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Reducing Emissions from Deforestation and Degradation in Peru: a challenge to social inclusion and multi-level governance

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Deutsches Institut für Entwicklungspolitik

German Development Institute

Studies

Reducing Emissions from Deforestation and Forest Degradation (REDD) in Peru

A challenge to social inclusion and multi-level governance

Fariborz Zelli
Daniela Erler
Sina Frank
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in cooperation with
Paul-Gregor Fischenich, 'Conservación de Bosques Comunitarios' Project / GIZ

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Abstract

REDD is one of the latest additions to a series of incentive-based mechanisms for reducing carbon emissions. Although international negotiations have not eliminated uncertainties regarding its social, economic and political implications, many developing and emerging countries have begun to engage in REDD. Peru, the country with the world's fourth largest tropical forest area has good reason to participate in REDD: deforestation currently causes about half of Peru's annual greenhouse gas (GHG) emissions.

In the last eight years, public and private actors across scales have undertaken various initiatives – resulting in a multi-level governance patchwork with top-down and bottom-up processes and institutions that operate in parallel. Our study addresses this hotchpotch and its challenges to key aspects of good governance.

First, we mapped Peru's complex REDD governance architecture and the role of major stakeholders. At the national level, we scrutinized Peru's readiness preparation proposal (R–PP) and its plan for the Forest Investment Programme (FIP), the REDD stakeholders roundtable, decentralization of forest-related competencies, and the difficult birth of new national laws on forests and full, prior and informed consent (FPIC). At the regional level, the study focuses on the two key regions of San Martín and Madre de Dios, mapping their most important forest policies and forms of stakeholder self-organization. Finally, we investigated four pilot projects with very different legal status that reflect the broad scope of REDD projects in Peru.

Second, we conducted a stakeholder-based assessment of different dimensions of social inclusion in Peruvian REDD governance. Despite the flexibility offered by the numerous processes, we found areas that need improvement. In some cases these are merely teething problems; others are deeply rooted in socio-economic imbalances and political culture. The challenges include: the insufficient financial, technical and human capacities of ministries and regional governments; a legitimacy gap due to the dominance of certain NGOs and companies; information and participation asymmetries of forest users in REDD projects, which can cause social tension; insufficient consideration of informal settlers; and insecurity regarding the distribution of REDD revenues among investors, NGOs and forest users.

Third, we introduce and discuss options for addressing some of these challenges, including:

- Streamlining REDD processes with policies from other sectors such as agriculture and mining, and improving spatial planning;
- Formalizing channels of communication and consultation to ensure fair and equal opportunities for exchanges between civil society and the ministries;
- Establishing an independent entity as part of a multi-stakeholder safeguard information system (SIS) that will frequently provide forest users with in-depth information about REDD processes and help users to develop their own ideas about REDD;
- Integrating forest users – not just as beneficiaries but rather as co-implementers of REDD projects;
- Encompassing push and pull factors, for example, through a levy that channels a portion of REDD revenues towards eradicating poverty in the Andean highlands in an effort to stem migration into forested areas.

REDD can only be as socially inclusive as the political, legal and social systems in which it is implemented. In Peru, this implies enhancing the overarching policies of social inclusion in the country, disentangling land titles and their governance, and improving mechanisms for verification and enforcement.

Foreword

This report presents the results of a research project on the mechanism for Reducing Emissions from Deforestation and Forest Degradation (REDD) in Peru. The project's main objectives were to provide: a mapping of the current multi-level REDD governance architecture; an in-depth, stakeholder-based assessment of the social inclusiveness of this governance architecture, especially regarding coordination, capacity development, participation, transparency and distribution; and policy recommendations for enhancing social inclusion and coordinating REDD.

The findings regarding these three questions are pertinent for a variety of stakeholders: scholarly experts on REDD, forest and land use, climate change and good governance; policy-makers, such as members of national environment and agriculture ministries in Lima and regional governments in the Peruvian Amazon; non-governmental organizations (NGOs) working in social safeguards, forest conservation and management; REDD project developers and domestic or foreign project investors; representatives of vulnerable groups such as indigenous associations, farmers' associations and other forest users; and practitioners of the German Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ) and other bilateral or multilateral agencies that are involved or are considering involvement in REDD initiatives.

Research for this report was conducted in three phases. In the preparatory phase that ran from July to October 2010, Fariborz Zelli (then at the Deutsches Institut für Entwicklungspolitik/German Development Institute, DIE, and now at Lund University) developed a plan in discussions with experts at DIE and the German Federal Ministry for Economic Co-operation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ). This phase included a research trip to Lima and the regions of San Martín and Madre de Dios, where Fariborz Zelli discussed the plan with policy-makers, academics and NGO representatives. He also established contacts with the project's two counterparts, Karina Pinasco Vela of *Amazónicos por la Amazonía* (AMPA) and Annekathrin Linck of the GIZ, based at the *Defensoría del Pueblo* (the office of Peru's public ombudsman).

The project's second and main phase ran from November 2010 to May 2011, during which the DIE research team in Bonn prepared and conducted

a three-month field study in Lima, San Martín and Madre de Dios. The team included: Fariborz Zelli as team leader; five researchers – Daniela Erler, Sina Frank, Jonas-Ibrahim Hein, Hannes Hotz and Anna-Maria Santa Cruz Melgarejo; and two research assistants – Riccarda Flemmer and Franziska Klutmann.

On 26 April 2011 we presented the results of our field research at a high-level stakeholder workshop in Lima, which was attended by about a hundred representatives of major stakeholder groups. Rosario Gómez Gamarra, then Peruvian Vice-Minister of the Environment, and Iván Kriss Lanegra Quispe, currently Vice-Minister of Intercultural Affairs, delivered keynote speeches. The GIZ financially and logistically supported the workshop.

In May 2011, the research team drafted a preliminary version of this report with a detailed set of policy recommendations. A condensed Spanish-language version was published in Lima in a policy brief by the *Proyecto Conservación de Bosques Comunitarios* (CBC, Conservation of Community Forests) with support from the GIZ and the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU) (Erler et al. 2011).

The results were also presented in May 2011 at a seminar jointly organized by the GIZ and the KfW German Development Bank in Eschborn, Germany. Other presentations of the findings were given at the general conference of the European Consortium for Political Research in August 2011 and a DIE information workshop for BMZ representatives in September 2011.

The project's third and final phase ran from summer 2011 to spring 2014. Following our field research, the political landscape in Peru had undergone crucial changes that affected the shape of REDD governance in the country. This included the change of presidency from Alan García to Ollanta Umala in July 2011, the adoption of a new forest law and a new national forest policy, and a new law on free, prior informed consent (FPIC).

In the third phase, our main concerns were keeping track of these and other changes and assessing their implications for REDD in Peru, especially at the national level. This report reflects the national situation in late spring 2014, whereas for the regional and project levels, updates were only possible for big developments and specific issues. Unless otherwise specified, assessments of the pilot projects and the situations in San Martín and Madre de Dios are based on our field research in 2011.

Fariborz Zelli conducted the third-phase updates and assumes responsibility for any errors and the delay in finalizing this report. This update would not have been possible without the important support of Paul-Gregor Fischenich and his CBC team, especially Sebastian Jung and Carlos Cubas. Jonas-Ibrahim Hein and Hannes Hotz contributed detailed and very helpful comments to this final phase.

Acknowledgements

The research team of the Deutsches Institut für Entwicklungspolitik (German Development Institute, DIE) is profoundly thankful for all the help we received while working on this report. This includes the fantastic support, cordiality and hospitality we enjoyed in Peru while conducting fieldwork.

Given this broad support, the following list cannot possibly be complete; we apologize in advance to anyone we may have omitted. Please note that unless otherwise specified, the affiliations indicate positions at the time of our collaboration, in some cases from early 2011.

We express our deepest gratitude to five colleagues who were part of our extended team, and without whom the current form of the report would not have been possible:

- Our two personal counterparts in Peru, Annekathrin Linck (GIZ, based at the *Defensoría del Pueblo*) and Karina Pinasco Vela (*Amazónicos por la Amazonía*/Amazonian People for the Amazon, AMPA), who supported our research from the outset, coming to Germany to work with us in the preparatory phase and then continuously providing crucial information and contacts during and after our fieldwork;
- Paul-Gregor Fischenich (GIZ), based at the Peruvian Ministry of the Environment (*Ministerio del Ambiente,* MINAM), and his team of the BMU-financed project *Conservación de Bosques Comunitarios* (Conservation of Community Forests, CBC). CBC not only co-financed and co-organized our final stakeholder workshop in Lima and published a Spanish policy brief with our findings, but also greatly helped us to keep track of major changes in Peruvian REDD governance in the past two years; and
- Riccarda Flemmer and Franziska Klutmann who were our team members in the preparatory phase and significantly contributed to earlier versions of this report.

Our very special thanks go to the teams of our partner institutions in Peru for their confidence in our project and their invaluable provision of first-hand information and logistical support:

- The GIZ team based at MINAM: In addition to Paul-Gregor Fischenich, Michael Pollmann was instrumental in securing funding for our

stakeholder workshop in Lima. Their teams – including Milagros del Pilar Bulnes Matsudo, Jill Velezmoro Jauregui and Sebastian Jung – worked extra shifts to help us to prepare the workshop and this report.

- *Defensoría del Pueblo*: We were privileged to receive great support from Iván Kriss Lanegra Quispe, Alicia Abanto, Elena Castro, María Jara Risco and their colleagues in Lima. They helped us to establish contacts at all levels and were key information sources with regard to social inclusion in Peru. The same goes for the *Defensoría* teams in San Martín and Madre de Dios, including Guimo Loayza Muñoz, Edmundo Flórez and Karina Salas.
- *Servicio Nacional de Áreas Naturales Protegidas por el Estado* (National Service of Protected Areas for the State, SERNANP): We are immensely grateful to Luis Alfaro in Lima and the SERNANP team in Alto Mayo led by Elva Marina Gáslac Gáloc – not only for providing us with key information and granting us access to the *Bosque de Protección Alto Mayo* (Alto Mayo Protected Forest, BPAM), but also for the park rangers who accompanied us to remote locations in the BPAM. We are indebted to them for their unique insights and our exchanges with informal settlers that would have been impossible without them. *Muchísimas gracias* to Roberto Carlos García Vela and Wilson Grández Armas who accompanied us for several days, and to Martin Schachner who greatly helped us to prepare our project.
- *Asociación para la Investigación y el Desarrollo Integral* (Association for Research and Rural Development, AIDER): We express our gratitude to the AIDER teams in Lima and Madre de Dios – including Jaime Nalvarte Armas, Carlos Sánchez Dias, Carla Merediz and Jim del Alcázar – for their great support of our field research in their pilot project with the Infierno community.
- AMPA: Along with Karina Pinasco Vela, we would like to thank Miguel Tang Tuesta and the whole AMPA team, especially for facilitating our travel to and participation in a workshop with stakeholders of their Alto Huayabamba project.
- *Conservación Internacional–Perú* (CI–Peru, Conservation International, Peru): Many thanks to the CI teams in Lima and San Martín, including Luis Espinel, Claudio Schneider, Eddy Mendoza, Braulio Andrade, Milagros Sandoval and Percy Summers, for supporting our field research in their BPAM pilot project.

- The MINAM team in Puerto Maldonado, Madre de Dios: We are deeply indebted to Humberto Cordero (MINAM) and France Armando Cabanillas Vasquez (GIZ, based at MINAM) for all their fantastic logistical support, hospitality and kindness, which made it possible for us to proceed as planned with our field research in Madre de Dios despite the social unrest at that time.
- *Servicios Ecosistémicos Perú* (Peruvian Ecosystem Services, SePerú): Our special thanks to Frank Hajek, one of the leading international REDD experts, and his team in Cusco. Frank's advice was invaluable – from making preparations to developing our final policy recommendations.
- MINKA Perú: Francisco San Martín Baldwin, a longstanding DIE partner and resource person, helped us to kick off our field research, establishing a great number of contacts for our preparatory trip in summer 2010.

In addition, we sincerely thank other stakeholders who granted, facilitated or accompanied our access to project areas and key meetings. They include Héctor Cardicel Pérez and Iván Cardenas from the *Federación de Productores de Castaña de Madre de Dios (*Federation of Brazil Nut Producers in Madre de Dios, *FEPROCAMD*), and Federico Durand Torres and Eddy Huajo Huajo from the Infierno community. We particularly like to thank the organizers and all participants of the national *Grupo REDD* and the regional *Mesas REDD* of San Martín and Madre de Dios for allowing us to observe their meetings.

Our very special thanks go to key experts and stakeholders on issues of social inclusion, forestry and REDD in Peru who either participated as keynote speakers in our final workshop or provided us with helpful suggestions that are reflected in this report and its policy recommendations. These include (in alphabetical order of affiliation at the time they consulted us): Roberto Espinoza and Germán Guanira (*Asociación Interétnica de Desarrollo de la Selva Peruana*/Interethnic Assocation for the Development of the Peruvian Rainforest, AIDESEP); Lucio Pedroni (Carbon Decisions International); Mary Menton (Center for International Forestry Research, CIFOR, and the Global Canopy Programme, GCP); Hugo Che Piu Deza *(Derecho, Ambiente y Recursos Naturales*/Law, Environment and Natural Resources, DAR); Stefan Salvador (Forest Stewardship Council, FSC); Carlos Alfaro Jímenez (*Gobierno Regional de Madre de Dios/*Regional Government of Madre de Dios, GOREMAD); Silvia Reátegui and Richard Harry Bartra

Valles (*Gobierno Regional de San Martín/*Regional Government of San Martín, GORESAM); Dennis del Castillo Torres and Ángel Alejandro Salazar Vega (*Instituto de Investigaciones de la Amazonía Peruana/* Peruvian Amazon Research Institute, IIAP); Rosario Gómez Gamarra, Eduardo Durand López-Hurtado, Elvira Gómez Rivero, Fernando León and Julio Victor Ocaña Vidal (MINAM); Bertha Luz Alvarado Castro and Gustavo Suárez de Freitas (*Ministerio de Agricultura y Riego/*Ministry of Agriculture and Irrigation, MINAGRI); Hector Alfonso Cisneros Velarde (*Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático/*National Forest Conservation Programme, PNCB); Alberto Paniagua (*Fondo de Promoción de las Áreas Naturales Protegidas/* National Support Fund for Natural Protection Areas, PROFONANPE); Alejandro Santa María Silva (*Prospectiva y Estudios Estratégicos*); Manuel Pulgar Vidal, José Luis Capella, Carlos Bustamante, Simy Benzaquén, Ramón Rivero, Pablo Peña Alegría and Eddy Peña Cruz (*Sociedad Peruana de Derecho Ambiental*/Peruvian Society for Environmental Law, SPDA); and Ernesto Ráez Luna (Universidad Peruana Cayetano Heredia/Cayetano Heredia University).

We similarly thank all our other interviewees for their collaboration, frankness and trust (see Annex III for a complete list).

We are also indebted to the institutions and people on the German side who supported us. First of all, we are grateful to the German Federal Ministry for Economic Co-operation and Development (BMZ), which used various channels to fund our research project. We also thank the BMZ specialists on Latin America, climate change and forestry for their helpful comments during our preparations. Our special thanks go to Kerstin Sieverdingbeck, who at the time of our field research was First Secretary of Technical and Financial Cooperation at the German Embassy in Lima.

We express special thanks to Rudolf Specht of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit, BMU).

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Bonn, August 2014

Fariborz Zelli
Daniela Erler
Sina Frank
Jonas-Ibrahim Hein
Hannes Hotz
Anna-Maria Santa Cruz Melgarejo

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Abbreviations

ACA	Amazon Conservation Association
ACCA	*Asociación para la Conservación de la Cuenca Amazónica* / Association for the Conservation of the Amazon Basin
AIDER	*Asociación para la Investigación y el Desarrollo Integral* / Association for Research and Integral Development
AIDESEP	*Asociación Interétnica de Desarrollo de la Selva Peruana* / Interethnic Association for the Development of the Peruvian Rainforest
AMPA	*Amazónicos por la Amazonía* / Amazon People for the Amazon
ANA	*Autoridad Nacional del Agua* / National Water Authority
ARA	*Autoridad Regional Ambiental* / Regional Authority for the Environment
BAM	*Bosques Amazónicos*
BAU	business-as-usual
BMU	Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit / German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung / German Federal Ministry for Economic Co-operation and Development
BPAM	*Bosque de Protección Alto Mayo* / Alto Mayo Protected Forest
CAMDE	*Conservación Ambiental y Desarrollo en el Perú* / Environmental Conservation and Development in Peru
CAN	Climate Action Network
CBC	*Conservación de Bosques Comunitarios*
CBD	Convention on Biological Diversity
CCAH	*Concesión para Conservación Alto Huayabamba* / Alto Huayabamba Conservation Concession
CCBA	Climate, Community & Biodiversity Alliance
CDI	Carbon Decisions International

CDM	Clean Development Mechanism
CEDISA	*Centro de Desarrollo e Investigación de la Selva Alta* / Center for the Development and Research of Mountain Forests
CEPLAN	*Centro Nacional de Planeamiento Estratégico* / National Centre for Strategic Planning
CI–Peru	*Conservación International, Perú* / Conservation International – Peru
CIAM	*Consejo Interregional Amazónico* / Interregional Council on the Amazon
CIFOR	Center for International Forestry Research
CIMA	*Centro de Conservación, Investigación y Manejo de Áreas Naturales* / Center for the Conservation, Research and Management of Natural Areas
CMLTI	*Comisión Multisectorial de Lucha contra la Tala Ilegal* / Multi-sectoral Commission for the Fight Against Illegal Logging
CNCC	*Comisión Nacional de Cambio Climático* / National Commission on Climate Change
CODEPISAM	*Coordinadora de Defensa y Desarrollo de los Pueblos Indígenas de San Martín* / Coordinator of the Development and Defence of Indigenous Peoples of the Region of San Martín
COFOPRI	*Organismo de Formalización de la Propiedad Informal* / Agency for the Formalization of Informal Property
COICA	*Coordinadora de las Organizaciones Indígenas de la Cuenca Amazónica* / Coordinator of Indigenous Organizations of the Amazon Basin
CONAP	*Confederación de Nacionalidades Amazónicas del Perú* / Confederation of Amazonian Nationalities of Peru
CONFIEP	*Confederación Nacional de Instituciones Empresariales Privadas* / National Confederation of Private Business Institutions
COP	Conference of the Parties
DAR	*Derecho, Ambiente y Recursos Naturales* / Law, Environment and Natural Resources
DFID	Department for International Development (UK)

DGFFS	*Dirección General Forestal y de Fauna Silvestre – MINAGRI* / General Directorate of Forestry and Wildlife – MINAGRI
DIE	Deutsches Institut für Entwicklungspolitik / German Development Institute
EU	European Union
EUR	euro(s)
FADEMAD	*Federación Agraria Departamental de Madre de Dios* / Federation of Small Farmers of Madre de Dios
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FENAMAD	*Federación Nativa del Río Madre de Dios y Afluentes* / Federation for Native Communities of Madre de Dios
FEPRIKESAM	*Federación Regional de Pueblos Indígenas Kechwas de la Región San Martín* / Regional Federation of the Indigenous Quechua Peoples of the San Martín Region
FEPROCAMD	*Federación de Productores de Castaña de Madre de Dios* / Federation of Brazil Nut Producers in Madre de Dios
FERIAAM	*Federación Regional de Indígenas Awajún del Alto Mayo* / Awajun Regional Federation of Alto Mayo
FIP	Forest Investment Programme
FONAM	*Fondo Nacional del Ambiente* / National Envrionmental Fund
FONDAM	*Fondo de las Américas* / Americas Fund
FONDEBOSQUE	*Fondo de Promoción del Desarrollo Forestal* / Forest Development Promotion Fund
FPIC	free, prior and informed consent
FSC	Forest Stewardship Council
GCF	Governors' Climate and Forests Task Force
GCP	Global Canopy Programme
GHG	greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit

GOREMAD	*Gobierno Regional de Madre de Dios* / Regional Government of Madre de Dios
GORESAM	*Gobierno Regional de San Martín* / Regional Government of San Martín
GRN	*Gerencia Regional de Recursos Naturales y Gestión del Medio Ambiente* / Regional Department of Natural Resources and Environmental Management
GTZ	See GIZ
ha	hectare(s)
ICRAF	World Agroforestry Centre
IIAP	*Instituto de Investigaciones de la Amazonía Peruana* / Peruvian Amazon Research Institute
ILO	International Labour Organization
IKI	International Climate Initiative of the BMU
INDEPA	*Instituto Nacional de Desarrollo de Pueblos Andinos, Amazónicos y Afroperuanos* / National Institute for the Development of Andean, Amazonian and Afroperuvian Peoples
INIBICO	*Instituto de Investigación Biológica de las Cordilleras Orientales*
INRENA	*Instituto Nacional de Recursos Naturales* / National Institute of Natural Resources
IPAM	*Instituto de Investigación Ambiental de la Amazonía* / Amazon Environmental Research Institute
ITDG	Intermediate Technology Development Group
ITTO	International Tropical Timber Organization
IUCN	International Union for Conservation of Nature
KfW	*KfW Entwicklungsbank* / German Development Bank
MEF	*Ministerio de Economía y Finanzas* / Ministry of Economics and Finance
MINAG	*Ministerio de Agricultura* / Ministry of Agriculture
MINAGRI	*Ministerio de Agricultura y Riego* / Ministry of Agriculture and Irrigation
MINAM	*Ministerio del Ambiente* / Ministry of the Environment

MINEM	*Ministerio de Energía y Minas* / Ministry of Energy and Mining
MRV	measurement, reporting and verification
MTC	*Ministerio de Transportes y Comunicaciones* / Ministry of Transportation and Communications
NGO	non-governmental organization
OCBR	*Órgano de Coordinación de Bosques y REDD+* / Coordination Unit for Forests and REDD+
OEFA	*Organismo de Evaluación y Fiscalización Ambiental* / Environmental Evaluation and Financial Control Authority
OSINFOR	*Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre* / Agency for the Supervision of Forest and Wildlife Resources
PCM	*Presidencia del Consejo de Ministros* / Presidency of the Council of Ministers
PEN	*Peruvian Neuvo Sol,* currently valued at EUR 0.26
PES	Payment for Ecosystem Services (see PSA)
PNCB	*Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático* / National Forest Conservation Programme
PRA	participatory rural appraisal
PROFONANPE	*Fondo de Promoción de las Áreas Naturales Protegidas* / National Support Fund for Natural Protection Areas
PSA	*Pago por Servicios Ambientales* (see PES)
REDD	Reducing Emissions from Deforestation and Forest Degradation
REDDES	Reducing Deforestation and Forest Degradation and Enhancing Environmental Services
RIA	*REDD+ Indígena Amazónico* / Amazon Indigenous REDD+
R–PIN	Readiness Plan Idea Note
R–PP	Readiness Preparation Proposal
SePerú	*Servicios Ecosistémicos Perú* / Ecosystem Services Peru
SERFOR	*Servicio Nacional Forestal y de Fauna Silvestre* / National Forest and Wildlife Authority

SERNANP	*Servicio Nacional de Áreas Naturales Protegidas por el Estado* / National Service of Natural Areas Protected by the State
SFM	Sustainable Forest Management
SIS	safeguard information system
SPDA	*Sociedad Peruana de Derecho Ambiental* / Peruvian Society for Environmental Law
TAP	Technical Advisory Panel
UNALM	*Universidad Agraria de la Molina* / National Agrarian University – La Molina
UNAMAD	*Universidad Nacional Amazónica de Madre de Dios* / National Amazonian University of Madre de Dios
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UN–REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation
UNSM	*Universidad Nacional de San Martín* / National University of San Martín
USAID	U.S. Agency for International Development
VCS	Verified Carbon Standard
WWF	World Wide Fund for Nature
ZEE	*Zonificación Ecológica y Economíca* / Ecological and Economic Zoning

Executive summary

Why Peru? Why REDD?

