-bf38-718aeab25bfe</a>	Baseline to be determined during the first 6 months of implementation.  * A goal of improved conservation status cannot be placed without a prospective analysis and revision of the current baseline. Annual targets will be established during project implementation.	TBD	TBD	TBD	TBD	TBD	TBD			
<b>Outcome indicators</b>												
<b>Component 1: Development of a multi-partner, public-private initiative for long-term financial sustainability of the NPAs in the Peruvian Amazon</b>												

1.1 Government and donor commitment secured for a long-term financial sustainability initiative for effective management of Peru's Amazon NPAs	% increase in the public budget that SERNANP contributes to PDP (once established) for the management of the Amazon NPAs.  Target: 5% mid-term and 10% end of the project	Non-Cumulative  The budget that contributes to PdP would be collected from the services NPAs bring at the site level or at the system level (self generated resources – RDR)  Funds will only be counted that can be reasonably determined to be a result of Project intervention.  To be measured on an annual basis.	Increase of the public budget via self-generated resources ( <i>recursos directamente recaudados or RDR</i> )  POA and quarterly and annual reports of NPA management.  MEF Economic Transparency Portal : <a href="https://www.mef.gob.pe/es/seguimiento-de-la-ejecucion-presupuestal-consulta-amigable">https://www.mef.gob.pe/es/seguimiento-de-la-ejecucion-presupuestal-consulta-amigable</a>  SERNANP's Institutional Operational Plan (POI)	10% of self generated resources (RDR) increase from 2016 to 2017 (3,435,739 PEN, equivalent to USD 1M approx.)  * Target established based on historical trend of self-generated resources (RDR) and projection of SERNANP's Office of Planning and Budget (OPP).		5%				10 %
1.2 PdP Initiative for financial sustainability of NPAs in the Amazon operationalized	# Of Amazon NPAs that are receiving funding from the initiative (to assess whether the initiative was made operational or not) through GEF funds and co-financing  Target: The target will be updated if needed, based on the disbursement prioritization that will be completed during Year 1 of the project	Cumulative	Reports of budget execution by area by source of financing.  OPP reports.  Report of the PROFONANPE SIGA.	0 NPA		2				4
1.3 PdP integrated in SERNANP and across other sectors for the management and financing of the Amazon NPAs	# Number of high level official strategic documents that incorporate PdP  Target: PdP mainstreamed in new NPA System Master Plan (Plan Director)	Non-Cumulative	SINANPE Master Plan (Plan Director)	0		1				
	# of NPA management plans that incorporate financial planning according to all PdP goals.	Cumulative  Financial planning incorporated to the management plans means the MP has a strategy directly related to PdP goals with activities and costs budgeted	NPA Management plans	BL: 0 (it's important to clarify that management plans nowadays have some financial planning – basically costs – and articulate their action lines with the PdP goals. However, just about 20 of them, and not for all the PdP goals and not a complete financial planning, that is why we are considering BL = 0)	3	10	12	15	20	
<b>Component 2: Diversification of sources to increase NPA financing</b>										

2.1 NPA values and benefits showcased to increase public and private support for PdP and new financing mechanisms	# Of sustainable national mechanisms developed based on the Project pilots, with the support of other sectors.  Target: 2 sustainable mechanisms supported by other sectors (MEF, MINCETUR, ANA, MINAGRI, PRODUCE)	Cumulative  Sustainable national mechanism: A financial mechanism that is designed to give continuous, reliable funding to protected areas.  Developed means mechanism is implemented and instrumentalized.  Other sectors could include tourism, agriculture, etc.	Official documents  Institutional arrangements for the operation of mechanisms.	0 sustainable mechanisms supported by other sectors.		1				2
2.2. Increased options for the sustainable financing of NPAs	Amount of revenues (USD) generated at the individual NPA level thanks to the financial mechanisms piloted by the Project.  Targets: TBD once the financial mechanisms are selected. Collection dates also TBD.	Cumulative	Operational Planning System reports to all sources.  Inter-institutional agreements for the operation of mechanisms.  POA and quarterly and annual reports of ANP headquarters.	0						
	# Of financial mechanisms at system level with legal proposals for implementation  Target: 1 proposal for a mechanism through current regulations at end of project.	Cumulative	Legal proposal documents	0 national mechanisms at system level						1
<b>Component 3: Implementation of PdP Action Plan Measures to consolidate and improve the effective management of Amazon NPAs</b>										
3.1 Improvements in effective management levels contribute to the conservation of biodiversity, sustainable forest and natural resources management, and maintenance of ecosystem services in 2 to 4 Amazon NPAs	# Of NPAs that achieve all the benchmarks under "structural" management  Target: The end target is that 3 NPAs directly supported by GEF funding via the TF (still to be determined) achieve "structural" management levels. Annual targets will be milestones towards achieving the end target. The targets for years 1-5 will be established in the first 6 months of the project based on the NPAs selected to receive GEF funding.	Cumulative  The NPAs will be selected among the 6 shortlisted in the preparatory phase and will receive GEF funding via the TF  The structural management level is based on criteria established by SERNANP and detailed in ProDoc	Team will assess progress towards each criterion in both "basic" and "structural" management using a table titled "Levels of progress in the management goals of the NPA"	0 NPAs have achieved "structural" management. Most are at varying degrees of progress towards achieving the "basic" level.	TB D	TBD	TBD	TBD	TBD	3 NP A