There are several good – and urgent – reasons to undertake a study about efforts to reduce deforestation in the Peruvian Amazon.

What first comes to mind is the environmental urgency. With around 73 million hectares (ha) of tropical forest covering nearly 60 per cent of its territory, Peru has the fourth largest area of tropical forest in the world, and the second largest share of the Amazon after Brazil. More than 80 per cent of this tropical forest is classified as 'primary forest': it is biologically diverse and rich in natural resources. In the last years, the country has lost as much as 160,000 ha of forest per year, which accounts for about half of Peru's greenhouse gas (GHG) emissions. A recent study holds that the annual loss has decreased to 103,380 ha (Llactayo / Salcedo / Victoria 2013).

These trends are directly connected to socio-economic drivers, and thus are of immediate relevance to development. A major reason for Amazonian deforestation and forest degradation is the migration of poor farmers from the Andean highlands. Some of these farmers continue their traditional patterns of subsistence agriculture in the Amazon, but most grow cash crops or engage in the exploitation of gold and other resources – activities that cause severe loss of forests and often create irreversible damage. Further causes of deforestation are increases in (largely illegal) logging, commercial agriculture, mining, gas and oil operations and drug production. Road construction through the Amazon facilitates these damaging activities.

Taking these drivers into account, the Peruvian government is seeking to link deforestation more closely with the goals of development cooperation. An early initiative was the government's 10-year strategy to attain zero deforestation by 2021. Announcing the initiative in 2008, then Peruvian Minister of the Environment Antonio Brack called for the international community to provide USD 20 million annually as part of the REDD (Reducing Emissions from Deforestation and Forest Degradation) mechanism.

REDD is one of the latest additions to a series of incentive-based economic mechanisms for environmental or climate governance of the last 15 to 20 years (Bernstein 2002). Proponents of REDD seek to provide significant economic incentives for the sustainable use and conservation of forests while also reducing the drivers of deforestation and forest degradation. However, the heated international debate about REDD in climate negotiations and other arenas leaves open questions about REDD's social, economic and environmental consequences.

Despite this inconclusiveness and uncertainty, a large number of developing countries, including those with the world's largest shares of tropical forests, have begun to create institutional and programmatic infrastructures based on REDD. In recent years, Peru's national and regional governments have been seeking to establish a REDD governance system. German development cooperation – in particular the KfW Development Bank and the GIZ, as well as the BMU International Climate Initiative – is supporting this new instrument in Peru through a new national agency to coordinate forest- and REDD-related processes (pending at the time of writing). Other bilateral and multilateral institutions, including two major funding mechanisms under the World Bank, the Forest Carbon Partnership Facility (FCPF) and the Forest Investment Programme (FIP), are cooperating with Peruvian partners.

These national and international approaches coincide with a variety of processes that Peruvian stakeholders have initiated at the regional and local levels over the last eight years, including different arenas of self-organization and a growing number of very diverse pilot projects.

These endeavours have created an intricate patchwork of multi-level governance with diverse top-down and bottom-up processes and institutions operating in parallel. This study analyses this complexity and the challenges it creates for key aspects of good governance.

Two of these challenges are particularly urgent and merit special attention: First, coordination is needed within and across scales in order to provide a coherent legal, institutional and political framework for REDD-relevant activities at the national, regional and project levels. Second, social inclusion across different administrative levels – involving public, civil society and private actors – must be increased if REDD is to be fair and effective in Peru. Representatives of various stakeholder

communities – including indigenous peoples and other vulnerable forest users – need access to the relevant policy arenas and project planning processes. Participatory inclusion and appropriate conditions for sharing project benefits are key to obtaining local support and legitimacy for REDD and generating alternative livelihoods.

REDD's relative novelty makes it premature to assess the long-term distributive consequences of REDD governance in Peru. But assessing the emerging processes can help to identify barriers to coordination and social inclusion before they are perpetuated in Peruvian REDD governance. This is urgent because the country is seeking to enter the REDD implementation phase and is attempting to operationalize longer-term processes of funding, social safeguards and monitoring. Unless capacity development, participation, transparency, and opportunities for fair access and benefit-sharing are ensured, major domestic tensions will persist.

These tensions are much older than REDD. They concern forest and land use, poverty and its regional distribution, ethnic pluralism and political culture. REDD is embedded in these longstanding debates: they will shape its further development and vice versa. People involved in REDD initiatives were harshly reminded of the conflict in debates about forest use during violent clashes over revisions to the Peruvian national forest law in the town of Bagua in the Chachapoyas region in June 2009. Two days of bloody confrontation between indigenous protesters, the police and the army led to the reported deaths of 23 policemen and 10 civilians.

Research goals and questions

In light of this urgency, the overall objective of our study is to contribute to a socially inclusive and coherent formulation and implementation of REDD in Peru across national and sub-national scales. We proceeded in three steps.

First, we mapped the current multi-level governance architecture on REDD in Peru (chapter 3). At the national level we scoped out processes, institutions and actors that are of major relevance for REDD governance, including not only processes directly geared to REDD, but also major

elements of forest and land- use governance in Peru. To provide a similarly detailed mapping of REDD governance at the regional level we focused on two of the nine Peruvian regions whose territories include parts of the Amazon. We selected San Martín, the region with the country's highest deforestation rate, which the national government had designated as the pilot region for REDD activities; and Madre de Dios, which includes one of the world's biodiversity hotspots and which many observers predict will undergo the country's most dramatic increase in deforestation in coming years. We selected pilot projects from these two regions to illustrate the diversity of processes, institutions and actors at the project level.

Second, we concentrated our assessment of this governance architecture on five dimensions of social inclusion and coordination (chapter 4). These dimensions reflect challenges to the establishment and success of REDD in Peru. They can be divided into the following research questions but are not mutually exclusive:

- **Capacity:**
  - Who are the relevant public and non-state actors affected by REDD at the national, regional and local levels?
  - What are their capacities, capacity gaps and inequalities?
  - What influence do the different actors have?
- **Coordination:**
  - What is the level of coordination within and across actors, sectors and levels of governance?
- **Participation:**
  - What is the level of participation of various stakeholder groups in REDD processes at different governance levels?
- **Information:**
  - How much transparency and access to information (including FPIC) about REDD processes is there at different levels of governance?

- **Distribution:**
  - What are the challenges to distribution – fair access and benefit-sharing?
  - How much do the most vulnerable members of Peruvian society, such as indigenous and peasant communities, benefit from REDD policies and projects?

We sought to design our research process in a socially inclusive manner. To this end, we mostly assessed these five dimensions by using qualitative and participatory methods such as interviews and network mappings in an attempt to capture different stakeholders' views of the state of REDD in Peru. What do the different groups make of the different REDD agenda-setting, decision-making and implementation processes? Do they feel that they and other relevant actors are sufficiently included? How would they address shortcomings?

Third, we used this stakeholder-based assessment to develop policy recommendations (chapter 5), for the Peruvian political process and for German development cooperation, regarding, inter alia:

- Identification of bottlenecks, barriers and key addressees for capacity-building in these processes;
- Options for improving the consideration and participation of local communities and indigenous groups at different levels of REDD governance;
- Options for enhancing the coordination between evolving bottom-up and top-down processes of REDD governance;
- Options for dovetailing REDD policies with policies in other sectors (mining, agriculture, infrastructure, etc.), development plans and decentralization efforts;
- Options for enhancing the division of labour between public and non-state actors in the various REDD-related processes; and
- Options for a REDD that focuses on conditions in the Amazon basin but incorporates measures to eradicate poverty in the Andean highlands, one of the root causes of deforestation.

Structure and findings

Chapter 1 provides a brief overview of the Peruvian Amazon's ecological, economic and sociocultural relevance. We sketch the condition, trends and drivers of deforestation in Peru and take a closer look at the San Martín and Madre de Dios regions, the case studies for our regional analysis.

Chapter 2 introduces the concept of REDD, starting with how the instrument evolved in international climate politics from 2005 through 2013. We show that the various bi- and multilateral arenas and funds suffer from a lack of coordination. Negotiations under different umbrellas produced a patchwork of approaches that have caused considerable duplication and uncertainty about the types and sources of future funding, verification and governance mechanisms. We then describe different approaches to operationalizing REDD, including the Peruvian 'nested approach'. International actors' lack of clarity is reflected not only in the diversity of approaches, but also in uncertainty about their distributive effects: while REDD could enhance the livelihoods of forest-dependent local communities, it could just as well further marginalize such communities. We conclude by highlighting potential pitfalls and loopholes that are discussed in the literature, such as the risk that most of the values generated will end up outside of a project zone or even outside the host country. Further challenges to REDD include technical issues like permanence, leakage and additionality, and sociopolitical problems, including the gaps in governance and social inclusion that are at the heart of our study.

Chapter 3 presents the first step in our analysis of the Peruvian REDD governance architecture. We introduce key actors and present REDD-relevant legal frameworks, institutions and policy processes at the national, regional and local levels (for San Martín and Madre de Dios). Focal points of our analytical overview included:

- The national REDD roundtable, the process for a national Readiness Preparation Proposal (R–PP) and the national plan for FIP (see section 3.1.4); the PNCB; consultation and decision-making processes for forest strategies and the new forest law (3.1.1 and 3.1.2); decentralization processes (3.1.4);

- Processes related to the regional forest strategy of San Martín (3.2.1); REDD roundtables of San Martín (3.2.1) and Madre de Dios (3.2.2);
- Four local REDD pilot projects with their respective planning processes and design, as well as their implementation processes, where applicable: two in San Martín –*Bosque de Protección Alto Mayo* (BPAM) and *Concesión para Conservación Alto Huayabamba* (CCAH); and two in Madre de Dios – *Proyecto REDD Castañero* and *Comunidad Nativa Ese'eja de Infierno* (3.3).

Overall, we found that the highly diverse domestic REDD governance landscape mirrors the fragmented architecture of REDD at the international level. This is shown in the diversity of our four pilot projects. They differ considerably in their legal status (protected forest, conservation concession, timer extraction concession and community title), reflecting the broad scope and openness regarding what can count as a 'REDD' project in Peru. This diversity of REDD governance across levels can imply opportunities and flexibility on one hand and uncertainties and coordination challenges on the other. It may also imply greater chances of social inclusion for some stakeholders and lesser chances for others. The mapping results strengthened our resolve to look closer at challenges to good governance.

Chapter 4 presents our assessment of social inclusion and coordination in Peru's REDD governance processes. We introduce our framework for a stakeholder-based analysis of the processes, then describe our findings, using a matrix structure with the five dimensions of social inclusion and coordination on one side and three levels of analysis (national, regional and project) on the other. (A more detailed account of our definitions, indicators and participatory methods based on Ostrom's community governance approach and social network analysis is found in Annexes I and II). We then present our findings along the five dimensions. We discovered that in Peru REDD's initial stage was dynamic – with sprawling pilot projects, public-private cooperation and information activities. But we also found various areas that need improvement, some of which are merely teething problems, while others are deeply rooted in socio-economic imbalances and the political culture.

- **Capacity:**
  - The financial, technical and human capacities of ministries and regional governments are insufficient.
  - The dominance of certain NGOs and companies in Peruvian REDD governance gives cause for concern.
  - Knowledge and other capacities to help natural resource users become integrated in REDD governance processes are lacking.
- **Coordination:**
  - Public REDD policies are not aligned with policies in other sectors (e.g. mining and agriculture).
  - The division of labour between public and private actors is unclear.
  - The regional government of Madre de Dios (and partly also in San Martín) is insufficiently coordinated with other regional REDD processes, due to lack of capacities and fluctuating staff.
  - Project developers, intermediaries and forest users are poorly coordinated.
- **Participation:**
  - The rules for participation and decision-making in civil society platforms (especially the REDD Roundtable) and between civil society and ministries are unclear.
  - The limited participation of natural resource users in REDD project development creates suspicion, distrust, social tension and low motivation.
  - The great diversity of forums and the complexity of information surrounding REDD may perpetuate and even widen gaps in Peruvian forest politics and management. While actors with the know-how, personal and financial resources may be able to join and shape the different debates and engage in pilot projects, most of the poor and vulnerable forest users are totally unaware of these debates and forums.

- **Access to information:**
  - Many of the informative workshops on REDD are biased towards certain aspects or preferences, especially if their organizers have vested interests, such as commercializing ecosystem services.
  - Formal dissemination mechanisms for informing about REDD across scales are lacking.
  - There is a significant information divide between grassroots organizations (e.g. indigenous federations) and the communities they represent.
  - Severe information asymmetries exist on the project level between developers, intermediaries and users, as well as mistrust and allegations.
- **Distribution:**
  - The PNCB is too narrowly focused: it does not consider root causes of deforestation, especially frontier migration.
  - The PNCB similarly does not address the situation of informal forest users.
  - The compensation scheme envisaged by the PNCB does not cover opportunity costs of deforestation.
  - REDD projects in protected areas will not benefit informal users unless there are some efforts to include them, such as conservation 'contracts'.
  - Insecurity about distribution of REDD revenues – among companies, NGOs and users, and also between different types of users – could create social tensions and conflicts.
  - The long delay between the start of a REDD project and potential payments decreases the motivation of forest users and may further reduce trust.

Based on these results, chapter 5 presents the policy options we developed and discussed with different stakeholders, including forest users and leading experts on Peruvian REDD. Our main recommendations include:

- The human, financial and technical capacities of MINAM and the regional governments must be significantly scaled up in order for them to lead the various REDD processes.
- REDD processes must be dovetailed with and incorporated into the policies, strategies and visions of other sectors and levels. This implies strengthening the cooperation between MINAM and the Ministry of Agriculture and Irrigation (*Ministerio de Agricultura y Riego,* MINAGRI), other national ministries and regional governments, especially to improve spatial planning and zoning.
- Channels of communication, institutional access and decision-making must be more formalized to ensure fair and balanced opportunities to participate in processes involving civil society and ministries.
- The considerable asymmetries of information about REDD available to public actors, NGOs, project developers, natural resource users and their representatives must be eliminated. Frequent and in-depth provision of information, especially by an independent entity, along with a multi-stakeholder safeguard information system (SIS), may help avoid some tensions.
- Project organizers should integrate forest users and inhabitants not as mere beneficiaries but as co-implementers, throughout all phases of a REDD project.
- An all-encompassing approach to REDD is needed that combats poverty in the Andes, one of the root causes of deforestation in the Amazon basin. Allocating forest resources is crucial, but doing only that is myopic. Levying a portion of REDD project revenues into development projects in the Andean highlands is one option.
- Taking an all-encompassing approach means embedding REDD policies in broader reform efforts. REDD can only be as good as the political, legal and social systems in which it is implemented. This implies enhancing the overarching policies for social inclusion in Peru, disentangling and clarifying land titles and their governance, and significantly improving verification and enforcement mechanisms.

Chapter 6 summarizes our main findings and the challenges: What is needed are: an integral vision that combines push and pull factors and

addresses the root causes of deforestation; a clear legal and institutional framework; and an effective and legitimate division of labour among stakeholders. We conclude with a brief overview of the developments in science and politics that could change the shape of the highly dynamic REDD governance processes in Peru. Now in a relatively early stage – between late preparation and early implementation – this dynamic justifies a timely analysis of social inclusion to ensure that this crucial aspect is not sidelined later. We hope that our analysis contributes to this urgent need.

1 The Peruvian Amazon

1.1 The Peruvian Amazon's ecological, economic and sociocultural relevance

Measuring 5.5 million km², the Amazon rainforest is the largest continuous tropical rainforest on earth (de Jong et al. 2010). With 13 per cent, Peru holds the second largest share of the Amazon rainforest after Brazil: if the region's ecological balance is to be maintained, the Peruvian Amazon must be protected. Conserving the world's remaining tropical rainforests is vitally important because of their ecological, economic and sociocultural functions.

First of all, forests serve to store the earth's carbon. By sequestering carbon, forests act as natural CO_2 sinks, playing a pivotal role in preventing global climate change (UNEP / FAO / UNFF 2009). Deforestation not only decreases the world's capacity to store CO_2 but also causes huge amounts of stored carbon to be released. According to the latest estimates, deforestation accounts for about 15 per cent of global greenhouse gas (GHG) emissions (van der Werf et al. 2009). In Peru, deforestation and forest degradation are responsible for nearly half of all GHG emissions (MINAM 2010a). Peru's forest resources play an important role within the global carbon cycle by storing 8,560 million metric tons of carbon (FAO 2010b).

Forests also contribute to local hydrological cycles and climate conditions. Trees and plants are instrumental in intercepting precipitation, and evapotranspiration – the combined release of water vapour from vegetation and soil – is highly dependent on the extent of local forests. Deforestation means there is less water in the hydrological cycle, which can lead to reduced precipitation in the region (Laurance / Williamson 2001). The water storage capacity and soil-protecting function of trees help forests to prevent erosion and soil degradation, thus protecting human settlements against landslides.

Key to livelihoods the world over, forests provide living space and ecosystem services for 1.8 billion human beings (Hirschberger 2007). Human dependence on forest resources varies from economic reliance on certain forest products to complete dependence on forests as a natural habitat. The economic functions of forests include timber and non-timber forest production; in Peru, the sustainable production of Brazil nuts constitutes an important source of income, especially in the Madre de Dios region (MINAM 2010b). Apart from the economic functions of forests and their use as living

space, Peruvian forests are culturally relevant, with many indigenous groups dependent on them for their livelihoods and for maintaining their lifestyles. Forests are crucial to the cultural identity and social cohesion of indigenous peoples. Indeed, 42 of Peru's 44 different ethnic groups live in the Amazon region (CONADIB 2008).

Finally, forests are essential for preserving biodiversity. Tropical rainforests feature the world's highest rate of biological diversity, with innumerable animal and plant species. Thanks to its share of the Amazon, Peru belongs to the planet's 10 'megadiverse' countries that together account for more than half of the world's biodiversity. The Peruvian Amazon is home to about 25,000 plant species, 30 per cent of which are endemic. With about 2,000 species, Peru ranks first in fish species worldwide; with over 1,800 species, it ranks second in birds (ibid.). Some 760 animal species are endemic to Peru. Apart from the ethical obligation to protect this diversity, there are also anthropocentric reasons to do so, including unexplored potentials for medicine and pharmaceutics.

1.2 The state of Peru's forests and trends in deforestation

The world's forest resources have shrunken to an area of 40 million km² – or 31 per cent of the earth's land surface. Global deforestation slowed in the past decade: whereas in the period 1990 to 2000 approximately 160,000 km² of forest land were lost each year, between 2000 and 2010 the annual forest loss dropped to 130,000 km² (FAO 2010b).

In Peru, the forest cover has been declining slowly but steadily. Since 1975, Peru has lost 5.3 per cent of its forest cover as a result of anthropogenic land conversion – mostly into agricultural land – or from natural disasters such as forest fires. Deforestation was most rapid in the 1980s, then slowed in the late 1990s and has since continued at a slow pace (FAO 2010a). In the period from 2005 to 2010, Peruvian forested areas decreased by 1,500 km² or 0.22 per cent each year (FAO 2010b). Recent figures from MINAM show that annual loss has decreased to 1,060 km² (Llactayo / Salcedo / Victoria 2013). This trend notwithstanding, some economic sectors and activities are maintaining or even increasing deforestation in the Amazon. Business-as-usual (BAU) scenarios predict a deforested area of 73,000 km² by 2050, another 10 per cent of the current forest cover (Soares-Filho et al. 2006). Piu and Menton (2013, 9) expect much higher figures because of the expanding

agricultural and extractive sectors and the cumulative effects of road construction, agriculture, ranching, mining, hydropower, hydrocarbons and urban expansion. They refer to worst-case scenarios that forecast between 196,000 and 311,000 km² of additional deforestation by 2050.

Because its forest resources are declining rather slowly, Peru is still one of the most forested countries in the world. In 2010, forest resources covered 730,000 km² or nearly 60 per cent of Peru's national territory (FAO 2010b). Since 89 per cent of these forest resources consist of primary forest, they have high carbon storage capacities and great biodiversity.