	<p>Increase in METT score of the NPAs participating in the Project.</p> <p>Target: TBD during first six months of project based on selected ANPs.</p>	<p>Non-Cumulative</p> <p>METT applied during the preparatory stage (PPG), mid-term and at the end of the project.</p> <p>2-4 NPAs will be selected in year 1 from a shortlist of 6 to receive funding from the GEF to support activities to improve management effectiveness, based on the agreed PdP Action Plan.</p> <p>The METT scores of those 2-4 NPAs will be reflected in the baseline, in consultation with each NPA Manager.</p>	<p>See guidelines to tool at: <a href="https://www.protectedplanet.net/system/comfy/cms/files/files/000/000/045/original/WWF_METT_Handbook_2016_FINAL.pdf">https://www.protectedplanet.net/system/comfy/cms/files/files/000/000/045/original/WWF_METT_Handbook_2016_FINAL.pdf</a></p>	<table border="1"> <thead> <tr> <th>NPA</th> <th>Baseline</th> </tr> </thead> <tbody> <tr> <td>Allpahuayo Mishana</td> <td>44 (45.83%)</td> </tr> <tr> <td>Machiguenga</td> <td>42 (42.42%)</td> </tr> <tr> <td>Pacaya Samiria</td> <td>51 (51.52%)</td> </tr> <tr> <td>Rio Abiseo</td> <td>61 (63.64%)</td> </tr> <tr> <td>Tabaconas-Namballe</td> <td>60 (62.5%)</td> </tr> <tr> <td>Tingo María</td> <td>58 (60.42%)</td> </tr> </tbody> </table>	NPA	Baseline	Allpahuayo Mishana	44 (45.83%)	Machiguenga	42 (42.42%)	Pacaya Samiria	51 (51.52%)	Rio Abiseo	61 (63.64%)	Tabaconas-Namballe	60 (62.5%)	Tingo María	58 (60.42%)	TBD	TBD	TBD	TBD	TBD	TBD
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<b>Component 4: Project Coordination and M&amp;E</b>																								
<p>4.1 M&amp;E plan finalized with measurement, reflection and reporting on time to aid in results-based decision making and adaptive management</p>	<p>Formal validation/modification of theory of change during reflection exercise</p> <p>Target: One reflection exercise/meeting per year</p>	<p>Theory of change (ToC) is the logic behind how the project strategies will lead to the expected results.</p> <p>The ToC is illustrated by results chains diagram in the ProDoc.</p>	<p>Validation/modification of ToC will be based on a formal exercise that gathers PMU with other relevant stakeholders to review M&amp;E data and field reports /stakeholder feedback (as applicable) provided to PMU.</p> <p>This information will be considered when reviewing the project results chains (theory of change). The team will determine if the theory of change is still valid and if any modifications are necessary to ToC or project strategies.</p> <p>These changes will be proposed in the upcoming annual work plan and the reflections will be reported in the PPR</p>	<p>Theory of change (results chains) in Prodoc serve as baseline.</p>	1	1	1	1	1	1														

<p>4.2 Monitoring and evaluation data and lessons learned are transparent, participatory and shared with relevant stakeholders to contribute to coordination, knowledge management and achieving program results</p>	<p>Best practices in priority topics related to financial mechanism for PA and management effectiveness in the Amazon documented transparently and disseminated widely with relevant stakeholders.</p> <p>Target: Annually analyzed best practices and lessons learned are shared and uploaded to program website once /year and widely promoted to relevant partners.</p>	<p>Relevant stakeholders will include members of other child projects in the larger program</p>	<p>Best practices are developed both from the reflection workshop 4.1 and a consultant hired compiled best practices and lessons learned. Those will be uploaded in the dedicated website for the Regional Program.</p>		1	1	1	1	1	1
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## APPENDIX 22 SUMMARY OF KEY LESSONS LEARNED FROM GEF- AND USAID-FUNDED PROJECTS FOR INSTITUTIONAL ARRANGEMENTS

This document presents a summary of key lessons learned from GEF- and USAID-funded projects mainly focused on protected area (PA) management, indigenous peoples, and environmental sustainability, which informed project preparation.

### Coordination/Collaboration between Implementing Partners

- **Investing in broader governance issues to address large-scale drivers – Based in the PIMA and GPAN Project (Participatory Management of Protected Areas).** There is a need to invest more in interventions that enable dialogue and joint decision-making not only among multiple stakeholders in and around PAs, but also stakeholders representing different sectors and operating at different scales – PA, landscape, PA system, national ministries – that tend to have conflicting development priorities and management objectives with regards to biodiversity conservation. At the minimum, these would-be stakeholders undertaking activities that involve environmental protection, natural resource use (e.g. water, land, energy, etc.), economic development, and infrastructure development.
- **One main lesson learned from National Trust Fund for PA Project were the mixed public/private Board of the trust fund can be an important platform for discussion and planning among the various actors, especially in cases where there are few forums where such discussions can take place.** Moreover, the Board should be large enough to allow for a variety of expertise, perspectives, constituents, and to cushion the impact of any one member not being available to participate at a given time.

Given the relevance for PdP and based on the three lessons learned, the project will propose the Project Steering Committee would be the same as the PdP Steering Committee including the Vice minister of Natural Resources as the Chair, and as members the donors, and the other sectors like MEF, and MINCETUR, who will be responsible to support decisions to prioritize PdP management goals and the financial mechanisms.

- **Establishing clear responsibilities between SERNANP in its technical role and PROFONANP in its fiduciary role, the coordination is more effective.** Based in the GPAN Project, SERNANP successfully developed the necessary legal conditions and institutional coordination to establish and manage the pilot protected areas in accordance with the Bank's requirements for accountability and transparency, and selected and monitored those non-profits thereby meeting the targets established. As the recipient of the GEF grant, PROFONANPE executed its responsibilities for procurement and financial management competently and provided timely reporting in line with the Bank's requirements. The project will propose a detailed technical cooperation agreement between PROFONANPE and SERNANP establishing their responsibilities to assure the success for implementation.