However, the extent of forest varies by region. Peru's coastal area is sparsely forested while east of the Andes there are large mountain forests and hillside forests. Peru's very different types of forest are generally due to altitude and average annual precipitation. Andean forests consist of various types of tropical montane forests, tropical dry forests and shrubbery forests. Amazon

Table 1: Annual and absolute deforestation rates in the Peruvian Amazon by region *(departamento)*

Departamento	**Deforestación anual (has)**		**Deforestación absoluta (has)**	**Tasa de deforestación (ha/año)**
	2009-2010	**2010-2011**		
San Martín	39,760.16	30,797.53	70,557.69	35,278.85
Loreto	24,210.75	36,200.84	60,411.59	30,205.80
Ucayali	16,342.14	9,942.41	26,284.55	13,142.28
Huánuco	12,785.28	7,777.46	20,562.74	10,281.37
Madre de Dios	5,402.23	5,959.29	11,361.52	5,680.76
Pasco	3,998.02	3,937.90	7,935.92	3,967.96
Amazonas	3,981.32	4,541.77	8,523.09	4,261.55
Cusco	739.70	1,457.95	2,197.65	1,098.83
Junín	332.57	1,514.10	1,846.67	923.34

Source: Llactayo / Salcedo / Victoria (2013)

Table 2: Land use of deforested areas

Departamentos	Superficie de bosques naturales o tropicales al año 2000 (1)	Superficie por uso actual de tierras deforestadas al año 2000 (2)						Superficie reforestada acumulada al 2010 (3)
		Agricultura	Pastos	Bosque secundario	Bosque secundario / agricultura	Áreas sin vegetación	Totales al 2000	
San Martín	3 206 763	136 927	73 695	390 384	718 522	8141	1 327 669	18 177,65
Amazonas	2 721 999	172 471	364 750	192 009	246 142	26 095	1 001 467	17 277,10
Loreto	34 896 163	130 634	25 298	355 898	420 223	13 538	945 591	23 479,87
Junín	1 718 361	24 589	59 688	116 825	531 658	1514	734 273	71 255,42
Ucayali	9 160 726	25 356	117 811	213 223	265 194	5480	627 064	31 889,99
Huánuco	1 564 407	69 458	78 095	184 029	267 860	1178	600 620	45 860,82
Cusco	3 170 025	13 938	161 713	246 736	114 620	594	537 601	122 831,72
Cajamarca	409 491	69 353	103 697	84 291	262 042	647	520 030	110 526,43
Pasco	1 418 506	2824	38 874	81 422	178 408	480	302 008	19 621,86
Madre de Dios	8 102 917	21 861	60 101	71 432	42 885	7600	203 879	8467,01
Puno	1 406 400	2166	45 091	55 467	43 206	103	146 033	44 218,38
Ayacucho	251 350	5942	18 727	44 387	66 127	183	135 366	68 807,95
Huancavelica	18 738	7511	24 850	17 164	2461	0	51 987	50 079,46
Piura	74 262	7374	5222	10 804	8322	13	31 735	46 387,61
La Libertad	96 335	112	2369	3693	1057	0	7231	58 383,18
Ancash								87 867,21
Apurímac								78 117,29
Otros	60 671							66 667,77
Total	**68 277 114**	**690 516**	**1 179 981**	**2 067 764**	**3 168 727**	**64 566**	**7 172 554**	**969 916,72**

Source: Piu / Menton (2013)

forests are tropical montane and lowland rainforests. Tropical rainforests stretch from the Loreto region in the North to the region of Puno in the South[1] – covering more than half of the country. These differences in forest type are partly mirrored by the varying degrees of deforestation. Rates and absolute deforestation figures vary considerably across our two case study regions, San Martín and Madre de Dios (see Table 1).

We selected these two regions because of their different trends and perspectives (see also section 4.1.2). In San Martín, more than one-fourth of the territory has been clear-cut along rivers and roads, making it the Peruvian region with the highest annual deforestation rate. In contrast, in Madre de Dios, in 2010 only 2.3 per cent of the territory had been deforested. However, observers expect a dramatic increase in deforestation in this mega-biodiverse region over the next years because of the jump in immigration from the Andes and related aspects such as mining and road-building (Table 2).

1.3 Drivers of deforestation

In the tropics, deforestation results from a complex set of interrelated proximate causes and underlying driving forces (Geist / Lambin 2002). The major proximate causes of deforestation in Peru are agricultural expansion and cattle ranching (MINAM 2010a), instigated by rising national and global demand for agricultural products such as meat, palm oil and soybean products. Small-scale farming in the Peruvian Amazon also increased because of population growth and in-migration.

These proximate causes are linked to economic policies, such as subsidized taxes in frontier zones and agricultural credits (Naughton–Treves 2004). As early as the 1940s, incentives triggered migration flows into the sparsely populated regions of the Peruvian Amazon (MINAM 2010a).

Apart from these agricultural aspects and policies, there are other proximate causes of deforestation, such as urban development and infrastructure expansion, and national development. Since the late 19th century, Peru's economy had relied mostly on natural resource extraction but in the last

1 Peru's tropical forests are located in the following 10 regions (from north to south): Loreto, Amazonas, San Martín, Huánuco, Ucayali, Pasco, Junín, Madre de Dios, Cusco and Puno.

two decades, Peru has diversified its economy by investing in the textiles industry, ecotourism and agro-industry (Hajek 2010). However, in the period from 1990 to 2000, mining products – especially gold and tin – accounted for nearly half of all exports, and in some regions they still drive deforestation (Bury 2005; Von Blücher 2011, 26–37).

Poverty, land scarcity, unfavourable market access and high unemployment are the main push factors for emigration from the Andean highlands (Swinton / Quiroz 2003). Job opportunities in the aforesaid industries, infrastructure development projects, and timber and coca production are pull factors for migration into the Peruvian Amazon (Von Blücher 2011, 26–37).

These various, often intertwined, causes, along with other drivers such as forest fires, vary significantly across regions. Whereas in San Martín, deforestation is mostly caused by agricultural expansion, in Madre de Dios, forest loss is mainly driven by infrastructure extension. In the late 1980s, land was cleared for the 'Interoceanic' or 'Transoceanic' Highway, and during construction, roadside logging paved the way for further deforestation from new settlements and enhanced access to forest resources (Naughton–Treves 2004). Other large-scale infrastructure projects – such as the hydroelectric project on the Inambari River – also affect huge areas, threatening forest conservation and indigenous communities. The rainforests of Madre de Dios are also very exposed to artisanal gold mining, which causes severe environmental degradation through the release of mercury.

2 REDD

2.1 The evolution of REDD in international politics

The institutional landscape built around REDD is complex and fragmented. The global REDD architecture is only gradually taking shape at meetings of the United Nations Framework Convention on Climate Change (UNFCCC). At same time, a series of multilateral and bilateral REDD (funding) initiatives have developed beyond the UNFCCC umbrella. Finally, REDD pilot projects are up and running in different regions of the globe (Wertz–Kanounnikoff / Angelsen 2009).

2.1.1 REDD in international climate negotiations

The 1992 Earth Summit in Rio led to the creation of important global environmental governance institutions. Apart from the UNFCCC, two other initiatives that more directly focus on forest protection were established after the summit: the legally binding Convention on Biological Diversity (CBD), which entered into force in 1993, and the Intergovernmental Panel on Forests, which was succeeded in 2000 by the United Nations Forum on Forests (UNFF) (Scholz 2004). While the UNFCCC negotiations predominantly address afforestation or deforestation with regard to biomass and carbon stocks, the UNFF and the CBD address the sustainable use of forests and forest protection to conserve biodiversity. Since their inception, these two institutions have not attained their goals of reducing or avoiding deforestation and biodiversity loss in absolute terms. Nevertheless, they remain the chief global forums on forest protection – with sometimes tense relations with the UNFCCC (Kim 2004; Rosendal 2001)

During and after the negotiations of the Kyoto Protocol in 1997, the UNFCCC increasingly referred to the role of forests. The Protocol's list of policies and measures for helping parties to meet their emission reduction commitments include the *"protection and enhancement of sinks and reservoirs of greenhouse gases"* and more specifically, the *"promotion of sustainable forest management practices, afforestation and reforestation"* (Art. 2.1.a.ii). Before the 13th Conference of the Parties (COP) in December 2007, forests and other types of biomass were mostly treated in GHG inventories for calculating the emission reduction targets of industrialized countries that were set by the Kyoto Protocol.

Only the alarming rates of global deforestation have made the international community recognize the central role that tropical forests play in mitigating climate change. In 2005, a group of developing countries rich in tropical forests, led by Costa Rica and Papua New Guinea, proposed REDD at international climate negotiations. Two years later, COP 13 delegates decided to develop a framework to compensate developing countries for protecting their forests. A COP decision noted that deforestation and forest degradation contribute to climate change and affirmed *"the urgent need to take further meaningful action to reduce emissions from deforestation and*

forest degradation".[2] Parties further admitted that reducing deforestation-related emissions requires stable financial resources.

At COP 15 in Copenhagen in December 2009, REDD was identified as a key instrument for preventing dangerous climate change. However, the failure of the Copenhagen summit to produce a successor to the Kyoto Protocol postponed an initial agreement on REDD. To circumvent the UNFCCC deadlock and maintain momentum, representatives of 55 countries met in Oslo in May 2010 to found the REDD+ Partnership. They pledged a total of USD 4 billion in fast-start financing for REDD measures in the period from 2010 to 2012.

The fruits of Oslo provided new impetus for holding REDD discussions under the UNFCCC umbrella. At COP 16 in Cancún in December 2010, parties finally managed to adopt a first agreement on REDD, which was regarded as a major breakthrough by delegates, NGOs and scholarly observers (IISD 2010; CIFOR 2010). The Cancún Agreement invites developing countries to prepare national REDD action plans, establish national reference levels or, as interim solutions, sub-national reference levels. Industrialized countries, on the other hand, are requested to support REDD through multilateral and bilateral channels. In other words, unlike the Kyoto Protocol's project-level Clean Development Mechanism (CDM), REDD was established as a voluntary, national government-driven mechanism to mitigate concerns about leakage and accounting. The '+' was added to REDD to reflect the inclusion of forest conservation and management and carbon stock enhancement (McDermott et al. 2012, 120).

Appendix I of the Cancún Agreement also included a list of social and environmental safeguards to be respected when implementing REDD activities. In addition to poverty alleviation and the conservation of biodiversity, the safeguards refer to aspects of social inclusion and good governance, such as the consistency of participation and transparency, as well as indigenous and local rights. While the 2011 Durban Agreement further elaborated the potential shape and content of national safeguard information systems (SIS), there was no progress at COP 18 in Doha in November 2012, leaving *"unclear what constitutes adequate safeguarding or how countries will be held accountable for achieving it"* (ibid.; see also Pistorius / Schmitt 2013).

2 FCCC/SBSTA/2007L.23Add.1/Rev.1.

In November 2013, COP 19 sought to partly close this gap by adopting a set of decisions under the Warsaw Framework for REDD+, backed by combined pledges of USD 280 million from the United States, United Kingdom and Norway. According to the framework, to be eligible for performance-based financing, governments must provide a summary every two years about how they are complying with the REDD safeguards agreed in Cancún. Country delegates also agreed to define drivers of deforestation, devise measurement, reporting and verification (MRV) systems, and establish baseline reference levels (Dechert 2014). However, the framework's vague phrasing leaves various loopholes. Complying with the safeguards or reporting on how they are being respected is not compulsory, and least developed countries can technically choose if and when they will even provide a summary.

2.1.2 Beyond the UNFCCC: other major partnerships and funding institutions

Given REDD's incentive-based nature, financing initiatives are central. Against the backdrop of inconclusive UN climate negotiations, a series of other institutions have addressed REDD issues outside the umbrella of the UNFCCC (cf. Corbera / Schroeder 2011; Thompson / Baruah / Carr 2011). These institutions include established financial mechanisms like the Global Environment Facility, and regional banks that administer their own funding mechanisms such as the Amazon Fund or the Congo Basin Forest Fund.

In addition, several new REDD funding initiatives have been created, the most important of which are: the Forest Carbon Partnership Facility (FCPF) of the World Bank, launched at the UNFCCC–COP 13 in 2007; the Forest Investment Programme (FIP); and UN–REDD (United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation). Peru is involved in all three. These initiatives have fewer problems defining enforceable safeguards than the UNFCCC since they can make funding contingent on them. The main problem is rather the recipient countries' limited capacities to meet the requirements and absorb the funds (McDermott et al. 2012, 121).

In 2008 the Food and Agricultural Organization of the United Nations (FAO), the United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP) launched UN–REDD, the first institution to conduct nationwide programmes. UN–REDD supports

readiness activities and supports governance, stakeholder participation and local capacity development, such as for MRV. In 2010, Indonesia, Tanzania and Vietnam had already completed their National Joint Programmes and started their first REDD initiatives. By September 2013, UN–REDD had approved USD 67.8 million of funding for programmes in 17 partner countries; a total of USD 173.3 million had been pledged (Climate Funds Update 2013a). In June 2011, Peru was admitted to UN–REDD as an observer country. Between July 2012 and December 2013, UN–REDD and UNDP funded a project to strengthen the capacities of indigenous peoples to participate in the design and implementation of a REDD+ mechanism in Peru (see section 4.4.1).

At the time of writing, the FCPF was facilitating cooperation between donors and the governments of 36 developing countries, and funding the preparations for national REDD strategies through 'Readiness Proposals'. The facility

> *serves the dual goal of building capacity for implementing REDD+ in developing countries through the establishment of national monitoring systems, management systems and stakeholder consultation arrangements (through its Readiness Fund), and testing the feasibility of performance-based payments through pilot activities (through its Carbon Fund)* (McDermott et al. 2012,122).

A total of USD 218.9 million had been pledged and deposited for the facility (Intergovernmental Taskforce 2010). Peru submitted the latest draft of its national Readiness Proposal under the FCPF in March 2011 (UN–REDD 2014; see section 3.1.4).

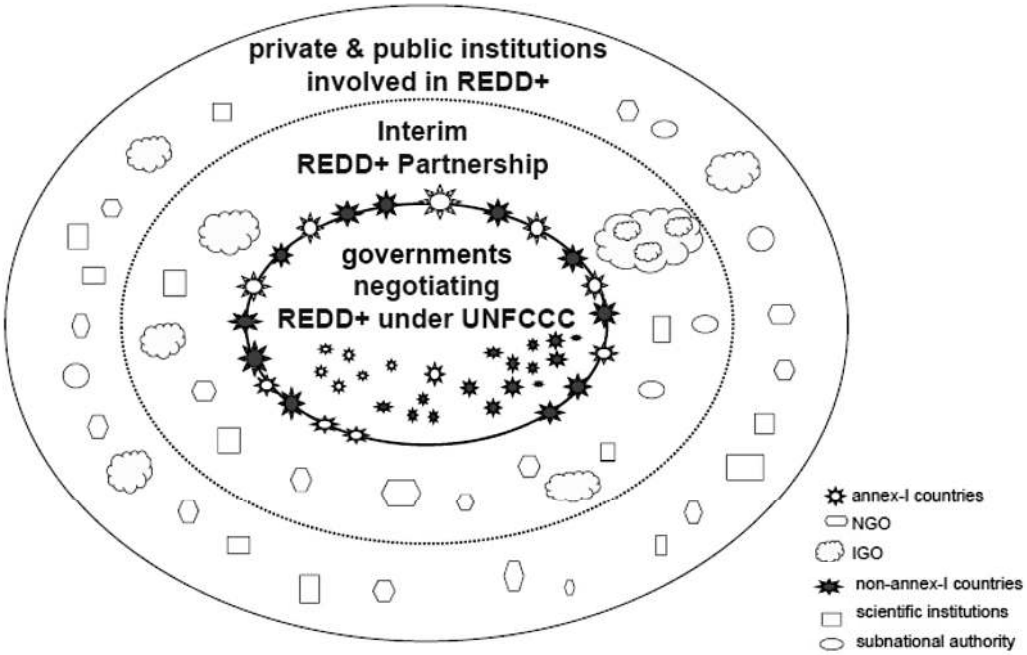
Several regional developing banks, including the Inter-American Development Bank, and a few bilateral donors created the Forest Investment Programme (FIP), a multi-trust fund in the World Bank's Strategic Climate Fund. The FIP seeks to support capacity development and measures for implementing REDD. As of December 2013, the programme had received pledges of USD 611 million, of which USD 490 million had already been paid (Climate Funds Update 2013b). In March 2010, Peru was selected as one of eight FIP pilot countries; it started to elaborate an investment plan in December 2012.

Next to these multilateral bodies, a series of bilateral activities (by Norway, Germany, and Japan in particular) contribute significantly to REDD financing. Voluntary carbon markets also provide funding for REDD pilot projects

(Hamilton / Chokkalingam / Bendana 2010; Intergovernmental Taskforce 2010). But while such markets raised about USD 700 million in 2008, only a fraction of this sum was associated with REDD projects. However, other market-based approaches, and careful linking of domestic and sub-national markets, could considerably boost these figures in the next years. One example is the Governors' Climate and Forests Task Force (GCF) that included 19 states and provinces in seven different countries in September 2013. The GCF seeks to link REDD activities in various countries with tropical forests to climate change legislation in California, *"thereby paving the way for a regulated REDD+ carbon market"* (McDermott et al. 2012, 122).

The proliferation of institutions has created a very complex governance architecture for REDD, with different types of institutions operating in different contexts (Figure 1; cf. Angelsen / McNeill 2012). This complexity poses challenges to governmental and non-governmental actors who try to follow the debates, decisions and opportunities. Institutional fragmentation – combined with institutional overlaps at the domestic and sub-domestic levels – overwhelms in particular those actors with less-developed organizational or financial capacities who are ill-equipped to keep track of or benefit from the various discussions.

Figure 1: Institutional complexity of REDD governance



Source: Gupta et al. (2013)

The institutional complexity also raises questions of duplication and coordination deficits, for instance with regard to safeguards and allocation mechanisms (cf. Pistorius / Schmitt 2013; Pokorny/Scholz / de Jong 2013; Savaresi 2013). Several steps have been introduced to address such concerns. The REDD+ partnership explicitly seeks to address the coherence gap and aims to be transformed into a UNFCCC mechanism that can play a strong coordinative role (ibid.). Pistorius and Schmitt (2013) find that the CBD and UNFCCC could benefit from more synergetic exchanges following their poor collaboration on REDD. This particularly applies to CBD decisions to provide voluntary guidance for REDD+ countries, along with criteria and indicators that could be used for SIS. As McDermott et al. (2012, 122) observe, coordination among multilateral funding initiatives has improved over time and could eventually lead to a certain division of labour:

> *REDD+ emerged in the intergovernmental arena – i.e. the UNFCCC – with its main focus on reducing emissions, coupled with requirements to monitor and report on very broadly defined 'safeguards' echoing other intergovernmental agreements. Fund-based and voluntary market-based institutions have stepped in with operationally-defined safeguards. These respond either to concerns about investor risk or to the desire to promote particular environmental and social values. The former are addressed through the institutions' authority to withhold funds, while incentives such as greater market share or price premiums for certification seek to stimulate desirable REDD+ activities.*

Apart from such efforts to address institutional fragmentation and overlaps, the REDD financing architecture creates more opportunities for countries to seek funding from various sources for different phases (preparation, implementation and results-based actions). Table 3 illustrates how Peru has benefited from this diversity.

The picture becomes even more complicated when other institutions and treaties that relate to REDD but do not primarily focus on it are taken into account. A full depiction of the broader institutional embeddedness is beyond the scope of this report, but one type of these REDD-related institutions is worth mentioning, since they directly concern Peru: The country's bilateral trade agreements with both the European Union (EU) and China explicitly refer to links between forests and climate change, and a direct reference is made to REDD in the EU–Peru agreement. This practice of including environmental concerns in commercial agreements

Table 3: REDD funding sources in Peru

Source	Document or project	Phase	Volume (USD million)
FCPF	R–PP (approved in 2011)	REDD+ preparation phase	3.8
Germany	Project to support REDD implementation in Peru (initiated in 2012)	REDD+ preparationphase	7.1
Japan	Support for PNCB	Forest conservation	50
FIP	Investment Plan (in preparation since December 2012)	REDD+ implementation phase	50
Gordon and Betty Moore Foundation	Project to develop technical, scientific and institutional capacities for REDD implementation	REDD+ preparation phase	1.9
FAO–Finland	Project for a national forest inventory and sustainable forest management	REDD+ preparation phase	4

Source: Based on Piu / Menton (2013)

can have mixed implications, such as facilitating general environmental safeguards or further commodifying environmental goods and services (Bernstein 2002).

2.1.3 Proposals for an international funding mechanism

With estimates that between USD 10 and 38 billion are needed to reduce global deforestation by a half, the nature of future funding opportunities for REDD is unclear, leaving project developers very uncertain. Negotiators largely evaded this issue in the Cancún and Durban Agreements because of

the big differences between industrialized countries, most of which prefer market-based approaches, and developing countries that favour a secure and predictable fund-based system. Moreover, scant progress was made regarding a global registry or clearinghouse to guarantee the effectiveness of REDD financing.

Three major models of funding mechanisms for a worldwide REDD program are currently being discussed in international negotiations. One proposal is fully integrating REDD into a market-based mechanism (Miles / Kapos 2008). Under a market-based approach, the industrialized countries that are listed in Annex I of the UNFCCC could choose to reduce emissions at home or invest in a REDD project in a developing country. REDD offset credits and credits obtained through emission reductions in the industrial sector would be tradable on an integrated global carbon market (Scholz / Schmidt 2008). Such a comprehensive market-based mechanism would generate at least USD 1.2 billion per year (Miles / Kapos 2008). One shortfall of this full market-integration model is the potential delay of emission reductions in the transport and industrial sectors since the opportunity costs of mitigation options in these sectors are higher than avoiding deforestation. Furthermore, REDD does not reduce GHG emissions as such; it only prevents additional emissions. This incentive gap could partly be solved by establishing binding emission targets much higher than 20 per cent for Annex-I countries (Schmidt 2009). However, other problems, such as the possibility that REDD certificates would flood carbon markets causing prices to plummet, might be harder to tackle.

To avoid such drawbacks, Greenpeace has proposed a different trading scheme for REDD in which Annex-I countries would commit to meeting a substantial part of their emission reduction targets by buying REDD trading units from developing countries. An internationally binding agreement would regulate the minimum and maximum purchase levels of REDD trading units to avoid delays in fossil emission reductions (Hare / Macey 2007).

Finally, the Climate Action Network (CAN), the main network of NGOs in UNFCCC negotiations, and the Norwegian government favour a non-market-based approach. This model funds REDD by placing a levy on existing market-based mechanisms under the Kyoto Protocol, the ‘flexibility mechanisms’. Another source of funding could be auctioning a significant share of carbon emission credits, doing away with the current practice of

allocating them free of charge. A key advantage of this approach is that it builds on the Kyoto Protocol infrastructure and could easily be extended to address biodiversity and poverty (CAN International 2008; Scholz / Schmidt 2008).

2.2 The REDD mechanism

The REDD mechanism is an approach to create financial value for GHG, especially carbon-based GHGs that are stored in forests (UN–REDD 2009). This approach was first proposed in 2005 by the alliance of rainforest nations. Three years later, at COP 14, REDD became 'REDD-plus' or 'REDD+'. Going beyond deforestation and forest degradation, REDD+ refers to sustainable forest management, the enhancement of carbon stocks and the protection of biological diversity (UN–REDD 2009; Wertz–Kanounnikoff / Kongphan-apirak 2009). Unless otherwise specified, we refer to this more comprehensive concept and use the acronyms REDD and REDD+ interchangeably.

2.2.1 The REDD baseline

The REDD mechanism was developed as an incentive scheme focusing on carbon stocks which *"would have been lost if the forest had been cut"* (Dudley 2009, 54). One of the first steps in designing a REDD project involves making a credible projection about the amount of forest that would have been cut without REDD intervention (Dudley 2009). This projection is called the 'baseline' or 'BAU scenario'. The process involves inventorying the sequestrated carbon and predicting future deforestation rates based on historical deforestation rates and developments calculated in a model (Pact 2010). A baseline is the reference level of a REDD project that must be negotiated by the parties and that defines the tradable carbon credits that the project creates.

2.2.2 Domestic approaches to REDD

Scholars and development practitioners are discussing three different approaches to implement REDD at the national level (Angelsen et al. 2008):

REDD should be implemented at the project scale ('sub-national approach'), nation-wide ('national approach'), or through a combination of the two – by embedding sub-national REDD initiatives or projects in a national regulatory framework, the 'nested approach' (ibid.). Peru is going for the nested approach that considers bottom-up and top-down developments and is compatible with its process of decentralization.

The sub-national approach

The sub-national or project-based approach to REDD allows private or public entities to implement REDD projects. Each project has its own baseline which is not linked to a national baseline or national REDD strategy. Payment is dependent on reaching the deforestation reduction target defined in a contractual agreement between landowners, project developers and investors – whether or not the nationwide deforestation reduction target has been achieved (Angelsen 2008; Angelsen et al. 2008; Pedroni 2007).

The main advantage of the sub-national approach is that it requires no comprehensive REDD governance system. In principle, every forest owner could implement a REDD project, which makes this approach very attractive to private investors. Moreover, forest communities can directly benefit from this approach by selling their community forest carbon rights to international investors (Angelsen 2008).

However, there is a basic drawback to the sub-national approach. Implementing REDD projects without a national policy framework may not tackle the root causes of deforestation. For instance, using REDD projects to protect forests in some areas could cause 'leakage' – deforestation in other areas of the same country – thereby failing to enhance carbon stocks and effectively mitigate climate change (see section 2.4) (ibid.; Angelsen et al. 2008).

The national approach

The national approach to REDD is based on achieving an internationally negotiated emission reduction target by reducing deforestation and forest degradation. A national REDD strategy contains a national baseline and serves as a roadmap to the negotiated target (Pedroni 2007). Should this target be reached, an international carbon market or global fund will financially compensate the national government (Angelsen et al. 2008; Pedroni 2007).

Aside from setting a national baseline and monitoring and verification systems, a national government must ensure the 'readiness' of its institutions and forest policies – for example, by creating a national agency to be responsible for allocating the payments received.

The main advantage of a national approach to REDD is avoiding leakage. Moreover, a national baseline requires development of an integrated strategy to reduce deforestation, which helps to tackle the root causes of deforestation, such as illegal logging, poverty-induced frontier migration and the extraction of natural resources.

On the other hand, the national approach requires effective and efficient governmental institutions, which could easily overburden the institutional capacity of many developing countries. Furthermore, a centralized allocation of REDD funds in a national approach is prone to elite capture (Angelsen et al. 2008).

The nested approach

The nested approach accounts for national circumstances which could impede establishment of a country-wide REDD program (ibid.). This hybrid approach allows a country to start REDD activities at project or regional levels, provided they are scaled up within a given time frame (ibid.). Apart from the national baseline, several sub-national baselines and activities could be established that are bound to the national REDD framework (Cortez et al. 2010). In order to avoid leakage, the national baseline is counted as the sum of the sub-national baselines (ibid.).

The nested approach combines the strengths of the national and sub-national approaches and avoids their shortcomings. The existence of several baselines in the nested approach allows for REDD credits to be transferred to successful sub-national activities even if the national target cannot be achieved. The nested approach is perfect for decentralized political environments because it allows different administrative units to develop their own REDD initiatives and baselines that suit current and predicted levels of regional deforestation (ibid.).

However, harmonizing sub-national and national baselines, reference and monitoring systems could be a long and challenging political process. Moreover, the nested approach only avoids leakage if the commitment to

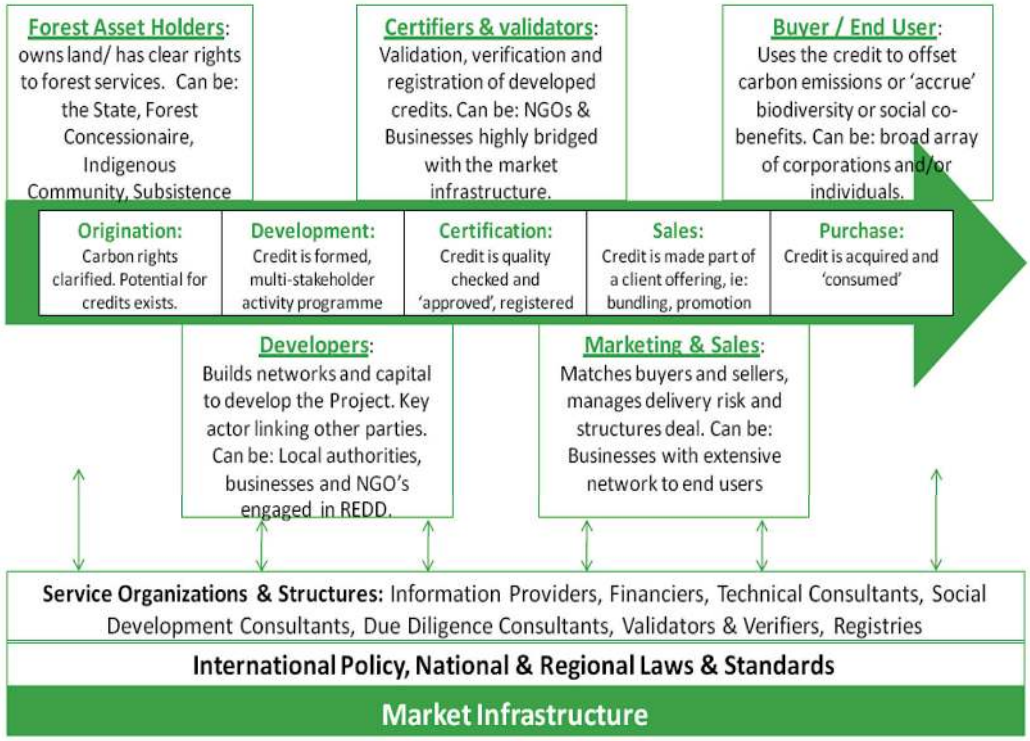
scale up REDD to the entire country is fulfilled in a reasonable time frame (Angelsen et al. 2008).

2.2.3 The REDD project cycle

Since the sub-national and nested approaches rely on bottom-up initiatives, their success or failure depends on regional and local projects. Who initiates such projects? What functions must be carried out within the project cycle? A broad range of actors engages at different stages, fulfilling different functions, which means that access and benefits are not distributed equally among them, but vary greatly according to their position in the project cycle.

Actors in the implementation stage include private forestry businesses, conservationist NGOs, NGOs that specialize in REDD project design and value chains, indigenous communities and grassroots organizations, as well as local, regional and national government agencies.

Figure 2: Structure and positioning of actors on the emerging REDD+ credit value chain



Source: Hajek et al. (2011)

The project cycle can be regarded as a value chain, along which actors carry out different value-generating activities (see Figure 2). The asset holder transfers property or usage rights to the developer who initiates the project, builds a network with information providers, financiers and consultants, and quantifies the potential ecosystem service, thereby providing tangible ecosystem service credits. The certifier determines the exact amount of REDD credits through a process of validation, verification and registration. However, there is no generally approved methodology for the process. Then the marketer offers the credit to potential customers and transfers the rights to consume the REDD carbon credit to the buyer and is paid. Finally, the credit is registered as sold and can be traced to its origin.

Profits from a REDD project are distributed according to each actor's position along the value chain. However, not all potential actors are able to enter the value chain: High initial costs present a high entry barrier for new actors and actors' human, natural and financial capital vary greatly. Asset holders, for example, tend to be undercapitalized. The validation and registration stages require a huge amount of initial funding to deploy technologies, such as satellites, for MRV. This prevents smaller actors in particular from entering the REDD value chain but can foster cooperation among different actors (Hajek et al. 2011).

Although the novelty of the REDD approach does not yet permit the profit margins at different stages of the value chain to be measured, experience with systems of Payment for Ecosystem Services (PES) has shown that most of the value is created towards the end of the chain. This means that service providers and intermediaries are likely to reap the biggest share of the final value of the carbon credit. Many of the key protagonists in the project's secondary stages, e.g. certification or marketing, are external or foreign actors – thus there is a risk that most of the values generated in a REDD project will end up outside the project zone or even outside the host country (Hajek 2010).

This potential risk at local, regional and national levels raises questions that inform our study on REDD in Peru, for instance: Will local communities and organizations receive their fair share of project benefits? Which factors determine the generation and allocation of values? Which project design, constellation of actors and level of organization of asset holders create the fairest distribution?

The project cycle in the nested approach

The project cycle of the nested approach is more complex than the national and sub-national approaches, since it integrates both of them (Cortez et al. 2010). To enter a REDD+ program, both the country and the specific projects have to satisfy the eligibility criteria of the REDD+ authority in charge of administrating and crediting. These criteria affect every stage of the project. For multilateral programmes, the overseeing authority must be created. It could be modelled on the UNFCCC Executive Board for the CDM, which facilitates investments in emission reductions in developing countries. For bilateral programs, the Ministry for the Environment can assume the role of inspector.

Project developers first have to present a project design document to be validated by an auditor and approved by the national government. In the monitoring and verification stage, emissions are monitored by satellite against the national and regional baselines to determine potential changes in land use. In the nesting assessment stage, projects report on their performance. This information is necessary at the national level for determining the number of REDD+ credits that projects generate in proportion to the national reduction portfolio.

After an auditor has verified this information, the appropriate international REDD+ authority determines the total credits to be paid to the country and project accounts. Then the country and projects can independently sell their credits to

> *compliance buyers in capped, industrialized countries as offsets for the buyer's annual emissions; to compensate early investors for sub-national- or country-level funding; or to otherwise sell or dispose of the credits as they saw fit* (Cortez et al. 2010, 33).

2.3 Payment for Ecosystem Services (PES)

The REDD mechanism is a comparatively new concept derived from the older, broader concept of payment for ecosystem services (PES). Carbon sequestration is just one of many ecosystem services provided by tropical forests (Trivedi et al. 2009). Other major services include watershed protection, rainfall recycling and moderating the surface temperature (ibid.).

A broadly accepted definition by Sven Wunder (2005, 1) considers PES as a:

> *[...] voluntary conditional transaction where a well-defined environmental service is being bought by a minimum of one buyer from a minimum of one provider if and only if the provider secures environmental service provision.*

Four categories of PES functions are distinguished in the literature (De Groot / Wilson / Boumans 2002): Regulatory functions include sequestering greenhouse gases, maintaining hydrological cycles and stabilizing the local climate. Habitat functions include providing living space for wild plant and animal species and hunting possibilities for hunter-gatherers. Production functions provide natural resources, and information functions cover all the opportunities for cognitive development provided by ecosystems.

Potential beneficiaries such as farmers, loggers and forest owners should be receiving fewer gains from environmentally sound land-use practices than from other land-use practices before a PES scheme is introduced. Then, with the scheme, the opportunity costs of protecting the environment are compensated by those who directly benefit from the practices, such as water companies, hydropower stations, irrigation system operators or fossil fuel emitters (Engel / Pagiola / Wunder 2008).

PES schemes are in place in many countries around the world, including forest-related schemes in Latin American countries such as Costa Rica's Pagos por servicios ambientales (PSA) and Ecuador's Socio Bosque programme. Lessons learnt from these experiences should be considered for REDD governance processes and projects. Yet more often than not, REDD schemes in the region evolve without learning from such crucial processes. We seek to provide a comparison of that type in our study and recommendations.

2.4 Key challenges to REDD

Notwithstanding the growing interest in REDD, global and national policy-makers and project designers face a number of serious challenges. On a global scale, a transfer system is needed to prevent fungibility and secure permanence. Leakage, additionality and verifiability are major issues that need to be resolved at all scales in order to guarantee that REDD reduces global GHG emissions. Aside from the technical problems, there are also various social and political issues that are at the heart of our study.

2.4.1 Technical challenges

Fungibility

Fungibility, or the option of simply purchasing carbon credits instead of reducing emissions in one's own production cycle, could endanger fulfilment of the UNFCCC's chief goal of avoiding dangerous climate change (Scholz / Schmidt 2008). The REDD mechanism does not provide for reducing actual GHG emissions that originate from productive industries or transportation; it only prevents additional emissions. REDD does not compensate for GHG emissions to a degree that reduces global emissions below current global levels.

Moreover, the type of transfer system used for the REDD mechanism determines the amount of global GHG emissions that are prevented. As discussed in section 2.1, the international community has not decided whether to establish a market-based transfer system or a fund-based one. The main problem of the market-based approach is that it could actually increase GHG emissions if the price for a carbon unit is too cheap. Using the market-based approach, it is not possible to reach the goal of reducing global warming to two degrees Celsius unless Annex-I reduction goals are raised to 25 to 40 per cent more than those of 1990 – by 2020 (ibid.).

Permanence

A sustainable approach to reducing emissions from deforestation requires shifting towards a low-carbon, less forest-dependent development model (Schmidt 2009). However, the REDD mechanism risks compensating countries or project developers only for short-term reductions.

Greenpeace (Densham et al. 2009) illustrates the danger of impermanence in 'offset' projects, in which corporations use REDD projects to offset their emissions instead of reducing emissions in their own production chain. Should the targeted forest area subsequently be destroyed by fire, illegal logging or another hazard, twice as much carbon would be released than without the REDD project (ibid.).

Leakage

REDD's effectiveness could be further reduced by leakage at the regional and international levels. After a forest project has been established, logging activities are often simply displaced to another locality. If the international REDD mechanism fails to include all countries with significant rates of deforestation, international and transboundary leakage could occur (Schmidt 2009).

Additionality

A REDD project must cause additional reductions in emissions as compared with the baseline scenario. Some critics claim that areas which are not subject to human use, such as protected areas, should not be eligible for REDD funding since no additional GHG reduction can be expected (Doyle 2009).

Others, however, argue that the existence of a potential threat justifies REDD funding in protected areas in order to prevent future deforestation. Since future deforestation rates cannot be verified, a broad interpretation of additionality would allow many projects to receive REDD funding without guaranteeing real GHG reductions.

Verifiability

The highly complex calculations of potential emission reductions through a REDD project leave a lot of leeway for speculation and are difficult to verify. Since these calculations determine funding, the definition processes for baselines and BAU scenarios are prone to lobbying efforts which aim at maximizing the stakeholders' personal gains (Densham et al. 2009). The temptation to exaggerate deforestation rates and overestimate the carbon stocks of an area can start a tug-of-war for privileges and fail to focus on the most efficient, effective and equitable sustainable solution (Schmidt 2009).

2.4.2 Social and political challenges

Adverse social impacts

Major social concerns integral to this study are the degree of transparency and participation in REDD governance processes as well as fair access and

cost-benefit-sharing in REDD projects. One criticism is that the poorest might not be able to benefit from these projects because of their limited access to resources. Individual project designs and the distribution of costs and benefits could favour the private sector, NGOs and state agencies over forest dwellers. Moreover, the immediate costs of REDD projects may disproportionately affect indigenous and local resource users, who may have to change their hunting, fishing and cultivation practices in order to protect the forest. Griffiths (2007) refers to early schemes that left communities much worse off, indebted and locked into unfavourable legal obligations to carbon finance and carbon forestry companies. If no safeguards are in place, the impacts on the livelihoods of forest dwellers can range from rising commodity prices and restricted access to land – to displacement.

Closely related to cost- and benefit-sharing is the question of who participates in the project design and policy processes. If top-down policies neglect the needs of forest dwellers and do not provide alternative income opportunities, REDD projects are bound to fail. Therefore, the exclusion of forest dwellers is likely to be detrimental for both the forest and its inhabitants (Ostrom 1999a).

Governance gaps

A major survey showed that experts consider the risk of poor law enforcement to be one of the key challenges to REDD+ (Hüttner 2012). Illegal logging in REDD+ project zones as well as leakage to areas outside the zones can only be prevented through effective law enforcement. However, in some countries government agencies lack the necessary capacities, experience or willingness. Ineffective law enforcement and corruption can also cause revenue to be channelled from the national to the local level (ibid.).

Another major governance challenge to REDD regards coordination among public and non-state actors – an issue we investigate with our network mapping tool and multi-level approach. Given REDD's novelty, ministries and other public agencies often overlap or adopt conflicting approaches. Moreover, public actors' implementation incapacities open a gap that is often filled by NGOs and the private sector – raising questions about legitimacy and accountability (ibid.).

Land titling

REDD can only work in a coherent system of land titles that endorses the objective of forest conservation and provides revenues to users who avoid deforestation in a project area. The reality often displays overlaps, contradictions and gaps. Peru is no exception here (see section 3.1.3).

In many countries that are seeking to implement REDD, in large portions of forested areas, forest rights have not been granted, or different types of titles may have been granted for the same natural resource – or awarded for different resources in the same area.

This patchy and often contradictory constellation creates uncertainty and social conflict. For REDD it raises key questions: Who owns the carbon? Who is entitled to receive revenues? Which government agency is responsible, and how affected and endangered is the REDD project by other interests?

3 Major actors, institutions and processes in Peruvian REDD Governance

The politics of forests in Peru are complex due to the numerous actors and policy processes. Conflicting interests, ill-defined responsibilities and rivalries with other sectors have repeatedly hampered timely decision-making. Peru has always been a centralized state, with major policy processes managed at the national level. This chapter shows that this is not always true for forest policies and REDD processes. National agencies who have been developing their capacities over the last six years are key in leading the processes. But their efforts overlap and sometimes collide with regional bottom-up processes.

This complex patchwork of actors and processes is complemented by vibrant and diverse developments at the project level. It is difficult to assess the number of projects with potential for REDD since there is no agreed definition of a 'REDD project'. Therefore it is unsurprising to find different estimates in the literature. Peru's second communication on its REDD activities to the UNFCCC lists 14 projects. In March 2011, the organizers of Peru's national REDD roundtable referred to 35 projects in the planning or pilot stages (for a list of the projects, see Pedroni et al. 2010, 109–115). In July 2012, MINAM counted 41 projects across the country (Llactayo

/ Salcedo / Victoria 2013). In 2011, Hajek and his colleagues counted 12 projects in Madre de Dios alone (Hajek et al. 2011; cf. MINAM 2010a). For San Martín, key actors counted six REDD pilot projects and also spoke of eventually turning the whole region into one single pilot project.[3]

An exhaustive discussion of this complexity is beyond the scope of this chapter. Instead, we have focused our analysis on the components that help to illustrate the breadth and diversity of Peruvian REDD governance across levels:[4]

- For the national level, we introduce the most relevant actors, institutions and processes; these include the ones directly referring to REDD, but also others that feature REDD-relevant aspects of forest politics and other policy fields.
- For the regional level, we concentrate on two very different regions: San Martín, the most deforested region in the country, with a range from lowland to cloud forests, and Madre de Dios in the Amazon basin, which boasts the highest number of REDD pilot projects in Peru.
- For the project level, we selected four pilot projects that represent four different types of legal status that such projects may have under the open and flexible parameters for REDD projects.

These findings across the three levels are based on our interviews and observations, as well as an extensive review of the academic and policy literatures.

3.1 National level

3.1.1 Major actors and relevant institutions

Public actors and institutions

Alongside a series of national ministries such as the *Ministerio de Energia y Minas* (Ministry of Energy and Mining, MINEM), the Ministry of Housing and Construction, the *Ministerio de Economica y Finanzas* (Ministry of

3 Karina Pinasco Vela, AMPA, Bonn, 14 Dec. 2010.

4 For a more detailed presentation of our selection criteria, see section 4.1.2.

Economics and Finance, MEF), the Ministry of External Relations and the Ministry of Tourism, there are two central ministries charged with forest policy and REDD in Peru: the *Ministerio de Agricultura y Riego* (Ministry of Agriculture and Irrigation, MINAGRI) and the *Ministerio del Ambiente* (Ministry of the Environment, MINAM).

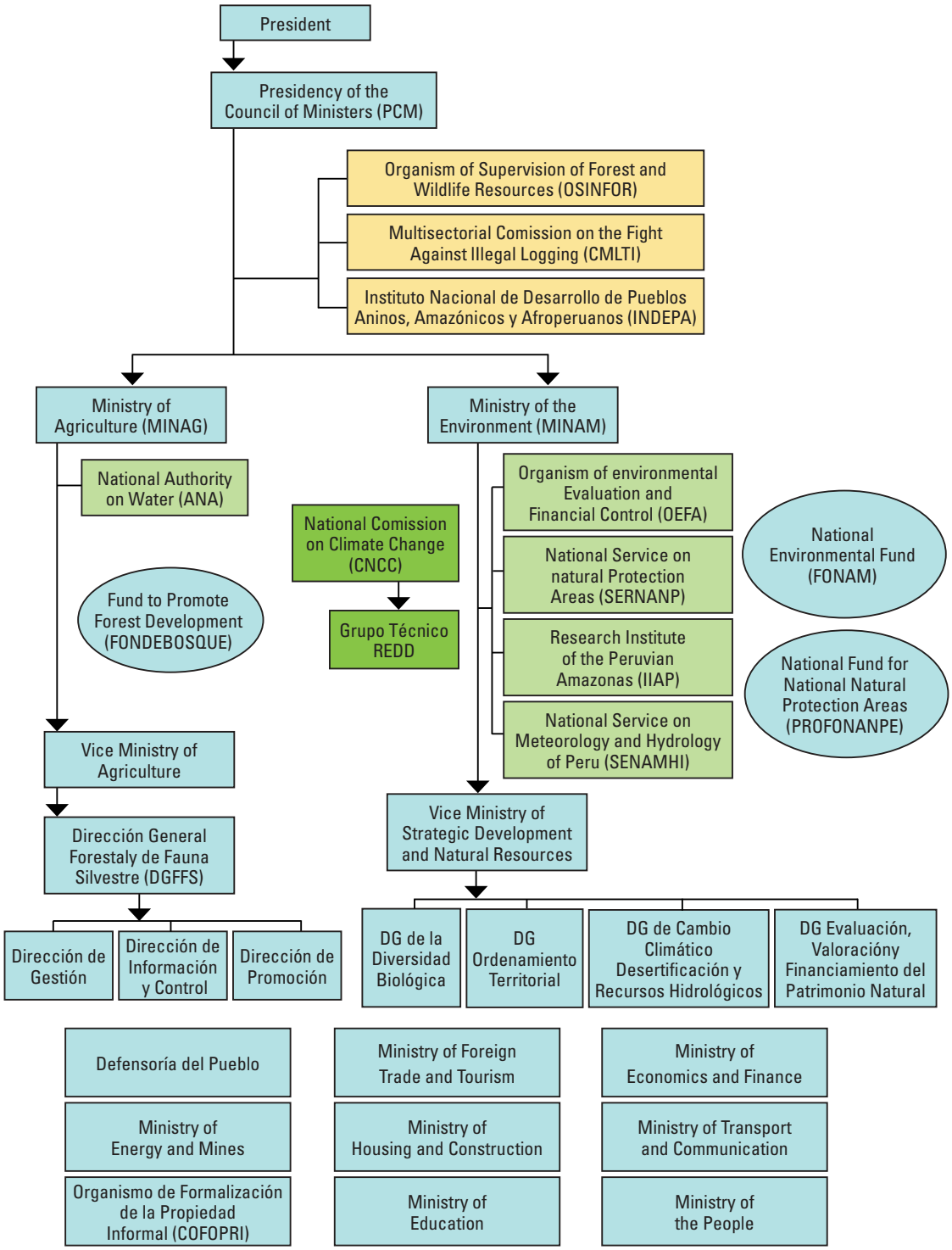
MINAGRI formulates national policies on forests and sustainable forest resource use (MINAM 2010c; Capella Vargas / Sandoval Díaz 2010), along with other tasks. Decree N° 010-2009-AG made MINAGRI the National Authority on Forest and Wildlife. It executes this function via the *Dirección General Forestal y de Fauna Silvestre* (DGFFS, General Directorate of Forestry and Wildlife). This directorate, inter alia, determines the framework for granting concessions and permits for forest and wildlife use (Defensoría del Pueblo 2010a). Through the process of decentralization, some of its competencies have been transferred to regional governments.