### Capacity Building

- **Reinforcing institutional capacity for project success –** To avoid difficulties in the implementation of a project, there is a need to address institutional constraints and prepare upfront an institutional strengthening program. For example, in the PIMA project although the establishment of the Project Implementation Unit (PIU) and the incorporation of PROFONANPE helped to overcome the National Institute of Natural Resources'

(INRENA) lack of expertise in certain areas, it also created some coordination problems. The adjustment took time and distracted the project's attention from other important tasks. The main lesson here is that the plan for appropriate institutional arrangements merits major attention during the design phase of the project. Based on this lesson learned and other evaluations for past projects implemented by Profonanpe and SERNANP, the project will propose the PMU technical staff is hosted in SERNANP (former INRENA), to win efficiencies in the coordination with the directors and PA managers and get the approvals and reviews of the documents on time. The administrative and finance staff will be hosted in PROFONANPE, but meeting with the technical staff as often as needed.

- Also, the coordination between the heads of PROFONANPE and Sernanp are key, and they established monthly meetings to review the advance of all the projects that are jointly implemented and this will be part of that review to solve bottlenecks and assure good implementation.
- **Building capacity in government institutions** – In the case of the USAID's Initiative for Conservation in the Andean Amazon, Phase 2 (ICAA2), improvements in local government capacity were not sustainable due to overall institutional instability and a failure to develop institutional sustainability strategies. To solve this situation it was advised to consider developing and implementing strategies to sustain capacity development with government institutions (especially those with higher turnover rates). Such strategies should target capacity building at the institutional (rather than individual staff) level, should be based upon an institutional needs analysis, and will likely include emphases on staff development and retention policies and institutional knowledge management. Having the PMU technical staff hosted in SERNANP would help SERNANP to improve their skills mainly in the themes related to the project like financial planning.

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## APPENDIX 23 STAKEHOLDER CONSULTATION LOG

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
4-5 April 2016  <b>APRIL</b>	Lima- Hotel Sonesta	<b>Internal Workshop "Securing the future of protected areas of Peru"</b>	SERNANP WWF-Perú	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ General review of GEF-6 Amazon Sustainable Landscapes Program, Heritage of Peru (PdP) and the GEF-6 Project for ANP.</li> <li>○ Timeline for project design and SERNANP roles and WWF.</li> <li>○ Tools for project design: Conceptual Framework, conceptual model, results chains to define the strategies of the project.</li> <li>○ Identify key project outcomes and outputs.</li> </ul> <p><b>Objective:</b></p> <ul style="list-style-type: none"> <li>○ Alignment of the project design team in SERNANP and WWF with the general framework of the project; agree on key points and outstanding issues; and review in detail the conceptual model and the results chains to guide the design of the project.</li> </ul> <p><b>Key Outcomes of Meeting:</b></p> <ul style="list-style-type: none"> <li>○ Agreements among SERNANP, NPA managers and WWF about project scope and the conceptual model.</li> <li>○ Discussion on PA management levels and the different ways to finance Amazon PAs according to their potential.</li> <li>○ Organization for presenting the project to stakeholders.</li> <li>○ The most relevant changes in the workshops were given in the proposal of components, changing <b>Component 1</b>: "Financing for the mechanism of permanence of the system of protected areas of Peru", to "Implementation of the governance mechanism".</li> <li>○ <b>Component 2</b> changed from "Management and Expansion of the Peruvian Protected Areas System" to "Sustainable Financing of the Protected Areas of Peru", also changing its main results and orienting the generation of framework mechanisms to generate sustainability of the system of protected areas.</li> </ul>
6-7 April 2016  <b>APRIL</b>	Lima- Hotel Sonesta	<b>Stakeholder Workshop "Securing the future of protected areas of Peru"</b>	SERNANP MINAM CSF SPDA AAF PROFONANPE WCS ANECAP PERMIAN	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ Presentation of the proposed project</li> <li>○ Presentation of the GEF-6 Forest Program Project and discussion on potential synergies and areas of collaboration.</li> <li>○ Review approach for Financing of Projects for Permanence (PFP) - Patrimony of Peru (PdP) and Project for GEF-6 of Protected Areas</li> <li>○ Validation of conceptual model</li> <li>○ Group work on results chain to identify project strategies and outcomes</li> <li>○ Stakeholders present on their work (baseline, context information)</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
				<ul style="list-style-type: none"> <li>○ Define next steps in project preparation and opportunities for follow-up and collaboration.</li> </ul> <p><b>Objective:</b></p> <ul style="list-style-type: none"> <li>○ Start the process of design and preparation of the project and request comments to all stakeholders working with protected natural areas and with the SERNANP on the proposed project.</li> </ul> <p><b>Key Outcomes of Meeting:</b></p> <ul style="list-style-type: none"> <li>○ Confirmation of project objective and scope</li> <li>○ Draft conceptual model and results chains</li> <li>○ Selection criteria for NPAs for GEF investment were developed, increased investment in integrated landscape management in PAs and buffer zones are proposed.</li> <li>○ Criteria for the selection of financing mechanisms were defined: <ul style="list-style-type: none"> <li>○ Implementation costs</li> <li>○ Potential for income generation</li> <li>○ Political will</li> <li>○ Legal Feasibility</li> <li>○ Interest of partners</li> <li>○ Return period</li> <li>○ Environmental benefits</li> <li>○ Short Term (within the framework of the GEF project)</li> </ul> </li> <li>○ Potential financing mechanisms were identified: <ul style="list-style-type: none"> <li>○ Remuneration for technical services of SERNANP (currently revenues go to SENACE), Improvement of the communication strategy to attract private financing.</li> <li>○ Use of REDD+ in communal reserves (potential ANPs for REDD + mechanisms without management contracts).</li> <li>○ Inclusion of ANPs to access environmental compensation.</li> <li>○ Revenue for placement of ANP certified products in internal and external markets and private public alliances, having as a reference the initiative "ADOPTA" which is part of a previous proposal of SERNANP.</li> </ul> </li> </ul>
2 May 2016 <b>MAY</b>	Lima- Hotel Meliá	<b>Logical intervention workshop and mapping of stakeholders for the protected natural areas prioritized by the project.</b>	SERNANP MINAM MDA SPDA WWF	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ Recognize the key players and institutions that are in the areas that are intended to prioritize for the project.</li> <li>○ Recognize what kind of mechanisms can be driven from the project.</li> <li>○ Exchange experiences on lessons learned on other projects that have been developed in protected natural areas.</li> </ul> <p><b>Objective:</b></p>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
				<ul style="list-style-type: none"> <li>○ The objective is to be able to work in the identification of new or existing financial mechanisms that can help the ANP to generate income that is sustainable and permanent to reduce costs of its management mainly in control and surveillance. A mapping of actors and opportunities will be carried out on which we can work in the short and medium term.</li> </ul> <p><b>Key Outcomes of Meeting:</b></p> <ul style="list-style-type: none"> <li>○ Mapped actors who are working on projects and/or developing some financial mechanism in ANP, especially the Amazon.</li> <li>○ Listed Amazon ANPs with potential for pilots of financial mechanisms.</li> <li>○ List of the NPAs to be considered in the Project - Long list and selection criteria.</li> </ul>
<p>7-8 June 2016</p> <p><b>JUNE</b></p>	Lima - SERNANP	<p><b>Working Group: Financial Mechanisms and Effective Management of NPAs</b></p>	<p>SERNANP WWF SPDA</p>	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ SERNANP, SPDA and WWF identified financial mechanisms that could be included in the project at the local and national level</li> <li>○ Identify the barriers to effective management within natural protected areas.</li> <li>○ Define what is meant by effective management within SERNANP and what concepts it covers.</li> <li>○ Discuss baseline</li> </ul> <p><b>Key Outcomes of Meeting:</b></p> <ul style="list-style-type: none"> <li>○ Prioritization of financial mechanisms for PA, PA site selection.</li> <li>○ Data collated on PA Selection, Safeguards, localized information for each chosen PA.</li> <li>○ <b>National financial mechanisms.</b> 3 mechanisms were identified and prioritized: 1) tourism tax. There is a consultancy that is already being carried out on this tax and its feasibility. What we would like in this case is to know the next steps and times after having the report on this tax. Also the lessons learned from this consulting process, so that they can be included in the following two national mechanisms: 2) water, and 3) guano.</li> <li>○ <b>Local mechanisms.</b> Established criteria for the selection of a financial mechanism, and considerations if selected. For example demonstration effect, cost benefit criteria, processes, etc.</li> <li>○ Reviewed the methodology for PA management levels and site selection by SERNANP.</li> <li>○ Reviewed baseline for PA management, and missing information on baseline</li> <li>○ Agreed on upcoming meetings</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
				○
14-15 July; 21-22 July; 2-3 August; 4-5 August; 2016 <b>JULY</b>	Lima – Centro de Convenciones Real Audiencias  Chiclayo Iquitos Huancayo	<b>Macro-regional Workshops in: LIMA, Chicalayo,</b> Iquitos, Huancayo	WWF SERNANP WCS <b>Managers of:</b> RN de Paracas RN San Fernando RVS Los Pantanos de Villa PN de Cutervo PN Cordillera Azul PN Tingo María BP de Pagaibamba RP Nor Yauyos - Cochas RN de Lachay RN Islas Islotes PN Huascarán RN Pampa Galeras RC Chayu Nain	<b>Agenda:</b> <ul style="list-style-type: none"> <li>○ Presentations by ANP: Report on implementation of Management Plan and lessons learned</li> <li>○ Discussion on Management Plans, research priorities, funding mechanisms, METT results</li> <li>○ Meetings with each area manager about potential financial barriers and financial mechanisms in their areas.</li> </ul> <b>Key Outcomes of Meeting:</b> <ul style="list-style-type: none"> <li>○ Identification of potential financial mechanisms to be implemented and improvement of the management of PA via the Management levels.</li> <li>○ Updated stakeholder matrix, review of local potential for financial mechanisms, fieldwork planning.</li> <li>○ Consultation phase 3: Consultation at local level, communities, local NGOs, local authorities</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
			SN Cordillera de Colán RC Tuntanain PN Cordillera del Cóndor RN de Calipuy SN de Calipuy SH Bosque de Pómac RVS Bosques Nublados RVS Laquipampa CC El Angolo PN Cerros de Amotape RN de Tumbes SN los Manglares de Tumbes SN Tabaconas – Namballe PN Güepi-Sekime RC Airo Pai RC Huimeki RN Pacaya - Samiria RN Allpahuayo Mishana RN Matsés RN Pucacuro BP Alto Mayo PN del Río Abiseo PN Alto Purus RC El Sira PN Sierra del Divisor RC Purus PN Otishi RC Asháninka SN Pampa Hermosa BP Pui Pui SH Chacamarca	