MINAM, the national authority on the environment which was established in 2008, is the other main national ministry concerned with REDD (MINAM 2010c). Four general directorates of its *Viceministerio de Desarrollo Estratégico de los Recursos Naturales* (Vice-Ministry for the Strategic Development of Natural Resources) formulate and supervise national policies and strategies for integrated natural resources management (Capella Vargas / Sandoval Díaz 2010).

MINAM also heads the National Commission on Climate Change (*Comisión Nacional de Cambio Climático,* CNCC), established in 1993 and mandated to coordinate Peru's implementation of the UNFCCC and the Montreal Protocol on the depletion of the ozone layer. The CNCC unites a host of governmental agencies and research institutions. It relates to REDD in two ways: It is the UNFCCC focal point for Peru, responsible for all communication with the UN climate regime, and it established seven technical groups, one of which, the *Grupo Técnico REDD*, coordinates national REDD processes. The group comprises representatives of various national ministries and is directly advised by NGOs, in particular the Peruvian Society for Environmental Law (*Sociedad Peruana de Derecho Ambiental,* SPDA) and Law, Environment and Natural Resources (*Derecho, Ambiente y Recursos Naturales,* DAR) (MINAM 2010c).

A number of agencies, such as the National Service on Natural Protected Areas for the State (*Servicio Nacional de Áreas Naturales Protegidas por el Estado*, SERNANP) or the Environmental Evaluation and Financial Control

Figure 3: Public actors in the forest sector on the national level in Peru as of 2011



Source: Authors

Authority (*Organismo de Evaluación y Fiscalización Ambiental*, OEFA), were placed under MINAM's auspices. Two other funds – the National Environmental Fund (*Fondo Nacional del Ambiente*, FONAM) and the National Support Fund for Natural Protection Areas (*Fondo de Promoción de las Áreas Naturales Protegidas,* PROFONANPE) – support MINAM's work (DAR 2010).[5] More funds and agencies can be expected to play crucial roles in financing REDD's implementation in Peru, including the FONDEBOSQUE (*Fondo de Promoción de Desarrollo Forestral*, Forest Development Promotion Fund, depicted in Figure 3) and CEPLAN (*Centro Nacional de Planeamiento Estratégico,* National Centre for Strategic Planning) (cf. Von Blücher 2011, 39–44).

The multiplicity of directorates, agencies and funds indicate that a key challenge to Peru's national forest policy is the distribution and coordination of responsibilities between MINAM and MINAGRI. The various goals and perspectives on forest development might not always be complementary – MINAGRI focuses on the use of forest resources and MINAM on conservation – but there are also institutional or formal reasons for tensions. Created in 2008, MINAM was granted responsibilities that once were MINAGRI's (Capella Vargas / Sandoval Díaz 2010). Nonetheless MINAGRI remains Peru's national forest authority and has superior on-the-ground capacities, whereas MINAM has just a few Lima-based officers dedicated to forests. It is difficult, therefore, for MINAM to establish its authority alongside MINAGRI's powerful regional representations.[6]

As Figure 3 indicates, the Presidency of the Council of Ministers (*Presidencia del Consejo de Ministros*, PCM) is the most powerful organ below the president. In 2010, the PCM started a process to identify overlap in governmental institutions. The GIZ has supported this process, particularly regarding MINAM and MINAGRI.

The PCM includes three institutions that could also influence REDD in Peru. The Agency for the Supervision of Forest and Wildlife Resources (*Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre,* OSINFOR) might eventually become the most relevant, since it was created

5 Eduardo Durand López-Hurtado, Julio Victor Ocaña Vidal and Elvira Gómez Rivero, MINAM Division for Climate Change, Desertification and Water Resources, Lima, 21 Jul. 2010.

6 Jorge Ugaz Gómez, Director General, MINAGRI-DGFFS, Lima, 21 Feb. 2011.

to supervise the sustainable use and conservation of Peru's forest resources and wildlife, as well as forest ecosystem services (ibid.)

In addition to these various ministries and their bodies, the *Defensoría del Pueblo*, the office of Peru's public ombudsman, may play an increasingly important role in the patchwork of public actors in the forest sector. It is a government organ that supervises public policies. Within the country's REDD governance complex, the *Defensoría* focuses in particular on human rights issues and prior informed consent in the preparation process of projects (Defensoría del Pueblo 2010a).

Non-governmental organizations (NGOs)

Since a huge number of NGOs are actively involved in Peruvian REDD governance, we can list only some of the largest and most important ones here (see section 3.2 for actors that operate predominantly in the San Martín and Madre de Dios regions). Table 4 only illustrates the breadth of roles, activities and operational range of some NGOs that were active early on in Peruvian REDD processes. The roles can be roughly described as asset holders and project developers, project implementers and evaluators, (legal) advisers and observers.

Between 2008 and 2013 there was a sharp increase in the number of NGOs –national NGOs across the various functions, and especially international NGOs, such as the Nature Conservancy, the Environmental Defense Fund, Forest Trends and the Forest Peoples Programme, to name but a few. (For a more extensive list and depiction of the network, see Entenmann 2012, 25).

A growing number of research organizations have scrutinized the emerging REDD processes, held workshops and tried to provide advice and policy recommendations to stakeholders, including, for instance, the Center for International Forestry Research (CIFOR), the Peruvian Amazon Research Institute (*Instituto de Investigaciones de la Amazonía Peruana,* IIAP), the World Agroforestry Centre (ICRAF) and the Amazon Environmental Research Institute (*Instituto de Investigación Ambiental de la Amazonía,* IPAM).

Table 4: NGOs involved in the national REDD governance process (2011)

Acronym	Name	Range	Role in REDD Governance and management	Other
ACA	Amazon Conservation Association	Transnational, in Peru and Bolivia	Advisor for project implementation	Facilitated REDD workshops in Madre de Dios, did not participate at regional or national Mesa REDD
AIDER	Asociación para la investigación y desarrollo integral	National	Project implementation	National Mesa REDD, Mesa REDD Madre de Dios
CI–Peru	Conservation Internation-al-Peru	Transnational	Project planning and implementation; advisor; observer	National Mesa REDD, REDD projects in San Martín and Madre de Dios
DAR	Derecho, Ambiente y Recursos Naturales	National	Legal advisor; observer	National Mesa REDD; Grupo Técnico REDD
RA	Rainforest Alliance	Transnational	Project evaluation	National Mesa REDD
SPDA	Sociedad Peruana de Derecho Ambiental	National	Legal advisor, observer	National Mesa REDD; Grupo Técnico REDD
WWF PERU	World Wide Fund For Nature Peru	Transnational Project plan-ning and im-plementation, advisor	National Mesa REDD; Mesa REDD San Martín	

Source: Authors

Business actors

Two quite different types of private business actors must be distinguished: industrial companies active in Peruvian forest regions, and companies directly involved in REDD projects, such as project developers or international service providers for the carbon market.

Many national and international enterprises generate revenue from forest resources and/or the conversion of forests, including mining, meat and logging companies and bio-combustibles plantations. Since the industrial use of forests is a central driver of deforestation, most of these actors have chosen to minimize their roles in Peru's various REDD debates.[7]

National and international service providers are a very different type of private actor. An example of the former is *SFM-Bosques Amazónicos* (Amazonian Forests, BAM), founded in 2004, who develop and commercialize forest products and environmental services and participated in the development of four REDD projects in Madre de Dios. *Libélula* and *Asesorandes* are other national service providers that offer financial consulting or business development services (Hajek 2010; Grupo REDD Perú 2011). International service providers include: technical consultancies such as Carbon Decisions International or Winrock International; standards organizations such as the Climate, Community & Biodiversity Alliance (CCBA) or Voluntary Carbon Standard (VCS); accredited project verifiers such as TÜV-Süd or Rainforest Alliance; and financiers like Biological Capital or SEM CHILE (Hajek et al. 2011).

Companies may reap significant benefits by implementing REDD projects. This has caused growing criticism regarding fair access and sharing benefits with communities living in the project zones. Interviewees repeatedly referred to some service providers, especially foreign companies, as 'carbon cowboys'.

Indigenous communities and other social groups

Social groups include various groupings that feature some form of social cohesion. In contrast to NGOs, social groups are not necessarily organized. We concentrate here on two of the most affected groups, *colonos* and indigenous people.

7 Karina Pinasco Vela, AMPA, Bonn, 14 Dec. 2010.

Colonos are migrants, often from the Andean highlands, who settle in the Amazon region and do not consider themselves to be indigenous. This group is very heterogeneous, encompassing *campesinos (*peasants*)*, owners of huge agro-businesses, and other settlers in the region. They are organized in sub-groups of *rondas campesinas* (peasant associations) and NGOs.[8]

Indigenous groups in the Amazon, on the contrary, explicitly identify themselves as 'indigenous'. The term *comunidades nativas* recognizes them as juristic persons in Article 89 of the Peruvian Constitution. This clarity only exists for the Amazon region; in the Andean and coastal regions the status of indigenous communities is still controversial. The constitution refers to the latter as *comunidades campesinas*, making it unclear if the International Labour Organization (ILO) Convention 169 also applies to them (Flemmer 2012).

Most of the indigenous communities in the Amazon need the forest for their livelihoods and lifestyles. Forests not only provide ecosystem services, food, firewood, and substances for traditional medicines, but as sacred places for spiritual well-being they are crucial to the cultural identity and the social cohesion of indigenous peoples.[9] This dependency makes these peoples particularly vulnerable to deforestation and forest degradation.

In light of this dependency, Convention 169 of the ILO stipulates that traditional indigenous territories must be granted legal and cultural autonomy. The state is required to consult indigenous peoples before implementing policies and programs that would curtail their autonomy (UN DESA 2004). Peru ratified the convention in 1994 and included indigenous rights in its constitution. However, in practice, the government often infringes on indigenous rights, including their forest-related rights (Defensoría del Pueblo 2010b; Moses 2010; Griffith 2010). This can cause social unrest – like the clashes in Bagua of 2009 with 33 people reported dead.

For REDD in Peru, ILO Convention 169 implies that indigenous peoples, who are mainly concentrated in the Amazon region, must be involved in the decision-making process through free, prior and informed consent (FPIC) (Dooley et al. 2008). Prominent indigenous umbrella associations, such as AIDESEP (*Asociación Interétnica de Desarrollo de la Selva Peruana/* Interethnic Association for the Development of the Peruvian Rainforest)

8 Annekathrin Linck, Defensoría del Pueblo, Bonn, 12 Jan. 2011.

9 Ibid.

and CONAP (*Confederación de Nacionalidades Amazónicas del Perú*/ Confederation of Amazonian Nationalities of Peru) have actively protested that the convention's principles have not been properly considered at all levels of the REDD process.

CONAP has generally been willing to seek compromise and cooperate with the government early in the process. AIDESEP, on the other hand, started from a more radical or ambitious position: the association rejected REDD unless it has a special indigenous program.[10] Consequently, in a letter of complaint to the FCPF, in 2010 AIDESEP accused the Peruvian government of not respecting the right of indigenous peoples to FPIC and strategies for self-development. AIDESEP further claimed that the Peruvian government was unwilling to regularize indigenous territories before setting up REDD and questioned the mechanism's overall effectiveness in reducing deforestation (AIDESEP 2010).

Between 2010 and 2013, AIDESEP moved from outright rejection towards considering REDD as an opportunity for indigenous peoples under certain conditions, although some of AIDESEP's regional organizations like FENAMAD (*Federación Nativa del Río Madre de Dios y Afluentes*/ Federation for Native Communities of Madre de Dios) have remained sceptical. AIDESEP's shift in position stems from several developments. First, AIDESEP had to admit that several indigenous communities had already engaged in REDD pilot projects. Second, after Humala took over the presidency from García in 2011, relations between indigenous associations and the government relaxed somewhat. Third, AIDESEP managed to feed part of its demands into the national REDD debate, especially via the national *Mesa REDD*. Thus, the final version of Peru's Readiness Preparation Proposal (R–PP) in March 2011 includes references to Convention 169 and sections on the role and rights of indigenous peoples.

AIDESEP started an initiative that led to the Iquitos Declaration and an alternative vision and proposal for a *REDD+ Indígena Amazónica*/Amazon Indigenous REDD+ (RIA). The proposal was developed by the Coordinator of Indigenous Organizations of the Amazon Basin (Coordinadora de las Organizaciones Indígenas de la Cuenca Amazónica, COICA). It was first

10 Roberto Espinoza and Germán Guanira, AIDESEP, Lima, 1 Mar. 2011; and Marco A. Espinoza Miranda, Giuliana Zegarra and Nelly Marcos Manrique, CONAP, Lima, 25 Feb. 2011.

presented at COP 17 in Durban in 2011 and will also be advanced by AIDESEP and COICA at the occasion of COP 20 in Lima in December 2014. The RIA approach has been meanwhile officially included by MINAM and international partners in various strategies and declarations.

Like other REDD approaches, RIA seeks to reduce carbon emissions from deforestation, however not through market-based tools. AIDESEP's key arguments include: market mechanisms are an inadequate means to save life on earth; governmental agencies tend to favour companies and disregard indigenous communities when granting concessions; and REDD programs do not take into account indigenous lifestyles and traditions.[11] Instead, carbon reductions can be achieved through the recognition of integral territoriality of indigenous peoples and their livelihoods (AIDESEP 2014).

Thus, despite AIDESEP's increasingly active role in various REDD processes, the association continues to view the debate critically. For instance, in a joint report in November 2011, AIDESEP, FENAMAD and the Forest Peoples Programme condemned the boom of REDD pilot projects in Peru, blaming investors and developers for the lack of transparency and disinformation (Forest Peoples Programme et al. 2011).

In a letter from 12 July 2013, AIDESEP criticized the process of elaborating a FIP. According to AIDESEP, the plan had disregarded the suggestions for social safeguards spelled out in the strategy for a *REDD+ Indígena Amazónico* (Grupo REDD Perú 2013). Since then, the FIP elaboration process has been more participatory. In October 2013, AIDESEP signalled its consent of the final FIP version that took into account preconditions for approving REDD projects (e.g. entitlement of indigenous territories and forest management by indigenous communities) and elements of the RIA strategy. AIDESEP continues to call for more active participation of indigenous peoples in FIP decision-making and implementation processes (AIDESEP 2013).

In their latest step of playing a larger role in Peruvian REDD governance, AIDESEP and other indigenous associations established their own national and regional roundtable meetings on REDD, '*Mesa REDD Indígena'* (see section 3.1.3).

11 Annekathrin Linck, Defensoría del Pueblo, Bonn, 12 Jan. 2011.

Donors

Peruvian REDD initiatives are strongly supported by multilateral and bilateral donors.

Peru participates in all major multilateral initiatives such as FCPF, FIP and UN–REDD (see sections 2.1.2 and 3.1.3). The FAO and Finland support the creation of a national forest inventory, and the Gordon and Betty Moore Foundation, a private multilateral fund, is funding a REDD project to develop technical, scientific and institutional capacities (Pedroni et al. 2010).

Peru also receives funding for REDD through bilateral funding channels. The Japan International Cooperation Agency invests in strengthening capacities of forest monitoring, while the U.S. Agency for International Development (USAID) supports capacity development for forest governance by indigenous people. The GIZ contributes to REDD development in Peru through various organizations and the KfW Development Bank seeks to strengthen REDD capacities at the national level. Part of this initiative is creation of the REDD oversight commission, the Coordination Unit for Forests and REDD+ (*Órgano de Coordinación de Bosques y REDD+*, OCBR) to be administered by an inter-sectoral directorate of national and regional public actors (ibid.).[12] The GIZ provides technical support to MINAM, with its staff helping to implement REDD capacity development programmes within MINAM under the BMU's International Climate Initiative (MINAM 2010a). The Norwegian and Swiss development agencies are also involved in Peruvian REDD governance or management.

3.1.2 Legal frameworks

The Peruvian Constitution is the basis for all REDD-related laws. In its second chapter, *Del Ambiente y los Recursos Naturales*, Articles 66 to 69 explicitly refer to forests and what they mean for Peru's development (UNEP / ACTO 2009). Article 66 describes forests and forest resources as property of the state open to public usage (MINAM 2010c). In other words, the power of the state not only extends to the 80 per cent of Peruvian forests directly under public domain (e.g. national parks or production forests), but also to the rest under private domain (e.g. indigenous or *campesino* communities).

12 We return to this plan for an OCBR in further detail in section 4.3.1.

In spite of this constitutional clarity, in the past private property rights over forests were improperly transferred, albeit on a minor scale (Piu / Menton 2013, 29).

The *Ley Orgánica de Aprovechamiento Sostenible* (N° 26821) *de los Recursos Naturales* clarifies that concessions cannot be regarded as property rights, but only as benefit and usage rights for natural resources, including forest resources (Defensoría del Pueblo 2010b; MINAM 2010c). By the same token, the General Law on the Environment (*Ley General del Ambiente N° 28611*), approved in 2005, determines, inter alia, the general framework for the sustainable use and conservation of natural resources (Capella Vargas / Sandoval Díaz 2010). However, as we discuss in the next section, the distribution of benefit and usage rights is far from clear, due to a complex and inconsistent system of spatial planning, overlapping competencies for awarding concessions and poor enforcement capacities.

The *Ley Forestal y de Fauna Silvestre del Perú* of 1975, revised in 2000 (N° 27308), introduces three different types of forest: forests for production, forests for future use, and forests in protected areas. The law also defines the right to forest usage, such as through concessions (see below) (MINAM 2010c). Notably, the law only covers these three categories of forest (Defensoría del Pueblo 2010a) – yet 23.9 per cent of Peru's forest stand has not been zoned or undergone territorial planning – and is therefore not subject to the law (Suárez de Freitas 2010; Pedroni et al. 2010).

A new forest law or *Nueva Ley Forestal y de Fauna Silvestre* (N° 04141/2009-PE) was presented by the executive branch in July 2010 and approved by the Peruvian Congress on 22 July 2011. In early 2014 it had not yet entered into force but MINAM expected that to happen by fall 2014.

The process of drafting this new law was highly controversial and lengthy. Due to requirements for the bilateral free trade agreement between the United States and Peru, the Peruvian government had to rework a set of legal frameworks – among them the forest law. In order to accelerate the process, the periods of consultation and prior informed consent were short – which dissatisfied several affected groups, especially indigenous peoples, and led to a series of street protests. The conflict reached its climax in June 2009, when the federal government declared a state of emergency and sent the military to put down protests in the town of Bagua in the Chachapoyas region. Two days of bloody confrontation led to the deaths of 23 policemen and 10 civilians (Manacés Valverde et al. 2010). Following the Bagua

incident, the new forest law was derogated and the consultation process restarted. But the revised draft, too, provoked heated debates in and outside of the Peruvian Congress (Defensoría del Pueblo 2010a; Suárez de Freitas 2010). AIDESEP, for instance, continued to protest that the process was not fully compatible with the principle of FPIC, especially under the new law (see below). However, the *Defensoría del Pueblo* holds that minimum requirements of this principle were met (Piu / Menton 2013, 23).

The new forest law seeks to create equilibrium between the needs of the market and state regulation. This includes addressing a major gap in the system of concessions (see next section) by regulating forest concessions that are not national property and have not been approved for usage by the government (Suárez de Freitas 2010). The new law stipulates that the holder of the right to use certain forest resources also has the right to benefit from the related ecosystem services (Alegría / Guillermo 2011).

With the new forest law pending, a supreme decree approved MINAGRI's *Política Forestal y de Fauna Silvestre* (Forest and Wildlife Policy) in August 2013. However, the policy was still being discussed in late 2013. The National Forest and Wildlife Authority *(Servicio Nacional Forestal y de Fauna Silvestre,* SERFOR) is entrusted with its development, supervision and implementation (see section 4.3.1). Assuming that the new law enters into force and the new policy is fleshed out, 2014 may see the national framework of forest governance significantly strengthened.

We now take a look at other national laws and strategies that are crucial to REDD development in Peru.

In August 2011, after a painstaking and controversial process that lasted several years, a law was passed on indigenous peoples' prior consent that President Humala symbolically declared to be in force in the city of Bagua in September 2011. The *Ley del Derecho a la Consulta Previa de los Pueblos Indígenas* adds to international declarations about the rights of indigenous peoples, such as ILO Convention 169 (see section 3.1.1) and the UN Declaration on the Rights of Indigenous Peoples. The new law marks an improvement in the relations of indigenous associations like AIDESEP or CONAP with the Peruvian government since Humala took office.

However, real and consistent implementation of FPIC will remain a major challenge for quite some time (cf. Delgado–Pugley 2012), and like the new forest law, the *consulta previa* (preliminary consultation) law does not

provide full legal clarity about who owns the carbon in a Peruvian forest. Nonetheless, discussion about the *consulta previa* law influenced the same process regarding the new forest law (*consulta forestal*), spurring protests and demands for greater inclusion by AIDESEP and other representatives of indigenous peoples (Flemmer 2012).

When the new forest law enters into force it may partly close this gap. In 2012, a Law on Ecosystem Services (*Ley de Promoción de Mecanismos de Retribución por Servicios Ecosistémicos)* was pending approval by the *Comisión de Pueblos Andinos, Amazónicos, Afroperuanos, Ambiente y Ecología* (Commission of Andean, Amazonian and Afro-Peruvian Peoples, Environment and Ecology). MINAM kept revising the text, planning to resubmit it to the legislature in 2013.