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
			RN de Junín SN de Huayllay PN Yanachaga - Chemillén RC Yanesha BP de San Matías - San Carlos SH de la Pampa de Ayacucho	
20/09/2016 21/09/2016 SEPTEMBER	Tingo María	<b>Presentation of the GEF-6 project</b>	WWF Executive Committee of the Management Committee	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ Presentation of the GEF-6 project to the executive committee of the management committee of the protected natural area of Tingo María.</li> </ul> <p><b>Objective:</b></p> <ul style="list-style-type: none"> <li>○ Engaging stakeholders from the early stages of project design, and throughout project implementation, results in: partnerships, inclusive project design, project sustainability and legitimacy, stakeholder buy-in and country ownership, conflict reduction, and inclusion of specialist knowledge and an array of skills (including local and indigenous knowledge and skills). <ul style="list-style-type: none"> <li>● Identify all project stakeholders</li> <li>● Describe and discuss proposed project design and solicit feedback from key stakeholders, and understand their current role and ongoing or planned activities related to the project</li> <li>● Document process, key information, and stakeholder feedback</li> <li>● Manage stakeholder's expectations</li> <li>● Fulfil agency and national standards</li> </ul> </li> </ul> <p><b>Key Points:</b></p> <ul style="list-style-type: none"> <li>○ Collecting information on their possibilities regarding the development of sustainable financial mechanisms and the barriers they would have.</li> <li>○ List of the most important stakeholders in the area and institutions.</li> </ul>
17/10/2016 OCTOBER	Lima – Hotel Boulevard	<b>GEF-6 workshop with the heads of the prioritized NPAs.</b>	SERNANP WWF	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ First direct approach with the managers of the six priority areas of the project.</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
			<p><b>PA Mangers of the six shortlisted NPA</b></p> <ul style="list-style-type: none"> <li>o Tingo María</li> <li>o Machiguenga</li> <li>o Pacaya Samiria</li> <li>o Río Abiseo</li> <li>o Allpahuayo</li> <li>o Tabaconas</li> </ul>	<ul style="list-style-type: none"> <li>o He presented the scope that seeks the project and answered his doubts about what the project seeks to work.</li> <li>o It was defined as effective management, as a concept that is under construction and which directly implies the objectives of the master plan.</li> </ul> <p><b>Objective:</b> The project development team from SERNANP, PROFONANPE and WWF-Peru met with key stakeholders to discuss the themes of effective PA management and sustainable financing and the proposed GEF project. Participants included six protected area managers, and experts from WCS and SPDA.</p> <p>The objective of the workshop was to:</p> <ul style="list-style-type: none"> <li>• Hear feedback from the practitioners and experts on the proposed GEF project strategy</li> <li>• Validate information on the 6 NPAs</li> <li>• Discuss the baseline and the barriers to effective PA management and PA financing.</li> </ul> <p><b>Key Points:</b></p> <ul style="list-style-type: none"> <li>o <b>Effective Management:</b> The GEF project will be financed through the Biodiversity Focal Area, Objective 1 on increasing effective management of protected areas. The proposal is to establish systems to increase capacity for effective management, and to test methods to improve management effectiveness at a few target PA sites. The project team explained to NPA Managers and participants that the 6 NPAs are a shortlist of eligible sites for financing, and final selection of 2-4 sites will be made in implementation based on set criteria and budget. PA managers understood this, and expressed that they were happy to be part of the project design process.</li> <li>o <b>Financial Mechanisms to support SINANPE:</b> The GEF Project will support SERNANP to assess and develop financial mechanisms that have the potential to raise revenue to fund the NPA system.</li> <li>o <b>Mechanisms will be tested on-ground in target NPAs:</b> SERNANP staff reported that they have coordinated with the UNDP-GEF Resilience Project and the UNDP-GEF Amazonía project towards jointly covering costs of the creation of an information system. This will be done by consultancies in 2017-2018. What is being sought is system-wide interlaced from a single system, which highlight the lines of action of the NPA. The idea here is to have one system that include all the activities for POA and PPR and management plan.</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
18/10/2016 OCTOBER	Lima – Oficinas de WWF	GEF-6 workshop with the heads of the prioritized ANPs.	<p>WWF Managers of the six shortlisted NPA</p> <ul style="list-style-type: none"> <li>○ TingoMaría</li> <li>○ Machiguenga</li> <li>○ Pacaya Samiria</li> <li>○ Río Abiseo</li> <li>○ Allpahuayo</li> <li>○ Tabaconas</li> </ul>	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ Conversation with the managers of the six natural areas prioritized and the WWF-Peru team about the barriers that have each area and how they think that it can be possible to overcome them.</li> </ul> <p><b>Objective:</b></p> <ul style="list-style-type: none"> <li>○ Know the barriers and stakeholders that the managers of the areas believe will be key in the implementation of the project.</li> </ul> <p><b>Key Points:</b></p> <ul style="list-style-type: none"> <li>● Effective Management to achieve the objectives of the ANP. We must assess whether the instruments are actually achieving effective management.</li> <li>● The link between financial sustainability and effectiveness is the Master Plan. This is the rod with which effective management is measured.</li> <li>● Tourism: <ul style="list-style-type: none"> <li>○ It is necessary to order the tourist activity if this does not correspond to the objectives of the ANP.</li> <li>○ Consideration should be given to the carrying capacity of the ANP, acceptable limits of change, tourist regulations, visitor protocols or standards of conduct, ANP zoning.</li> </ul> </li> </ul>
20/10/2016 OCTOBER	Lima – Hotel Boulevard	Explanation and filling of the document tracking tool for the GEF project.	<p>PROFONANPE SERNANP WCS WWF MINAM SPDA</p>	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ Explanation and filling of the tracking tool by the different directions of SERNANP and was led by WWF team.</li> <li>○ The results were delivered to the SERNANP for review.</li> </ul> <p><b>Objective:</b></p> <ul style="list-style-type: none"> <li>○ Knowing the progress and limitations in the effective management of SERNANP. From an instrument such as the tracking tool and it's score.</li> </ul> <p><b>Key Points:</b></p> <ul style="list-style-type: none"> <li>○ Work on a proposal to the assembly to include the NPA as beneficiaries in the water tariff and the extraordinary tourist tax.</li> <li>○ Improvements: Supervision, commitment of SERNANP. Lack of resources. Law of NPA, Regulation of NPA, Regulation of tourist use in NPA, DC in the matter of tourism, Management of resources (Contracts of exploitation).</li> <li>○ Improvements: There is no match of all funds managed by the NPAs. If we know about the funds of PROFONANPE, but we do not know about the other funds. The issue of threats is a criterion that seeks to</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
				<p>incorporate. It is an aspect that must be taken into account within the pilots.</p> <ul style="list-style-type: none"> <li>○ Improve the link between the annual and financial planning in the master plans with the structure and tasks of the PPR. Train users on the cycle and planning system.</li> <li>○ Improve the link between the annual and financial planning in the master plans with the structure and tasks of the PPR. Train users on the cycle and planning system.</li> <li>○ No business plans are being designed at the NPA level. But the capacity to establish sustainability strategies for each NPA and knowledge on cost-effective management should be improved.</li> </ul>
26/10/2016 OCTOBER	Lima – Oficinas de WWF	Articulate the "Financing Strategies for ANP" guide (accompanying guide) to the process of costing and logic of the Heritage initiative of Peru (PdP)	SERNANP WWF GIZ WWF	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ Present the Heritage initiative of Peru and the relevance of the cost model (based on management goals). This will be highlighted at the beginning of each workshop.</li> <li>○ Present concrete experiences of ANPs that have generated a successful mechanism and can be replicated at the system level.</li> </ul> <p><b>Key Points:</b></p> <ul style="list-style-type: none"> <li>○ Provide examples of how to complete the annexes of the methodological guide and how these relate to the levels of management of the PdP initiative.</li> <li>○ Strengthen the updating of costing according to the methodology of controlled areas. It is necessary to specify the guide developed by DDE including all management goals.</li> <li>○ Differentiate sources of financing from sustainable financing mechanisms.</li> <li>○ Standardize the terms and some definitions of concepts to have a common language and not to confuse the heads of area.</li> <li>○ Establish criteria to reach the optimum level according to the potential of each ANP and stipulated in its Master Plans.</li> </ul>