The bill identifies different types of ecosystem services, such as the conservation of water sheds or carbon storage capacities of forest or peatland ecosystems (MINAM 2010c). It seeks to regulate relationships between consumers and providers of such services, and considers payments as a way to compensate providers for ecosystem conservation. It is expected that the final text, in accordance with the new forest law, will confirm that natural-resources title holders will also be entitled to ecosystem services, including the reduction of carbon emissions. In the same vein, MINAM is working on benchmarks for a future register of REDD projects in Peru (Piu / Menton 2013, 32).

Another set of REDD-relevant legal approaches and strategies concerns action against illicit activities, in particular illegal logging and corruption. Illegal logging could account for more than 80 per cent of the timber extracted from the Peruvian Amazon (Fernández / Cueto La Rosa 2010). In the last decade, a national strategy and several commissions were formed under different umbrellas, including the National Institute of Natural Resources (*Instituto Nacional de Recursos Naturales*, INRENA). But most of the commissions are defunct or do not have effective institutional frameworks (cf. Dourojeanni / Barandiarán / Dourojeanni 2009).

A similar picture can be drawn about anti-corruption measures. The *Plan Nacional Anticorrupción del Sector Forestral y de Fauna Silvestre* (National Anti-corruption Plan for the Forest and Wildlife Sector) was adopted in late 2011. But it has only led to information exchanges and workshops; no systematic studies on the forms and impacts of corruption have been conducted. Seeing that corruption can affect different points in the REDD

value chain, funding institutions like UN–REDD have voiced concerns about research and operational gaps (Piu / Menton 2013, 25).[13]

3.1.3 Relevant policy processes

Peru embarked on the difficult journey towards a concise national REDD+ strategy in October 2008 – when the CNCC's *Grupo Técnico REDD* convened and signed an action plan for a national REDD+ strategy, the Tarapoto Declaration (Grupo REDD Perú 2008). That foresaw REDD's integration into the national forest conservation and management policy and REDD processes following the nested approach. The nested approach requires public and private stakeholders to develop *"a national stand regarding the deforestation problem, its effects on climate change and REDD's implementation mechanisms in the country, which can be presented in the international negotiation processes"* (ibid., 1). This approach is also based on the practice of learning from pilot projects, which is invaluable for designing accounting systems for national carbon stocks and emissions.

The nested approach implies a high level of complexity with a considerable number of parallel policy processes and strategies. This section can only sketch out the most important ones at the national level. Apart from processes directly related to REDD (e.g. the R–PP process or the REDD roundtable), such processes also include overarching strategies for the forest sector, land-tenure regulations, strategies for the use of natural resources and so-called *canones*.

The National Forest Conservation Programme (PNCB)

The REDD+ mechanism was incorporated into a broader conservation strategy and is a major pillar of the *Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático* (National Forest Conservation Programme, PNCB). This programme aims at zero deforestation by 2021.The strategy of *Deforestación Cero* was presented in 2008 at UNFCCC COP 14 in Poznan, Poland and reaffirmed at the Bangkok Climate Change Talks in April 2011. The objective was also included in Peru's National Environmental Action Plan. Recognizing that 47 per cent of

13 For a detailed analysis of the legal frameworks related to REDD in Peru, see Alegría and Guillermo (2011, 45–95).

Peru's national GHG emissions stem from deforestation, the strategy seeks to conserve 54 million ha of forests by reverting to logging and slash-and-burn practices, preventing 600 million tonnes of carbon dioxide emissions each year. The Peruvian government and several international donors, particularly Japan, fund the programme. Linking to a potential international carbon dioxide trading scheme is under discussion.

The PNCB notably goes beyond REDD+ by addressing areas not prioritized for REDD investment. It aims to create additional sources of income for indigenous and peasant communities that hold communal land rights. The programme's main objectives are to: identify the various forest ecosystems, promote sustainable forest usage and more sustainable land-use patterns and income sources for marginalized groups, and provide capacity building for regional governments, local authorities and indigenous groups (MINAM 2010b).

One PNCB instrument provides communities with additional sources of income through payments for ecosystem services, that is, for conserving forested areas in communal lands. Each community can receive the nominal sum of PEN 10 per ha of forest per year. This form of compensation requires a conservation agreement between the programme's authorities and the community and a detailed investment plan that guarantees equal benefits for all community members. By mid-2013 the PNCB had engaged in such agreements with 48 native communities.

An open question is how the PNCB relates to other national plans on climate change, especially the Action Plan for Adaptation and Mitigation against Climate Change (*Plan de Acción de Adaptación y Mitigación frente al Cambio Climático*) of July 2011, which summarizes MINAM's mid- and long-term project proposals, programmes and priorities. The plan foresees an investment of more than PEN 3 billion for such projects, a third of which are currently operational (Piu / Menton 2013, 44).

The FCPF Readiness Preparation Proposal (R–PP)

Among the various potential funding institutions for Peru's national REDD+ programme is the FCPF (see section 2.1.2). The national REDD+ program is to be carried out in three phases. In the first, the 'Readiness' phase, MINAM collaborated with the National *Mesa REDD* on the Readiness Preparation Proposal (R–PP) for the FCPF that outlines Peru's national REDD strategy.

It was approved with a funding volume of USD 3.8 million in March 2011 in an FCPF meeting in Vietnam. The most recent version at the time of writing dates from December 2013 (FCPF 2013).

The second step, the 'implementation' phase, sets up an MRV system and develops reference scenarios – and coordinates activities between institutions and actors across scales. The third and final phase is that of 'execution' in which results-based payments are made to local, regional and national initiatives (FCPF 2010a). The phases do not clinically succeed one another but partly overlap. Moreover, they are not all only funded by the FCPF, but by different mixes of donors at different phases, with the FIP the dominant funding institution for the implementation phase (see below).

The R–PP elaborated on a number of issues, including: the overall organizational framework of the process, consulting relevant stakeholders, gathering information on deforestation rates and drivers of deforestation, developing baseline scenarios, designing a monitoring system, devising a national REDD strategy, and budget matters (FCPF 2010b). The costs for developing such a strategy were put at USD 12.6 million. But completing all the activities foreseen by the R–PP and paying appropriate co-benefits will require much more money.

The FCPF Technical Advisory Panel (TAP) noted that the third draft of the R–PP was much better than the previous version, which it had criticized for not tackling technical challenges such as MRV or the transfer of technical expertise to government officers, regional and local actors. Reviewers had also criticized the inadequate inclusion of indigenous groups in the REDD+ scheme – in spite of references to the ILO Convention 169, one of the main international documents that spells out the rights of indigenous and tribal peoples (Potvin / Blaser 2010). The third draft addressed some of these concerns by referring to the possibility of a separate indigenous REDD roundtable (which has since been realized) and elaborating on the consultation processes. But the latest version of the R–PP lacks clearly defined work plans and MRV arrangements to tackle the drivers of deforestation.

In time, drafting the R–PP became more inclusive. Only five people, three of them from MINAM, had authored the preliminary Readiness Plan Idea Note

(R–PIN).[14] However, the authors eventually consulted with stakeholders, in particular participants of the national *Grupo REDD* (see next section) who were invited to comment on drafts and submit suggestions.

The R–PP foresaw establishment of the OCBR that eventually would become a governmental agency to administer all major REDD-related issues. Although the OCBR's specific goal was not to create a regulatory or legal framework, it could stimulate creation of a more coherent Peruvian REDD strategy (Pedroni et al. 2010). Major German development cooperation agencies support the establishment and operation of the OCBR by MINAM. However, as of early 2014, the OCBR has not yet been established (see section 4.3.1).

The investment plan for the FIP and other funding projects

Peru is seeking FIP funding to finance its REDD implementation phase. Following Peru's admission as one of eight FIP pilot countries, a *Comité Directivo Nacional* (National Steering Committee) was created to guide the elaboration of a FIP investment plan. MINAM, MEF, MINAGRI and the National Assembly of Regional Governments are committee members; the Inter-American Development Bank and FONAM are observers. Two companies, INDUFOR and Nature Services Peru, were named as consultants. In December 2012, the committee entrusted a technical group consisting of experts from the committee's different member institutions with elaborating a draft investment plan.

In mid-2013, the technical group produced a draft plan that requests a total investment of USD 50 million, of which USD 26.8 million are a grant and the remaining 23.2 million a loan; additional financing of USD 37.3 million is to come from other projects. The funds are to finance a thorough analysis of financing gaps and overlaps, as well as a more detailed assessment of Peru's drivers of deforestation.

Similar to the FCPF R–PP process, drafting the FIP plan for Peru has not been free of tension. AIDESEP in particular has criticized the selective inclusion of public agencies, companies and other stakeholders, while indigenous concerns were not fully reflected in the early process. Like in

14 Augusto Castro Núñez, Eduardo Durand López Hurtado and Elvira Gómez Rivero of MINAM; Lucio Pedroni, Carbon Decisions International; and independent consultant, Robert Hofsted.

the R–PP process, AIDESEP eventually managed to feed its concerns into the process and become more involved in drafting the investment plan. This resulted in including principles of a *REDD Indígena Amazónico*, such as FPIC and the consideration of forest management, access and beneficial use by indigenous communities. However, according to Piu and Menton (2013, 52), as of mid-2013, it was not sure that these considerations would be translated into funding guarantees in the final version of the investment plan.

Along with funding requests from the FIP and the FCPF, the Peruvian government is also implementing a number of projects that support preparations for REDD+, including one to strengthen technical, scientific and institutional capacities for REDD that is funded with USD 1.9 million from the Gordon and Betty Moore Foundation. Another project, funded with USD 7.1 million from the KfW Development Bank, aims at enhancing capacities to develop reference scenarios as well as a legal and institutional framework for implementing REDD+ activities at the national and sub-national levels and developing MRV methods. This MRV project is co-funded by UN–REDD with the aim of supporting the capacity building of indigenous peoples.

In the same vein, the Peruvian government has started to map the various initiatives related to REDD in the country, in an effort to identify gaps and duplications, such as funding overlaps for specific MRV-related activities (for an overview of major REDD financing sources in Peru see section 2.1.2 and Table 3).

The REDD Roundtables and the Grupo Técnico REDD

The REDD roundtables (*Mesas REDD*) at the national and regional levels are very important for shaping REDD governance in Peru. The national roundtable began with the 2008 formation of the *Grupo REDD Perú* as a civil society initiative (not to be confounded with the *Grupo Técnico REDD* that is part of the CNCC). The *Grupo REDD* was tasked with establishing an interdisciplinary dialogue on REDD among public and private actors, which is coordinated by Derecho, Ambiente y Recursos Naturales (Law, Environment and Natural Resources, DAR), an NGO concerned with environmental rights.

The *Grupo REDD* is sometimes also referred to as the *Mesa REDD*, the term used for the group's meeting platform (MINAM 2010c). Participation in the *Mesa* is open to all interested groups and individuals. In October 2013, the *Grupo REDD Nacional* consisted of representatives from about 50 NGOs and civil society organizations, businesses and public authorities.

The *Grupo REDD* has three sub-divisions: technical, economic and legal (Grupo REDD Perú 2011).[15] These and the main plenary develop and agree on proposals, which are then forwarded to the CNCC's *Grupo Técnico REDD*. In turn, the *Grupo Técnico* presents these proposals to MINAM, and then the CNCC gives them further consideration. Members of the *Grupo Técnico* also take part in the *Grupo REDD* meetings. Due to this connection, the *Grupo REDD* is able to influence the public agenda-setting process on REDD.

As a consequence, the national *Grupo REDD* has become an influential promoter of REDD in Peru. It contributed to elaborating the R–PP and worked on the enhanced dissemination of information and understanding of REDD in Peru (ibid.). As a civil society organization it ensures the inclusion of relevant actors in REDD governance processes. Most *Grupo REDD* members share economic and ecological interests in getting REDD on the national agenda, while more REDD-critical voices (with a few exceptions like AIDESEP) have been absent, especially at the early stages of the *Grupo* (cf. Eisinger 2012). The *Grupo REDD's* influence and dynamics, as well as the benefits of being a member of that group, merit further attention.[16] We return to its role in our analysis of social inclusion and policy recommendations (chapters 4 and 5).

Besides the national *Grupo* or *Mesa REDD*, regional *Mesas* have been established in Cuzco, Loreto, Madre de Dios, Piura, San Martín and Ucayali. Unlike the national REDD roundtable, regional roundtables are legal advisory bodies that are convened and coordinated by regional governments. But like the national *Mesa*, they are open to all interested groups and individuals. We examine two of these regional *Mesas* in more detail in the sections on San Martín and Madre de Dios.

The latest addition to the landscape of REDD roundtables are the indigenous *Mesas REDD*. They began with the establishment of regional *Mesas REDD*

15 Annekathrin Link, Defensoría del Pueblo, Bonn, 12 Jan. 2010.

16 Ibid.

Indígenas in San Martín, Ucayali and Madre de Dios in 2011 and in Loreto in 2013, which MINAM endorsed. On 30 July 2013, a national *Mesa REDD Indígena,* created by and for indigenous peoples, was formed by agreement between MINAM and AIDESEP, with support from CONAP. The *Mesa's* main objectives are to articulate the interests, rights, world views and proposals of indigenous organizations in the REDD national preparation and implementation processes in Peru. It also conducts training sessions for national and regional FIP workshops. Apart from these functions, the indigenous roundtables have an important awareness-raising function for the shortcomings of REDD in its current form – and for the promotion of a *REDD+ Indígena Amazónico*.

Spatial planning, forest concessions and land tenure

The Peruvian Constitution stipulates that forests are public property, which means that the state is entitled to issue concessions over public forests to third parties for specific uses. Due to the many types of forest tenure and land-use rights, a number of public institutions are involved in issuing concessions and/or determining types of land use (Larson et al. 2010; Doherty / Schroeder 2011).

Usually, spatial planning in the Peruvian forest sector is administered by MINAGRI. First it designates the principal types of land use, which determines the availability of potential concession types. For example, the main land-use types are areas designated for agricultural production purposes or timber extraction, or areas set aside for nature conservation that are managed by private entities. MINAGRI also identifies protected areas.

In a second step, MINAGRI hands out the different types of concessions. The MINAGRI agency that is responsible for forest concessions is the General Directorate of Forestry and Wildlife (*Ministerio de Agricultura y Riego – Dirección General Forestal y de Fauna Silvestre,* MINAGRI–DGFFS). This administers, inter alia*,* concessions for conservation, ecotourism, timber extraction and non-timber forest products for individuals or artificial persons.

MINAGRI is not the only public institution that grants forest-related concessions. SERNANP, a MINAM agency, issues concessions for forest conservation in protected areas, while in regions where the nationwide

decentralization process is more advanced, such tasks are administered by regional authorities (see next section). Private or communal property (belonging to indigenous communities and peasant communities) is managed by the Agency for the Formalization of Informal Property (Organismo de Formalización de la Propiedad Informal, COFOPRI).

Table 5 provides an overview of the main types of land use and concession – illustrating the complexity and likelihood of overlaps (cf. Von Blücher 2011, 55–57).

Table 5: Land-use rights and authorities

Property and concession (type)	Land use (type)	Issuing authority
Property of indigenous community	Permanent cultivation	COFOPRI
Land yielded to indigenous communities (cesión en uso)	Forestry	Legal gap
Property of campesino community	Agriculture, livestock farming	COFOPRI
Individual property (only applicable in areas designated for agriculture)	Agriculture	COFOPRI and Dirección Regional Agraria
Conservation concessions	Nature conservation	MINAGRI-DGFSS and Regional Authorities
Timber extraction concessions	Timber extraction	MINAGRI-DGFSS and Regional Authorities
Other types of concessions and privately owned plantations	Other types of usage (e.g. non-timber forest products)	MINAGRI-DGFFS and Regional Authorities
Forest in protected areas	Forest protection	SERNANP
Subsoil	Natural resource extraction	MINEM

Source: Authors (based on FCPF 2011)

A peculiarity of the Peruvian land-tenure law is that private land tenure is only valid in areas designated for agricultural production. Forests belong to the state, while concessions only provide rights for a defined period. Also, land that is designated for agricultural purposes but is not in use can be occupied and used for agricultural production purposes by settlers. If more than a year has passed with no intervention by a third party, a legal land title may be issued to the settlers – a practice that confers economic benefits on actors who cause deforestation. It also contradicts environmental legislation that prohibits changes in the use of forested lands.

In addition to such illicit forms of land use, system's complexity entails conflicts and gaps. As for the latter, no forest rights have been granted for roughly 20 per cent of the Peruvian Amazon (Piu / Menton 2013, 26), while conflicts arise when different types of titles are awarded for the same natural resource or when titles are granted for different resources located in the same area. For Madre de Dios alone, SPDA reported an area of 381,000 ha where titles of natural protected areas and concessions for petrol exploitation overlap (ibid.).

These dysfunctions persist in spite of efforts to address them, the most notable of which is the project of Ecological and Economic Zoning (*Zonificacón Ecológica y Economíca,* ZEE), introduced as a concept in 1997 that obtained legal character by decree in 2004. MINAM is responsible for its overall implementation, and regional and municipal authorities within their mandates. In practice, however, ZEE has no teeth because there is no adequate land register or strong mechanisms for sanctions or conflict resolution. The same public capacity gaps affect the administration of protected natural areas: many of the 80 management committees (*comités de gestión*) established for this task are not yet fully operational (ibid.).

Decentralization

Peru's current decentralization process could foster participation in and benefit-sharing of REDD and forest management at the national and regional levels. But it is too early to assess the final consequences. Decentralization implies Peru's central government relinquishing some of its competencies to regional governments; given the country's tradition of strong centralization, it is remarkable that former president García ceded to regional demands and initiated an decentralization process, albeit a careful one (Eckardt / Shah 2008).

A crucial innovation relevant to REDD is the decentralization of forest management capacities and legal endowments. In 2010, according to the Decentralization Law (*Ley de Bases de la Descentralización* Nº 27783), forest management competencies for surveillance, verification and the granting of rights were delegated to eight regional governments including those of San Martín and Madre de Dios. The eight regions represent over half of the national territory, 78 per cent of the Peruvian Amazon and 90 per cent of the country's permanent production forests.

In practice, the transfer of functions does necessarily mean that the capacities to adequately perform these functions will also be transferred. However, Piu and Menton (2013, 28) emphasize a major imbalance by contrasting the capacities of the National Forest Authority and the regional governments: while the National Forest Authority disposes of an average PEN 3.73 per ha of forest, the regional forest authority of Loreto has only PEN 0.10.

Only the regional government of San Martín is in a position to fulfil its newly acquired responsibilities – with considerable help from non-governmental actors (see next section). Since regional authorities exhibit severe lacks in resources, expertise and capacities, it is not possible to implement the nested REDD approach efficiently and effectively at this time.[17]

What is more, each regional government took the liberty of setting up their own structures to perform their new tasks, creating a proliferation of different institutional terms and models, including a regional programme (Loreto), an executive directorate (Ucayali) and a regional environmental authority (San Martín) (Piu / Menton 2013, 29).

Canones

One of the central challenges for REDD+ in Peru is harmonizing it with policies from various sectors like agriculture, tourism and infrastructure. In July 2011, Peru had a total of six *canones* – redistribution and compensation systems for resource extraction across different political levels – for mining, gas, petrol, hydro-power, fish and forest resources. The idea is for local and regional levels to also benefit from the extraction and communalization of

17 Karina Pinasco Vela, AMPA, Bonn, 14 Dec. 2010; Annekathrin Link, Defensoría del Pueblo, Bonn, 12 Jan. 2010

natural resources: the benefits are supposed to contribute to the sustainable development of the people in the regions.

In Peru, regional and local governments that are directly or indirectly affected by the extraction of non-renewable natural resources receive financial compensation. For instance, the Canon Law *(Ley del Canon Nº 27506)* defines the value of the *Canon Minero* as 50 per cent of the tax on profits paid by mining companies (Arellano–Yanguas 2008). In 2009, the financial flows from the *Canon Minero* amounted to PEN 3,434 million, or more than EUR 900 million (Baca Tupayachi / Avila 2010), making the *Canón Minero* the most lucrative of the six *canones*.

The *canones* – especially the *Canon Minero* and the *Canon Petrolero* – could conflict with REDD+ approaches. At the regional level, *canones* create incentives for mining and petrol extraction, which can lead to further deforestation. If *canones* provide more benefits for regional and local governments from mining and petrol extraction they could significantly reduce government motivation to strengthen forest conservation policies.

On the other hand, the *canon* system has established a functioning financial transfer system to promote the sustainable development of citizens affected by resource extraction. Lessons learnt in implementing the *canones*, and especially those on forest resources, could provide useful insights for designing REDD+ transfer and distribution systems. In practice, however, the *Canon Forestal* is only functional in the northern provinces and Andean forests, and allocates comparatively little funding.

3.2 Regional level

3.2.1 San Martín

Major actors and institutions

Public actors

The basic structure of regional governments in Peru is regulated by the Organic Law of Regional Governments (*Ley Orgánica de Gobiernos Regionales* N° 27867), which legitimates the regional councils, presidencies and *gerencias regionales*, the departments or directorates that manage core policy fields. Each regional government has five *gerencias regionales* for

economic development, social development, spatial planning, infrastructure and natural resources (GORESAM 2011).

San Martín's main agency for forest and REDD governance is the Regional Department of Natural Resources and Environmental Management (*Gerencia Regional de Recursos Naturales y Gestión del Medio Ambiente*, GRN). The GRN has three sub-departments for managing the environment, managing natural resources, and national and civil defence. The *Sub-Gerencia de Recursos Naturales* could prove highly significant for the regional REDD governance because of its evaluation and monitoring system for forest resources (ibid.) and because it is the focal point for environmental issues.

When environmental competencies were transferred during decentralization, the GRN was granted major forest-related competencies, such as supervising and controlling the use of protected forest areas, and granting permits and concessions (Defensoría del Pueblo 2010a). The Regional Government of San Martín (*Gobierno Regional de San Martín*, GORESAM) established one of Peru's first Regional Authorities for the Environment (*Autoridad Regional Ambiental,* ARA) under the GRN. However, the improved management capacities must be backed by real implementation and legal enforcement capacities (Angelsen et al. 2008). Without them, the ARA and GRN are dependent on non-governmental actors in the region for support.

Non-governmental organizations

In San Martín, a relatively large number of NGOs are involved in REDD, of which, in mid-2011, the most influential were AMPA, CEDISA, CIMA and CI. Due to their relatively good financial and human capacities, these NGOs have significantly advanced REDD in the region – supporting GORESAM with technical advice and developing their own REDD pilot initiatives.

- AMPA (*Amazónicos por la Amazonía*/Amazon People for the Amazon) is a regional NGO based in San Martín. It manages the conservation concession and REDD pilot project of Alto Huayabamba.
- CIMA (*Centro de Conservación, Investigación y Manejo de Áreas Naturales*/ Center for Conservation, Research and Management of Natural Areas) is a national NGO engaged in managing protected areas and human rights. It administers the Cordillera Azul National Park that includes a REDD pilot project.

- CEDISA (*Centro de Desarrollo e Investigación de la Selva Alta*/Center for the Development and Research of Mountain Forests) works on human rights and regional forest legislation. The oldest NGO in San Martín, it was founded in 1981 and manages a REDD pilot project in the region.
- CI–Perú (Conservation International–Peru) is a US-based international conservation NGO that has developed various REDD pilot projects around the world. Its flagship Peruvian REDD initiative is the BPAM in San Martín.

Our influence mapping in section 4.4.2 shows that other NGOs have been far less influential in the early stages of regional REDD governance and management and have had to rely on these bigger organizations to make their voices heard.

Business actors

International investors and service providers for the carbon market are also active and influential in San Martín. CCBA, for example, serves as a cooperation partner in developing regional social standards for REDD projects, while the Pure Project has recently signalled its interest in a community REDD project called *El Breo*.

Our interviewees told of two agricultural cooperatives, *Cooperativa Acopagro* and *Cooperativa Oro Verde,* that were active in 2011 in regional REDD processes and also involved in projects like *El Breo* and *Ojos de Agua*. Prior to engaging in REDD governance, they had been working with carbon brokers in projects under the CDM of the UNFCCC. This experience could prove valuable for their involvement in REDD.

Social groups

The three REDD-relevant indigenous organizations in San Martín are: FERIAAM (*Federación Regional Indígena Awajún del Alto Mayo*/Awajun Regional Federation of Alto Mayo), FEPIKESAM (*Federación Regional de Pueblos Indígenas Kechwas de la región San Martín/* Regional Federation of the Indigenous Quechua Peoples of the San Martín region) and El Dorado (*Quechuas de Lamas*/Quechuas of Lamas).

Another social group that is central to REDD and important in San Martín are the *rondas campesinas,* farmer organizations whose membership is

compulsory for farmers in a certain area. While *rondas campesinas* are not been perceived to have had much influence in regional REDD initiatives, they are very influential in the agricultural sector, and having become involved in forest management, their influence on REDD is expected to grow.

Migrants are a prominent social group in San Martín but there is no such thing as a migrants' organization. Lack of social organization often results in low political influence: although migrants cause considerable deforestation in the region, our interviewees assessed their influence on REDD policies as non-existent.

Relevant policy processes

The Regional Forest Strategy

In 2008, GORESAM adopted the first regional forest strategy in Peru (FAO 2010a). The *Plan Forestal Regional* drafted by the GRN aims to conserve and sustainably manage regional forests. It comprises four programmes (GORESAM 2008), the first of which promotes sustainable management of productive forest stands. The second programme is designed to secure the integrity of forest ecosystems and other environmental services. It also supports payment for ecosystem service mechanisms and serves as the link to carbon markets. The third programme addresses the problem of deforested and degraded areas, promoting reforestation and agroforestry cultivation, and the fourth is concerned with forest fire prevention, analysis of migration flows, environmental education, and the like.[18]

Designed to run from 2008 to 2014, the *Plan Forestal Regional* provides an action plan for implementing the programmes, each of which has clearly defined goals and measurable subordinate targets. Progress in the four programmes will be monitored and evaluated regularly until 2014.[19]

18 Elvira Gómez Rivero, MINAM, Tarapoto, 16 Mar. 2011.

19 Other strategies relevant to REDD initiatives in the region are the *Zonificación Ecológica Económica* (GORESAM / IIAP, 2005) and the *Estrategía Regional de Diversidad Biológica de San Martín* (CAR–San Martín, 2006).

The Regional REDD Roundtables

The REDD roundtable of San Martín was formed in 2009 by public and private organizations to provide a platform for exchanging ideas and finding consensus on the technical, political, legal, financial and social aspects of REDD in San Martín (Pedroni et al. 2010). Meetings, held about once a month, are open to all interested actors.

The regional government – specifically, the ARA – chairs *Mesa REDD*. GORESAM recognizes that the roundtable is a core forum for formulating REDD strategies for San Martín. There is no formal coordination mechanism between the national and the regional *Mesas REDD*, which could suggest that the regional REDD roundtable serves as a talk shop. However, since ARA bases its decisions on the roundtable's suggestions, the *Mesa* has considerable influence on regional REDD governance.

As of June 2011, the regional *Mesa REDD* comprised three types of bodies: the plenary of all *Mesa* members (*Grupo REDD Perú*), the *Grupo Técnico Orientador*; and two technical working groups largely financed by international NGOs, that are tasked with defining a regional baseline and other technical matters (ibid.). That the larger NGOs in the region (AMPA, CIMA, CEDISA and CI–Perú) are represented in all three bodies indicates their key role in REDD governance in San Martín.

In 2011 a regional *Mesa REDD Indígena* was created as a result of AIDESEP's active engagement and a regional agreement between AIDESEP and CODEPISAM (*Coordinadora de Defensa y Desarrollo de los Pueblos Indígenas de San Martín /*Coordinator of the Development and Defence of Indigenous Peoples of the Region of San Martín) from May 2011.

3.2.2 Madre de Dios

Major actors and institutions

As the region with the highest number of REDD pilot initiatives, Madre de Dios features a complex set of REDD-relevant developments – largely dominated by NGOs and investing companies. This dynamic bottom-up process has provided a host of experiences and lessons, as well as progress on a number of issues. Following the logic of the nested approach, the accounting system of Madre de Dios is expected to serve as a blueprint for other regions (Tegel 2010).

However, coordination and cooperation among these many (influential) actors and initiatives is difficult – and not very advanced. Even the creation of the regional *Consorcio REDD* and *Mesa REDD* did not resolve the coordination problems (Pedroni et al. 2010).

Table 6 provides an overview of major field-based actors, market intermediaries and institutions involved in the initial phase – until 2011 (Hajek et al. 2011). However, this is just a selection of the growing number of actors that are active at various levels. Other local stakeholders are increasingly seeking to influence REDD governance and pilot initiatives in Madre de Dios: indigenous communities and farmers and exploiters of timber or non-timber forest products, such as Brazil nuts. More and more national and international actors have also become involved in regional REDD activities. Our influence network mappings (see section 4.2) give an idea of this growing diversity and complexity.

Table 6: Field-based actors and market intermediaries in Madre de Dios (2011)

Abbreviation	Name	Range	Remarks (activities, memberships, etc.)
Field-based actors			
1. Non-profit conservation organizations			
ACA	Amazon Conservation Association	Transnational (Peru and Bolivia)	Project implementation, advisor; facilitated REDD workshops in Madre de Dios
ACCA	Asociación para la Conservación de la Cuenca Amazónica	Cross-regional	Project implementation, asset holder; 3 REDD projects in Madre de Dios
CI–Peru	Conservation International–Peru	Transnational	Project planning and implementation; advisor; National Mesa REDD, REDD projects in San Martín and Madre de Dios

Table 6 (cont.): Field-based actors and market intermediaries in Madre de Dios (2011)

Abbreviation	Name	Range	Remarks (activities, memberships, etc.)
SePerú	Servicios Ecosistémicos Perú	Regional	Project planning, advisory work; member of National Mesa REDD and regional Mesas of Cusco and Madre de Dios; REDD project in Western Madre de Dios
WWF Peru	World Wide Fund for Nature Peru	Transnational	Advisor for National Mesa REDD and Madre de Dios
2. Non-profit natural resource management organizations			
AIDER	Asociación para la Investigación y el Desarrollo Integral	National	Project implementation of National Mesa REDD and Mesa REDD Madre de Dios
3. Forestry businesses			
BAM	Bosques Amazónicos	National	REDD projects in Madre de Dios and Ucayali
	Maderacre	National	Owns forest concession in Madre de Dios
4. Financial boutiques			
	Asesorandes	National	Project for sustainable forest management in Madre de Dios
5. Indigenous associations			
FENAMAD	Federación Nativa del Rio Madre de Dios y Afluentes	Regional	Federation for Native Communities of Madre de Dios

Table 6 (cont.): Field-based actors and market intermediaries in Madre de Dios (2011)

Abbreviation	Name	Range	Remarks (activities, memberships, etc.)
6. Grassroot organization (local forestry interests)			
ASECAM	Asociación de Extractivistas de Castaña de Madre de Dios	Regional	Association of brazil-nut farmers
FEPRO-CAMD	Federación de Productores de Castaña de Madre de Dios	Regional	Foresters association
7. Governmental institutions			
GOREMAD	Gobierno Regional de Madre de Dios	Regional	Regional government
GRN	Gerencia Regional de Recursos Naturales	Regional	Department of natural resources; convenes regional Mesa REDD
Market intermediaries			
1. Technical consultancies			
	Carbon Decisions	Transnational	Irish carbon-consulting company that provides tools, methodologies and consultancy services
	Winrock International	Transnational	Non-profit organization that provides consultancy services for forestry and natural resource management

Table 6 (cont.): Field-based actors and market intermediaries in Madre de Dios (2011)			
Abbreviation	**Name**	**Range**	**Remarks (activities, memberships, etc.)**
2. Standards organizations			
CCBA	Climate, Community & Biodiversity Alliance	Transnational	Cooperate of international NGOs and research institutes that developed voluntary standards
VCS	Voluntary Carbon Standard		Provides a global carbon standard
3. Accredited project-verifier organizations			
RA	Rainforest Alliance	Transnational	National Mesa REDD
4. Information providers			
	Forest Trends	Transnational	Non-profit organization that provides analyses and information on forest conservation
	Katoomba Ecosystem Services Incubator	Transnational	Provides technical, financial, business management and legal support to small-scale community-based projects
5. Financiers			
SFM	Sustainable Forestry Management Ltd.	Transnational	Supplies and trades carbon dioxide emission credits and offsets in carbon markets; member of the Katoomba Group
Source: Authors (based on Hajek et al. 2011)			

Relevant policy processes

Madre de Dios greatly differs from San Martín regarding the chief REDD governance processes. Whereas the regional government actively shapes the process in San Martín – through the GRN acting as regional environmental authority and its *Plan Forestal Regional* – the Regional Government of Madre de Dios (*Gobierno Regional de Madre de Dios*, GOREMAD) played a minor role until 2011, especially regarding REDD implementation.

This is partly due to the GRN's lack of capacities and the fluctuation of its leadership and staff, which leads to a lack of the institutional memory, technical know-how and networking skills that are necessary to guide actors with very varied capacities – from experienced and skilled investors and NGOs to poorly informed forest users.

Madre de Dios has the most REDD project initiatives in Peru; depending on the criteria for defining such projects, there are at least 12 at the time of writing. Given the regional government's modest role, this relatively high number of initiatives creates a major challenge for coordination (Pedroni et al. 2010).

The regional REDD roundtables

This coordination gap was first addressed on 2 December 2009 when private and public actors created the regional *Mesa REDD* in Madre de Dios. Like its counterparts in San Martín and at the national level, the regional *Mesa* seeks to provide a major platform for debating the development and implementation of REDD in Madre de Dios (ibid.).

Under GRN's aegis, the *Mesa* has brought together a growing number of stakeholders: GOREMAD members and other regional officials, investors and environmental NGOs, as well as representatives of indigenous peoples and researchers from local universities. However, like the national *Mesa*, other representatives – non-indigenous, forest users – have stayed away (see section 4.4).

In May 2013, GOREMAD granted institutional status to the *Mesa REDD+ Indígena* of Madre de Dios in Regional Ordinance No. 018-2013-RMDD/CR.

Notwithstanding challenges for coordination, the REDD debate in Madre de Dios is relatively advanced in some regards because of the region's plethora of investors, NGOs and experts. By mid-2011, the reference scenarios for

emissions from deforestation were much more elaborated than in other parts of the country, a direct result of the creation of the *Consorcio REDD de Madre de Dios* in August 2009. Public organizations, NGOs and private enterprises have jointly developed reference scenarios within this consortium, and working groups have analysed the history of regional deforestation. They also check the production of biomass and carbon stocks, and plan to model regional deforestation using satellite data. In addition, the consortium has provided technical advice to the *Mesa REDD* of Madre de Dios (ibid.).

3.3 Project level

Table 7 summarizes the four projects we discuss in this section, each of which has a different legal status. This important criterion helps to illustrate the range of what can be a REDD pilot project in Peru. The rights of natural resource users and their potential level of social inclusion heavily depend on their legal status. Other factors vary according to the types of status, such as revenue, transaction costs or the prioritization of certain goals (biodiversity, economic objectives, social aspects and methodology development) (Entenmann 2012, 65).

Table 7: REDD projects analysed (2007–2011)

Name	Legal status	Organizations	Interviewees (type)
Bosque de Protección Alto Mayo (BPAM), San Martín	Protected forest	Conservación Internacional, Asociación Virgen de la Medalla Milagrosa, Servicio Nacional de Áreas Naturales Protegidas por el Estado (SERNANP)	NGOs, park rangers, user associations, users in BPAM and buffer zone
Concesión para Conservación Alto Huayabamba (CCAH), San Martín	Conservation concession	Amazónicos por la Amazonía (AMPA)	NGOs, users

Table 7 (cont.): REDD projects analysed (2007–2011)			
Name	**Legal status**	**Organizations**	**Interviewees (type)**
Proyecto REDD Castañero, Madre de Dios	Concession for extracting nontimber forest products	Federación de Productores de Castaña de Madre de Dios (FEPROCAMD), Bosques Amazónicos (BAM), Conservación Ambiental y Desarrollo en el Perú (CAMDE)	NGOs, companies, user associations, users
Proyecto de Gestión Forestal Sostenible y Aprovechamiento de los Servicios Ecosistémicos en los Bosques Administrados por la Comunidad Nativa Ese Eja de Infierno, Madre de Dios	Community title	Asociación para la Investigación y el Desarrollo Integral (AIDER), International Tropical Timber Organization (ITTO), Comunidad de Infierno	NGOs, user associations, community members and users
Source: Authors			

3.3.1 Bosque de Protección Alto Mayo (BPAM)

The REDD+ project of Alto Mayo, initiated in 2007 by CI, is located in northwest San Martín at the border of the Loreto region in the East Andes. It comprises an area of 177,749 ha of government-owned protected forest – 425,000 ha including the buffer zone, which also comprises private and communal lands. The project was validated by Scientific Certification Systems using CCB and VC Standards in December 2012, and received the CCB Standards gold level status for exceptional biodiversity co-benefits (CCB 2012; VCS 2013).

Despite having been named a protected area in 1987, the forest considerably decreased as a result of poor resource management and a lack of management resources, as well as increasing pressure from migration. In reaction to galloping deforestation, community conservation initiatives started a pilot project with CI. In mid-2012, the project was still being designed: after estimating the expected rate of deforestation, CI was identifying project boundaries, assessing carbon stocks and determining an emissions baseline. The latter task proved particularly difficult due to the heavy fog in the area. The preparation process also included socio-economic and land-tenure analyses and plans for alternative livelihood systems.

CI mostly guides the project from the macro level and works closely with local partners who perform tasks on site. These include: AIDER (*Asociación para la Investigación y el Desarrollo Integral*/Association for Research and Integral Development), who assessed biomass data for the pilot; SPDA who serves as legal adviser; the *Asociación de la Virgen de la Medalla Milagrosa*, which facilitates conservation contracts; and the *Asociación Ecosistemas Andinos*, which runs a bird observatory. CI also collaborates with BPAM's management committee, the local SERNANP team, GORESAM, the government of Nueva Cajamarca, and the committee of users of the Alto Mayo river basin (Entenmann 2012, 56).

Some observers raised concerns about the constellation of actors, since, as of mid-2012, CI had no administrative agreement with SERNANP to manage the protected area. They cautioned that because CI commercializes ecosystem services that belong to the state, this could create legal issues (ibid. 2012, 57).

CI aspires to reduce deforestation below the historic rate of 0.35 per cent per year between 2001 and 2006 (Harvey et al. 2010) – one of the highest in the country – and sequester atmospheric carbon by planting trees. The project is based on both reforestation and avoiding deforestation. The area also features other unique types of ecosystem services, for example, the watershed supplies water for 35,000 local inhabitants and irrigates agricultural plots (ibid.).

The mountainous area, originally home to several indigenous communities, but mostly the *Awajun*, has experienced a considerable influx of frontier migrants in recent years, further instigated by the building of the *Belaúnde Terry* highway. As of mid-2012, between 5,000 and 8,000 *colonos* were believed to be living in the natural protected area (Entenmann 2012, 55).

Bosque de Protección Alto Mayo (Photo: Authors)

These informal settlers practice small-scale coffee cultivation and pasture agriculture, which poses a particular challenge to project developers who have difficulty reaching the stakeholders to organize activities with them. Due to their illegal status, the settlers hesitate to participate in meetings with CI and its partners, whose self-proposed social objective in Alto Mayo is to *"promote social organization and signing of conservation agreements with settlers"* (Harvey et al. 2010, 27). CI and its partners have helped the settlers to form autonomous *rondas campesinas* that will monitor and enforce the CCB and VC Standards agreed with CI (Harvey et al. 2010).[20]

20 Luis Espinel, Executive Director, Claudio Schneider, Technical Manager, Percy Summers, Ecosystem Services Coordinator, Milagros Sandoval, Environmental Policies Coordinator, CI–Peru, Lima, 28 Feb. 2011; Braulio Andrade, Coordinator, CI initiative in Alto Mayo, Rioja, 21 Mar. 2011; and field visits to sites in BPAM, facilitated and assisted by the local SERNANP office, headed by Elva Marina Gáslac, Gáloc, and park rangers Roberto Carlos Garcia Vela, Wilson Grandez Armas and Martin Schachner in Mar. 2011.

3.3.2 Concesión para Conservación Alto Huayabamba (CCAH)

In 2006, the NGO AMPA obtained the rights to administer the Alto Huayabamba Conservation Concession for 40 years. The 143,928-ha area covers the Huayabamba River basin in western San Martín. In terms of vegetation zones, it is situated between the Peruvian *yungas*,[21] the Andean forests and the *páramos*, or montane badlands, of the Central Cordillera and the jalca.[22]

To gauge deforestation in the CCAH area, AMPA uses remote-sensing pictures that are analysed by the University of Maryland and the Brazilian *Instituto Nacional de Pesquisas da Amazonía* (Entenmann 2012, 62). The drivers of deforestation in Alto Huayabamba are the construction of two major highways, a growing number of mining concessions, forest fires and slash-and-burn agriculture, and changing land-use patterns. The latter indicate the problem of illegal land trafficking, which occurs when migrants attempt to buy lands that belong to the state (ibid.).

With regard to deforestation in the region, the main stakeholders range from individuals and unorganized social groups to larger businesses. CCAH is home to Andean migrants who use the *páramos*, *jalca* and *yungas*. Fifty families had been living in the territory before the concession was granted; but by mid-2012, there were already over 200 (ibid.). Other important actors in the CCAH's zone of influence are peasant communities, mine concessionaires and the association *Shomenate Usarios de Jalca* (Pinasco Vela 2010).

AMPA collaborates with other partners, in particular the *Asociación de Protección de Bosques Comunales Dos de Mayo* and receives project funding from CI, SPDA, the World Wide Fund for Nature (WWF) and the Blue Moon Foundation (Entenmann 2012, 62). The chief objectives for the CCAH conservation area are grouped in three categories named by the CCBA, from which AMPA is seeking project certification (ibid.):

- Climate
  - Reduce emissions caused by deforestation and forest fires.

21 Transitional zone with neotropical characteristics that is located between the Andean highlands and the eastern forests stretching from Peru to Bolivia.

22 Vegetation zone, also called *Suni*, which is characterized by scrubs and agriculture.

Concesión para Conservación Alto Huayabamba (Photo: Pinasco Vela 2010)

- Biodiversity
  - Protect different ecological systems and habitats for endemic and endangered species;
  - Protect the Huayabamba and Huallaga River basins to benefit from their ecosystem services.
- Community
  - Validate spatial planning based on micro-zoning for families;
  - Promote and improve mechanisms for community participation with regard to conservation and sustainable development;
  - Contribute to ecological awareness;
  - Support the creation of alternative income sources through primary and secondary education, systems of non-forestry products and sustainable agroforestry, and REDD transfers (ibid.).[23]

23 Field visit to a workshop with land users from the CCAH area 17–19 March 2011, facilitated and assisted by Karina Pinasco Vela and Miguel Tang Tuesta, AMPA.

Like CI in the BPAM project, AMPA makes use of cooperation agreements with the settlers to prevent the influx of more *colonos*.

The CCAH project was validated using VCS Version 3 in December 2011 by the Rainforest Alliance; in July 2013 it was undergoing a CCB Standards validation audit.

3.3.3 Proyecto REDD Castañero

Unlike the other projects presented here, the *Proyecto REDD Castañero* does not refer to one coherent area, but rather a set of scattered small concessions for Brazil nut (*castaña*) farming in the western part of Madre de Dios. In 2012, the project's roughly 400 concessionaires had around 300,000 ha of land, about one-fourth of the total area of *castaña* concessions. Between 2002 and 2006, the government granted over 1,000 such concessions, each of them for 40 years (ibid. 2012, 44–45). Most farmers reject the REDD project or are not interested in joining.[24]

Deforestation affects the concessions in several regards. Like the *Infierno* project (see below), construction of the southern spur of the Interoceanic Highway has led to increased migration and agricultural production in the area. Two effects of this development are more forest fires and more informal users invading the concessions. With concessions averaging 800 ha, the nut farmers are unable to monitor or protect their areas year-round (ibid. 2012, 46). Another big threat to the concessions and forests of Madre de Dios are the mostly illegal mining activities that are rapidly expanding – especially mercury-based gold extraction with its devastating and irreversible consequences. These activities are increasingly affecting areas beyond the banks of the region's main rivers, including the Brazil nut concessions. As Entenmann (ibid.) reports, most *castaña* farmers receive no help from regional authorities to address this growing problem.

However, timber extraction and agricultural practices are also alternative sources of income for the concessionaires. In fact, in 2009 the amount of timber extracted from Brazil nut concessions in Madre de Dios was more than triple the amount of timber extracted from forestry concessions.

24 William Armando Moreno Dueñas, CAMDE Perú, Puerto Maldonado, 23 Mar. 2011.

These practices must be brought in line with the sustainable management objectives of the concessions and the REDD pilot project (ibid.).

The project's principal promoter is *Bosques Amazónicos* (BAM), a company that is also the concessionaires' contracting party. BAM works with a few other partners, including the regional umbrella association of Brazil nut producers, FEPROCAMD (*Federación de Productores de Castaña de Madre de Dios*/Federation of Brazil Nut Producers in Madre de Dios). The association collaborated for another reason: BAM invested about USD 1 million in FEPROCAMD's work and infrastructure, including a nut-processing plant to boost the farmers' competitiveness on the market (ibid. 2012, 45; Alegría / Guillermo 2011, 97–138).[25] However, when we visited the site in March 2011, construction had been stopped, with no indication when it would continue.[26]

BAM and FEPROCAMD have a dual project that has separate plans for revenue distribution. The farmers will keep 70 per cent of the earnings from the Brazil-nut processing plant and BAM 30 per cent, while for carbon credits generated by the REDD pilot project, the distribution will be 30 per cent and 70 per cent, respectively.