22/11/2016 NOVEMBER	Lima – Hotel NOVOTEL	Presentation of the experiences of the ARPA model of Brazil and Costa Rica Forever.	WWF SERNANP PROFONANPE MINAM Banco Mundial	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ ARPA project in Brazil and Costa Rica Forever project was presented.</li> </ul> <p><b>Key Points:</b></p> <ul style="list-style-type: none"> <li>○ A discussion table was opened on their progress and challenges and how these experiences can be very useful for the development of GEF-6</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
			WCS MMA-Brasil SINAC-Costa Rica	<ul style="list-style-type: none"> <li>○ SERNANP presented its progress with the management of the areas and the challenges they face in closing the financial gap.</li> </ul>
08/12/2016 <b>DECEMBER</b>	<b>Cancún México</b>	– <b>“Sustainable Financing: Protected Areas for Perpetuity” – Side Event at the CBD COP 13</b>	<p>Around 100 participants from the COP attended the side event.</p> <p>WWF SERNANP MINAM PROFONANPE CBD Colombia, Brazil, Costa Rica and Peru participated to present their models of PFP.</p>	<p><b>Agenda:</b></p> <ul style="list-style-type: none"> <li>○ Presentation of the experiences in Colombia, Brazil and Peru.</li> <li>○ Lessons learned and project progress were shared.</li> </ul> <p><b>Objective:</b></p> <ul style="list-style-type: none"> <li>○ Introduce the PDP initiative in an international arena and exchange experiences.</li> </ul> <p><b>Key Points:</b></p> <ul style="list-style-type: none"> <li>○ Each invited country, Brazil, Peru, Costa Rica, and Colombia in that order presented their PFP initiatives, and agreed on the advantages of having a financial sustainability model such as the PFP because it orders and prioritizes spending and ensures an improvement in the effective management of protected areas. It is also clear that each model has its own dynamics according to the context of each country.</li> <li>○ Colombia is the country that is still in the design stage, followed by Peru, Costa Rica and Brazil in that order due to seniority in the design / implementation of the model.</li> <li>○ The Peruvian model is much more focused on consolidating the management of the existing NPAs in the SINANPE with respect to the other countries, therefore it looks for the financial sustainability for the effective management of the ANPs. This has led to a clear focus on processes, intermediate results and impact results, where the additionality of the Initiative's contributions is clearly identified as contributing to effective management.</li> <li>○ The Peruvian model has worked much more closely on the cost model than other countries, establishing management levels and goals that ensure optimal minimum conditions for the proper management of NPAs and that is based on a comprehensive intervention strategy for the whole extension of each NPA part of the Initiative. This gives more flexibility in the negotiations with the donors because it has data of the costs not only by NPA but by type of inputs.</li> <li>○ Another important difference in the Peruvian case is the private public duality in the way of contributing to the defined conservation goals. It's not only going to have a private fund that will be administered by a very experienced organization such as PROFONANPE, but the bilateral ones could contribute directly to the</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
				<p>public budget through the budget program which is one of the most robust in Latin America. It should also be noted that the initiative also promotes the development of financial mechanisms at the national or local level that can increase revenues or reduce recurrent costs in NPAs.</p> <ul style="list-style-type: none"> <li>○ The benefits of the NPAs to the Peruvian economy and to the population have been highlighted, which is an important strength not only in the negotiation with the MEF but also with the private sector.</li> </ul>
<p>09/ 03/ 2017 MARCH</p>	<p>Lima, WWF office.</p>	<p>Meeting of the National Steering Committee of MDE SAWETO PERU</p>	<p>AIDSEP CONAP MDE- SAWETO WWF</p>	<p><b>Key points about GEF Project:</b></p> <ul style="list-style-type: none"> <li>○ They understood the Project is mainly to improve the management for the PA and generate income for the PA. They were positive to the Project and emphasized the need to be involved in all the activities in general not only for this Project in the PA. They requested to be involved and work closely with the PA staff which means be informed about the PA. They live in or around PA, mainly in the region of Loreto (Pacaya Samiria and Allpahuayo Mishana area). They don't know the differences between the PA, for example if they are national, or regional or private and who is responsible for each area. They want to know about the demarcation, possible uses, etc.</li> <li>○ <b>Regarding management effectiveness:</b> <ul style="list-style-type: none"> <li>- They want to be involved as part of the management committee or directly through conservation agreements in order to support to the PA in issues like: lack of park guards, illegal logging, and unprotected basins.</li> <li>- They proposed to have corridors or find other ways to involve more communities around the PA. For example Allpahuayo Mishana is near Pacaya Samiria but all the development is for Pacaya.</li> <li>- They are concern about the process of delimitation mainly for communities living inside the PA – So they ask to be informed about the process.</li> </ul> </li> <li>○ Regarding financial mechanisms: They agreed having conservation agreements but they need to be trained in those agreements: conditions, quotas, responsibilities, and roles.</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
				<ul style="list-style-type: none"> <li>○ AIEDESEP mentioned the case of Amarakaeri where the relationship between the community and SERNANP is really strong and they want to replicate this kind of articulation in all the other PA where are communities living around.</li> </ul>
<p>April 20<sup>th</sup>, 2017 <b>APRIL</b></p>	<p><b>Lima, El Prado Double Tree Hotel</b></p>	<p><b>Validation Workshop</b></p>	<p>42 participants from different organizations like MINAM, KFW, UNDP, SERNANP, USAID, CI, CSF, PA Managers, among others.</p>	<p><b><u>Event objective:</u></b></p> <ul style="list-style-type: none"> <li>- To promote an exchange of ideas about challenges and opportunities for financial sustainability of the Natural Protected Areas of the Peruvian Amazon.</li> <li>- Validate the project design in a coordinated way with relevant stakeholders.</li> <li>- Identify key inputs and strategies to be incorporated into the project's implementation phase.</li> </ul> <p><b>Key points about GEF project:</b></p> <p><b>Component 1</b></p> <ul style="list-style-type: none"> <li>• GEF catalyzes and drives the initiative, Peru's Natural Legacy.</li> <li>• GEF contributes with key Peru's Natural Legacy initiative inputs such as support to the formulation of the single close agreement, closing conditions and the operations manual.</li> <li>• GEF supports SERNANP and PROFONANPE capacity to take on the entire challenge of managing the SINANPE financial sustainability initiative, which implies not merely receiving additional income but also having the capacity to use it in an efficient and organized way aiming for key effective management results.</li> </ul> <p><b>Component 2</b></p> <ul style="list-style-type: none"> <li>• GEF is the driver of pre feasibility studies and clear cost benefit analysis to enable decision-making about the mechanisms to be implemented at the NPA and SINANPE levels.</li> <li>• GEF is the driver of the pilots for innovative funding mechanisms (improving those already in existence or exploring new opportunities to see whether they can be scaled up to other NPAs).</li> <li>• The coordination of NPA sustainability mechanisms must be framed within an approach that generates greater impact: coordinated at territorial level and with the participation of key multisectoral stakeholders as well as the various levels of government, with a public-private duality.</li> </ul>

DATE	PLACE	MEETING	PARTICIPANTS	SUMMARY
				<ul style="list-style-type: none"> <li>• GEF is the driver of the commissioning of ecosystem services generated in the NPAs, delivering visibility of the economic and social impacts so that a sustained message is delivered: our nature is our development and we invest to secure its conservation—our greatest legacy.</li> </ul> <p><b>Component 3</b></p> <ul style="list-style-type: none"> <li>• GEF contributes to the transition fund of the initiative Peru’s Natural Legacy, with USD5 million for investing in the necessary conditions (management goals at the basic and structured levels) that lead to greater opportunities for management effectiveness.</li> <li>• The GEF contribution is explicit about the conditions necessary at the basic and structured levels. The technical team will promote key approaches for management effectiveness through components 1 and 2: coordinated planning at territorial level, clear and integrated governance frameworks, strategy measurement and adaptation to ensure management effectiveness.</li> </ul>

## APPENDIX 24: PERUVIAN LEGAL FRAMEWORK FOR GENDER EQUALITY

Law	Date	Provisions for Gender Equality
Law No. 28983	March 16, 2007.	<b>Law on Equal Opportunities between Women and Men.</b> This law aims to establish the institutional policy framework and public policies at national, regional and local levels to ensure women and men can exercise their rights to equality, dignity, development, welfare and autonomy, and preventing discrimination in all spheres of life, including public and private spheres, for full equality.
Law No. 29158	December 20, 2007	<b>Organic Law of the Executive Power. Equal opportunities</b> References made in this Act makes no discrimination between men and women for holding roles and responsibilities in the executive branch, in accordance with the provisions of article 4 subsection c) of Law 28983 "Law of Equal opportunities for women and men."
Legislative Decree No. 1098	January 20, 2012	<b>Organization and Functions Act of the Ministry of Women and Vulnerable Populations.</b> Promotion and strengthening of gender mainstreaming, policies, plans, programs and projects of the state, including public and private institutions.
Law No. 27867	November 18, 2002	<b>Organic Law of Regional Governments. Regional Development</b> The regional development includes the consistent and effective implementation of policies and instruments of social, demographic, cultural and environmental development, through plans, programs and projects aimed at creating conditions that allow the harmonized economic growth and population dynamics, development of equitable social and conservation of the natural resources and environment in the regional territory, oriented towards the full realization of the rights of men and women and equal opportunities.
Law No. 27972	May 27, 2003	<b>Organic Law of Municipalities.</b> Contributes to the design of policies and national, regional and provincial social development plans, and protection and support to populations at risk.
Law No. 28411	December 08, 2004	<b>General Law of the National Budget System.</b> In the budget evaluation of implementation of the Public Sector Budget, public entities will incorporate policies for gender equity.
Law No. 28094	November 1, 2003	<b>Law on Political Parties.</b> Article 26 - Participation of men and women in political party elections: In the lists of candidates for leadership positions of political party and candidates for elected office, the number of women or men cannot be less than thirty percent of the total candidates.
Law No. 27558	October 31, 2001	<b>Law for the Promotion of the Education of Rural Girls and Adolescents.</b> Girls and adolescents to achieve timely learning about the process of personal transformations that occur during the period of puberty and the meaning and value of such changes in women's development.
Law No. 29600	October 15, 2010.	<b>Law promoting school reinsertion for pregnancy.</b> Suitable provision of educational services, with special emphasis on supporting working children and pregnant students and mothers.

Ordained Single Text of Act No. 26260	June 27, 1997.	<b>Protection of Family Violence Act.</b> Establish effective legal processes for victims of family violence, characterized by a minimum of formalism and a tendency to provide precautionary measures and compensation for damages caused, as well as to facilitate free medical care as required by the Police and Public Ministry and Judicial.
Law No. 27942	February 27, 2003.	<b>Law on Prevention and Punishment of Sexual Harassment.</b> Aims to prevent and punish sexual harassment in relations of authority or dependency, whatever the legal form of the relationship.
Law No. 29819	December 27, 2011.	<b>Law amending article 107 of the Criminal Code, incorporating the femicide.</b> If the crime victim is or has been the spouse or cohabitant of the perpetrator, or was linked to him by a similar relationship, the crime shall have the name of femicide.
Law No. 28950	January 16, 2007	<b>Law against Trafficking in Persons and the Illicit Traffic of Migrants.</b> Regulates the prevention of these crimes, their risk factors, the persecution agents of crime, protection, assistance and reintegration of trafficking victims.
Law No. 29409	September 20, 2009.	<b>Law granting the right to paternity leave to workers in public and private activity.</b> It is intended to establish the right of workers of public and private activity, including the Armed Forces and the National Police of Peru, in keeping with its special laws, to paid paternity leave in case of birth of your spouse or partner in order to promote and strengthen the development of the family.
Law No. 27986	June 03, 2003	<b>Domestic Workers Act. Article 18. Covered Risks</b> Workers at the service of the household under a dependency relationship are included in the social security provisions, as compulsory insured, insofar as it concerns all types of health benefits.
Law No. 29700	June 04, 2011.	<b>Law that includes unpaid work in national accounts.</b> Assigning a market value to working time devoted to domestic activities performed by women and men in the household.

Table 41 Decrees for Gender Equality and Non-discrimination

Decrees	Date	Provisions for Gender Equality
Directive No. 001 - 2011 - EF 50.01	June 09, 2011	"For the programming and formulation of the budget of the Public Sector" article 38 provides that the various levels of governments and sectors, within the framework of Law No. 28983 and Law No. 29083, must identify gender gaps as a criterion for determining the allocation of resources for the achievement of their institutional objectives.
Supreme Decree No. 027-2007-PCM	March 25, 2007	Defines and establishes the National Policies of mandatory compliance for entities of the National Government, including the policy of equality of men and women.
Supreme Decree No. 009-2006-MIMDES	August 26, 2006	Provides for the implementation of nursing rooms in public sector institutions where 20 or more women of childbearing age work.
Supreme Decree No. 004-2008-MIMDES	April 04, 2008	States that the statutes of all non-profit legal organizations must conform to the rules of the constitution and laws relating to the legal equality of males and females.
National Agreement	2002	11th State policy establishes the promotion of equal opportunities without discrimination.
Supreme Decree No. 012-2016-MINAM	December 9, 2014	The Plan of Action on Gender and Climate Change of Peru (PAGG-Peru) urges the development and implementation of public policies that consider the differential impacts of climate change in men and women.

## APPENDIX 25 NOTES ON GENDER FROM COMMUNITY CONSULTATIONS DURING PROJECT PREPARATION

NPA	NOTES FROM CONSULTATIONS
<p><b>Pacaya Samiria National Reserve</b></p>	<p><b>a) <u>Community 20 de Enero:</u></b> Notes on gender: Participation of women in the oil processing plant of aguaje.</p> <p><b>b) <u>San Juan de Tipishca Community:</u></b> Gender Notes: In this community, which was the largest that was visited, there was a lower participation of women during the consultation, which was more than monopolized by some men who managed more knowledge about management. Observation data: Some women opted not to present them self in public in the presentation round.</p> <p><b>c) <u>Bolivar Community:</u></b> Gender Notes: In the Bolivar community there was a strong presence of men at the time of participation, especially the community representative. The participation of women was seen at the end of the meeting and helped to reinforce some points already discussed.</p> <p><b>d) <u>Arequipa Community:</u></b> Gender Notes: Women contribute to the economy by making handicrafts.</p>
<p><b>Allpahuayo Mishana National Reserve</b></p>	<p><b>a) <u>Community of San José de Raya</u></b> Gender notes: On the use of resources as an alternative development, women stated that they feel very capable of performing tasks "If the man goes up the tree to bear fruit, I will too."</p> <p><b>b) <u>Community of Mishana</u></b> Gender notes: Women are adopting as an alternative income the work of crafts. The district municipality is helping with the training. However, the meeting was not attended by any women.</p> <p><b>c) <u>Community of San Martín</u></b> Gender Notes: As in the case of San Juan de Raya, it was the women who somehow led the dialogue. The economic activities that can be developed in this community have been marked by previous projects without considering gender distinctions.</p>
<p><b>Tingo María National Park</b></p>	<p>We identified an organized group of women who have a small place for sale food within the touristic route of the park. There are no communities but rather villages. In agricultural production, women in farmhouses are linked to activities with cocoa, while men with coffee.</p>
<p><b>Machiguenga Communal Reserve</b></p>	<p><b>a) <u>Community of Koribeni:</u></b> There is a group of women dedicated to the cultivation of medicinal plants and the generation of ointments (they are part of a group formed by 8 communities, 2 of them are Machiguengas). The activity is focused on the care of your health needs.</p> <p><b>b) <u>Timpia Community:</u></b> There is a group of artisans who promoted their products to tourists who came to the communities. However, the number of tourists has declined in recent years. They had a project with CEDIA where a lodge was built (not currently used) and several groups of people were trained (craftsmen, cooks, motorists, tourist guides, among others) in order to position tourism.</p> <p><b>c) <u>Community of Miaria:</u></b> They have a group of artisans but for lack of money they cannot keep up the work they have. They are interested in preserving traditional practices, stories, songs, dance and native language. Its representatives request more training (not only to train but to show the practical execution of how to do the work) and to find a sustainable way to maintain this activity.</p>

Source: Information from GEF Project Preparation- Consultation Plan 2016.