Another partner is the *Conservación Ambiental y Desarrollo en el Perú* (Environmental Conservation and Development in Peru, CAMDE Perú), an NGO that provides technical assistance on sustainable forest management to the farmers. This includes support to develop management plans, deal with questions of spatial planning and overlapping land titles, and exchange and spread information (also between concessionaires).[27] Control posts and monitoring systems will also be set up to help the farmers keep track of invaders and forest fires. BAM collaborates with AIDER, which holds administrative contracts with nut farmers who work in the adjacent *Tambopata* National Reserve and *Bahuaja Sonene* National Park (Entenmann 2012, 46–47; for a detailed analysis of the project, see Alegría / Guillermo 2011).

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25 Juan Carlos Flores del Castillo, Regional Manager of BAM for Madre de Dios; Moises Benites Barrón, Senior Communications Analyst, BAM; Héctor Cardicel Pérez, President of FEPROCAMD, Puerto Maldonado, 23 March 2011; and Iván Cárdenas, Project Coordinator, FEPROCAMD, 26 Mar. 2011.

26 Visit to the construction site with representatives from FEPROCAMD on 26 Mar. 2011; interviews with Brazil nut farmers in Alegría, Madre de Dios, 26 Mar. 2011.

27 William Armando Moreno Dueñas, CAMDE Perú, Puerto Maldonado, 23 Mar. 2011.

3.3.4 Comunidad Nativa Ese'eja de Infierno

The Infierno project is generally considered to be one of Peru's most advanced REDD pilot projects. It is part of a larger thematic programme of the International Tropical Timber Organization (ITTO) on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services (REDDES). The costs of more than USD 500 million for the three-year project are shared by the ITTO that pays roughly two-thirds, and MINAGRI. Unlike other REDD pilot projects, 100 per cent of the revenues generated will go to the community. The terms of reference were finalized in 2010 and the project got started in 2011. AIDER serves as project developer and contact for the various organizations involved, including GOREMAD and the *Ese'eja* community (Entenmann 2012, 50–51).

The project comprises a fairly small territory of 11,165 ha south of Puerto Maldonado – not far from the (at the time of our visit nearly finished) southern spur of the Interoceanic Highway, which presents the chief threat to the forest. Aside from the titles for communal land, which it mostly uses for agriculture, the *Ese'eja* community has also been granted a concession for ecotourism, and has an agreement until 2016 with the ecotourism company Rainforest Expeditions. In exchange for 40 per cent of the revenues, the company has helped to improve the infrastructure and promote the tourist lodge. Both the ecotourism concession and the communal land lie in the buffer zones of the *Tambopata* National Reserve and the *Bahuaja Sonene* National Park that include a different REDD pilot project (ibid.).

The project's main objective is to combine reducing deforestation with improving livelihoods for the *Ese'eja* community in Infierno by formalizing ecosystem service rights. To this end, AIDER has developed a strategy for sustainable forest management that includes abandoned areas. Another important goal is resolving conflicts over land use that can arise within the community and with informal users. AIDER further seeks to reduce deforestation in the buffer zone it contractually administrates.[28] As Entenmann (ibid.) observes, it took the NGO some time to establish a sufficient level of trust with community members, who at first were not interested in collaborating.

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28 Carlos Sánchez Diaz, Head of the AIDER Madre de Dios regional office and Carla Merediz, AIDER anthropologist, Puerto Maldonado, 23 Mar. 2011; and field visit to the Ese'eja community, Infierno, 25 Mar. 2011.

3.4 Summary: the importance of social inclusion and coordination

As this chapter has explained, the highly complex and diverse state of Peruvian REDD governance architecture across levels provides good reasons to take a closer look at social inclusion and coordination – in the next chapter.

Various core processes – such as the REDD roundtables, the R–PP process, the adoption of the new forest law and the process of decentralization – are novel, incomplete and controversial, and give rise to concerns about effectiveness and fairness. Likewise, the parallel top-down and bottom-up REDD governance processes – which are intended in the nested approach, where they nonetheless produce duplicates and overlaps – raises questions regarding transparency and coordination. By the same token, the patchwork of public and private actors involved in REDD governance creates major challenges to coordination across actor groups and scales. The way that REDD and forest governance processes are embedded across sectors presents another challenge for coordination. All these features create a need for information and advice for Peruvian stakeholders and development cooperation agencies.

Another critical point raised in this chapter and in chapter 2 is that it may be premature to study long-term issues such as the impact of REDD on livelihoods at different levels or the distribution of assets generated through the REDD value chain. This uncertainty cuts across scales: for example, the lack of clarity at the international level regarding social safeguards and MRV approaches is echoed by major technical, social and political challenges at the domestic and project levels.

While REDD could enhance the livelihoods of forest-dependent local communities, it might also further marginalize local communities if the interests of the most vulnerable are ignored (Robledo et al. 2008; Sikor / Ngoc Thanh 2007; Sikor et al. 2010). This uncertainty calls for stronger focus in research of certain governance processes – agenda-setting and institution-building phases. It is necessary to assess how degrees of social inclusion and the coordination of these processes facilitate or inhibit certain pathways to access and benefit-sharing in the development of REDD in Peru at the national, regional and project levels.

4 Social inclusion and coordination in Peruvian REDD governance

In the last chapter, we provided an analytical overview of REDD governance in Peru across scales, based on academic and policy literatures and findings from our expert interviews and observations. In this chapter, we offer an assessment of this complex governance architecture, analysing its level of coordination, both horizontal and across scales, and its degree of social inclusiveness. Our assessment is based on five dimensions of good governance: capacities, coordination, participation, information and distribution.

Unlike the analysis presented in chapter 3, this assessment largely builds on 'subjectivist' or interpretivist methods and deliberative policy analysis (cf. Hajer / Wagenaar 2003; Wagenaar 2011). We analysed how different stakeholders perceived these five dimensions in Peruvian REDD governance. Instead of an objectivist, legal or quantitative analysis, we relied on a set of participatory approaches to gather stakeholder perspectives. How do different groups perceive the REDD-relevant processes and actor constellations? Do they feel that they and other actors who they consider relevant have been properly included and that the processes are coherent? Which steps do they suggest for addressing some of the shortcomings? We tried to design this part of our analysis in a socially inclusive manner.

In section 4.1 we briefly introduce our analytical framework: its five key dimensions, the rationale behind our case selections for the three levels and our participatory methodical approach. More detailed conceptualization and operationalization of the five dimensions is found in Annex I. Annex II provides further information about our interactive methods (participatory approaches, social network mapping and interviews); Annex III includes a list of our interviewees. Sections 4.2 to 4.6 present our main findings, structured along the five dimensions of social inclusion and the three levels of analysis.

4.1 Analytical framework

4.1.1 Five dimensions of social inclusion

Bennett defines social inclusion as *"the removal of institutional barriers and the enhancement of incentives to increase the access of diverse individuals*

and groups to assets and development opportunities" (Bennett 2002, 13; cf. FCPF 2010a). The UK Department for International Development (DFID) provides a definition of the opposite concept – exclusion – that is specifically geared to the forest sector: *"a process by which certain sections of communities lack membership in user groups, participation in the administration of forest resources, access to forest resources and benefits derived from it"* (Livelihoods and Forestry Programme 2005, 1).

Individuals or groups that are affected by both poverty and social exclusion are the most vulnerable in society (Livelihoods and Forestry Programme 2005). According to the difference principle in Rawls' theory of justice, the worst-off members of society should receive the greatest benefit from any form of intervention (Rawls 1999). Sustainable development programs like REDD should target this group of socially excluded poor people and promote their social and economic inclusion and empowerment (Jagger et al. 2010).

Translating these definitions and normative perspectives to the REDD context across different political levels, 'social inclusion' means: minimizing the exclusion of all individuals and groups, especially the most vulnerable ones, who are affected by REDD processes and projects, from:

- Membership in groups or organizations involved in REDD processes or projects;
- Agenda-setting and decision-making processes related to REDD governance;
- Access to forest products and/or values generated by forest resources or a particular REDD project; and
- Access to other incentives and capacity-building benefits provided by REDD (e.g. jobs creation, vocational training in sustainable forest management and agricultural techniques, etc.).

These aspects are clearly interrelated. Inclusion in major policy or project processes can boost a group's chances to shape the outputs of these processes (laws, strategies, project designs, etc.) and the regulation of access and benefit-sharing. This causal relatedness suggests the analytical distinction of various dimensions of social inclusion.

The core literature on good governance and social exclusion – both theory-based and policy-oriented – roughly distinguishes between aspects of:

process inclusion – coordination/participation/information; output inclusion – fair distribution, especially in access and benefit-sharing; and capacity – as a prerequisite for being included, and in terms of capacity-building, as a result of social inclusion. Building on this categorization, particularly following Brito et al. (2009) and Robledo et al. (2008), we distinguished five key dimensions of social inclusion:

- CAPACITY: Who are the relevant public and non-state actors affected by REDD at the national, regional and local levels? What are their capacities, capacity gaps and inequalities? What influence do they have?
- COORDINATION: What is the level of coordination across actors, sectors and levels?
- PARTICIPATION: What is the level of participation in REDD processes at different levels of governance (top-down/bottom-up)?
- INFORMATION: What is the level of transparency and access to information (including prior informed consent) of these processes?
- DISTRIBUTION: What are the challenges to distribution, that is, to fair access and benefit-sharing? To what extent do the outputs of REDD policies and projects in Peru benefit the worst-off members of society? Do they encompass pro-poor elements that aim to reduce poverty among indigenous and peasant communities who are the most vulnerable social groups?

We define and operationalize these five dimensions in further detail in Annex I, showing that they are not mutually exclusive.

4.1.2 Three levels of analysis

Theoretical concepts of multi-level governance try to explain the process of ongoing negotiation processes between nested government elements and different levels of government (Hooghe / Marks 2003). Building on this research, we examined how the five dimensions of social inclusion are realized across different levels, analysing the horizontal interactions of actors and processes in REDD – within the same level – as well as of vertical interactions across different governance levels (Forsyth 2008).

We used the processes introduced in section 3 and below for our in-depth participatory analysis of social inclusion:

- *At the national level:*
  - National *Mesa* REDD;
  - Consultation and planning processes for a national Readiness Preparation Proposal (R–PP) and a FIP Investment Plan;
  - The PNCB;
  - Consultation and decision-making processes for REDD-relevant forest strategies and the new forest law, including decisions about the future division of labour among ministries; and
  - Relevant aspects of the ongoing decentralization processes.
- *At the regional level:*
  - San Martín:
    - Consultation and decision-making processes about the regional forest strategy and
    - Regional *Mesa REDD*.
    - Madre de Dios:
    - Regional *Mesa REDD*.
- *At the local level:*
  - The planning processes and design of four REDD projects and, where applicable, their implementation processes:
    - *Bosque de Protección Alto Mayo (BPAM)*, San Martín;
    - *Concesión para Conservación Alto Huayabamba (CCAH)*, San Martín;
    - *Proyecto REDD Castañero*, Madre de Dios; and
    - *Proyecto de la Comunidad Nativa Ese'eja de Infierno*, Madre de Dios.

Our observation period ranged from the earliest of these processes in late 2007 until May 2011 for the project level, and to October 2013 for the national and regional levels.

For the national level, we chose the key processes; a case selection in the classical sense was made only at the regional and project levels. When

selecting the two regions (San Martín and Madre de Dios) and the four REDD projects in these regions, we used the criteria of diversity and resemblance to other situations of policy concern, data richness, intrinsic importance, accessibility and feasibility (Van Evera 1997, 77–88).

Van Evera suggests that *"scholars interested in offering policy prescriptions should […] study cases whose background characteristics parallel the characteristics of current or future policy problems"* (Van Evera 1997, 84). While we do not seek to make generalizations from our findings, in San Martín and Madre de Dios the drivers of deforestation, the socio-economic contexts and developmental stages resemble the situations of many developing countries in the tropics. The different types of legal status in the four selected projects (see section 3.3) offer a diverse sample with potential overlaps with projects in other countries, so that our policy recommendations could interest actors involved in REDD processes elsewhere.

San Martín and Madre de Dios represent two significant cases of deforestation in Peru. While the former currently has the highest absolute percentage of deforestation in the country, the latter is expected to exhibit the highest relative increase of deforestation due to the sharp increase in net immigration. By choosing them as pilot regions for developing baselines, MINAM has acknowledged the regions' very different, but equally important, roles (see also sections 2.2.1 and 2.2.2).

The national government designated San Martín as the pilot region for REDD activities in the country. At the time of our fieldwork in 2011, it was the only region in the country to have begun using the competencies for forest policies that had been transferred from the national government. At that time, it was also the only region that had developed its own forest strategy. These factors not only show how San Martín is uniquely important for a REDD analysis, but also suggest the wealth of data available there because of the diversity of its REDD-related processes.

Madre de Dios does not feature this diversity of processes at the regional level (apart from the *Mesa REDD*), but provides a wealth of data in a different way. In early 2011, the region had the most REDD initiatives in Peru (12) and is among the world's top 10 megadiverse regions (Pedroni et al. 2010).

The two projects selected in San Martín were accessible through two of our counterparts, AMPA and CI–Peru, who were active as project developers there. They agreed with the purpose of our enquiry, supported us logistically

and established contact with the asset holders and local communities. Fortunately, the rainy season did not hinder access to the projects in San Martín. In Madre de Dios, however, the rainy season was more problematic. The conditions in March and April led us to choose two REDD projects close to the regional capital Puerto Maldonado: the REDD Project of Brazil Nut Farmers (*Proyecto REDD Castañero*) and the *Comunidad Nativa Ese'eja de Infierno* project.

4.1.3 Participatory methods and triangulation

To assess social inclusion in Peruvian REDD governance we followed a socially inclusive approach. Building on tenets of deliberative policy analysis (Hajer / Wagenaar 2003; Wagenaar 2011), we investigated the perceptions of different stakeholders and the meaning they attach to the current state of REDD governance in Peru. This builds on the assumption that the phenomenon of social inclusion should be measured in a social or interactive manner: How much do the stakeholders feel included in REDD processes? To what extent do they perceive the processes to be well coordinated and coherent?

We then followed a triangulation approach, studying the same social phenomena by using a combination of different methods to enhance the empirical quality of data and address potential validity gaps (Flick 1992; Kumar 2002). We employed three different sets of interactive qualitative research methods in our assessment of social inclusion across levels:

- Participatory research methods (see Annex II for more details)
  - Influence mapping of social networks
  - Participatory rural appraisal
- Semi-structured individual and focus group interviews (see Annex III for interviewees) of:
  - Selected experts and stakeholders engaged in the national and regional REDD processes
  - Members of the local community affected in REDD project zones
- Other participatory observations in Lima, San Martín and Madre de Dios, in particular during REDD roundtable sessions and project workshops.

DIE-GIZ-BMU Workshop in Lima, 26 April 2011 (Photo: Authors)

The research group continued to collect data from primary sources (legal documents, strategy documents, websites of public agencies and NGOs, etc.) and secondary sources (academic studies and databases).

We presented our preliminary results at a joint workshop with the GIZ and the BMU in Lima on 26 April 2011, with about 100 experts from ministries, regional governments, NGOs, academia and user organizations. This study includes a version of our results based on the input we received at the workshop, with updates as a result of the invaluable support from Paul-Gregor Fischenich and his team on the BMU-funded project, *Conservación de Bosques Comunitarios* (CBC). The workshop was co-funded by the CBC project and another GIZ project at MINAM headed by Michael Pollmann. The workshop programme is in Annex IV.

4.2 Capacities

4.2.1 National level

MINAM is perceived as a central actor in Peruvian REDD governance at the national level. But it is a very young institution, established in May 2008, with relatively little human and financial capital to be applied to REDD processes. MINAM also has hardly any capacity on the ground. When we were there, it only had an office in Madre de Dios with no agenda on forest use or REDD. Given the decentralization process and REDD's nested approach that relies on a division of labour across scales, MINAM's lack of regional presence as such is not a problem. However, that and the regional

authorities' weak enforcement capacities add up to an overarching lack of public capacity regarding environmental issues. This does not just hamper REDD activities but also other relevant processes such implementing the ZEE (see section 3.1.3).

Any possible role for MINAM to lead or coordinate early stages of Peruvian REDD governance was hampered by the slow place of key legal projects – especially the new forest law and the law on prior informed consent – both adopted in 2011 after great controversy. The lack of legal clarity not only affected MINAM, but also prevented a clearer division of labour with other ministries and public agencies at the national and regional levels.[29]

These early deficits of REDD governance led to civil society actors offering crucial support by filling operational voids resulting from these uncertainties and gaps in public capacities. NGOs specifically offer human capital and technical know-how regarding REDD implementation processes. However, our interviewees warned that the NGOs' prominent role raises concerns about the legitimacy and accountability of some REDD processes: Whose interests do these NGOs represent? Whose interests are locked out?

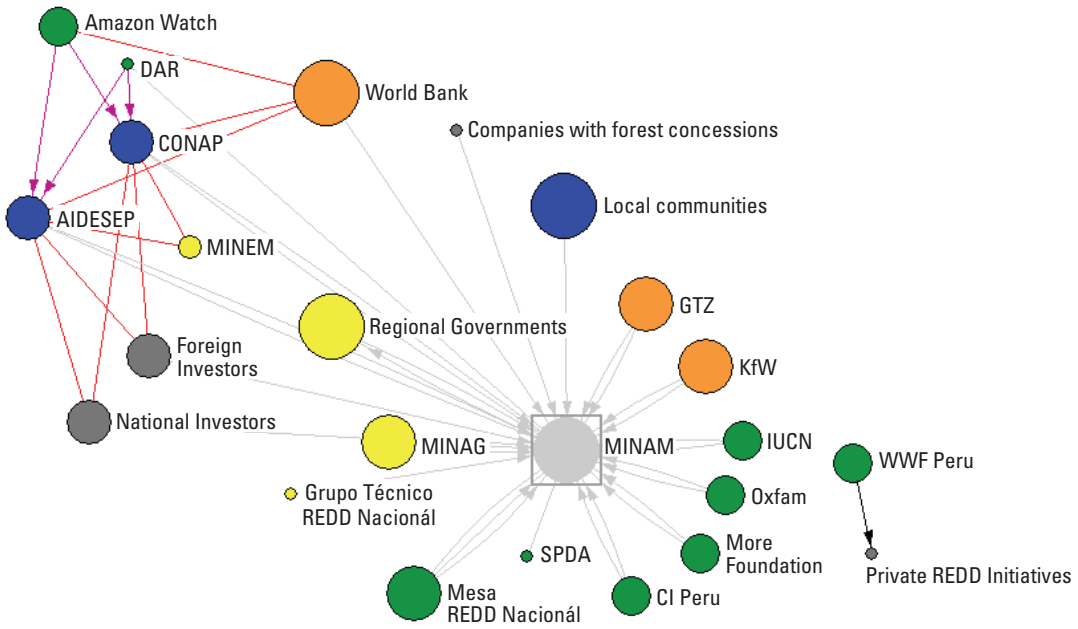
Influence mapping – national level

Some of our findings on the capacities of key actors in the initial REDD stage can be visualized in the participatory influence mappings that we conducted for all three levels of investigation in late 2010 and early 2011 (see Annex II for a brief introduction to this method). Here we present one of three influence mappings we conducted at the national level, based on the expert advice of Annekathrin Linck of the GIZ (who was working at the *Defensoría del Pueblo*) in December 2010.

Figure 4 shows that MINAM was given the highest degree of node centrality in the network, which means that it has the most ties to other institutions and is perceived as the most important player in Peruvian REDD governance. Without MINAM, REDD would come to a standstill (see the simulation of a disabled node in the figure). Interestingly however, this centrality was largely based on two types of links to other actors – 'economic and political pressure' and 'conflicting interests' – where MINAM is placed at

29 Dennis del Castillo Torres, Director of Programme on Terrestial Ecosystems, IIAP, Iquitos, 5 Apr. 2011.

Figure 4: Influence mapping of actors in Peruvian REDD governance at the national level; nodal point of MINAM disabled, December 2010



Source: Authors

the receiving end instead of being viewed as an initiator. From the beginning, MINAM seemed to be pressured by nearly every important actor in Peruvian REDD governance. Other arrows indicate that the ministry had received early financial support from large international NGOs (CI, IUCN, Moore Foundation and Oxfam) and the KfW. Not surprisingly, this support coincided with strong lobbying efforts and the articulation of interests by donors.

4.2.2 Regional level

During the decentralization process, forest-sector competencies were delegated to the regional level, where governments lack leadership capacities. Our influence mapping revealed big variations in the capacity of regional governments to influence REDD governance; like at the national level, NGOs help public institutions to address capacity gaps. In particular, the REDD roundtables of San Martín and Madre de Dios provide platforms for public actors and civil society organizations to exchange and learn from each other.[30]

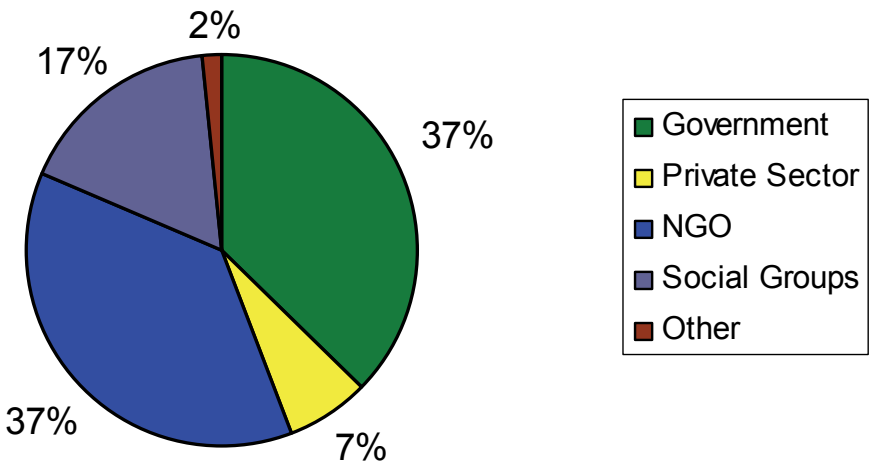
30 Martha del Castillo, Coordinator, CEDISA, Tarapoto, 16 Mar. 2011.

Influence mapping – regional level

San Martín

Both national and regional governments provide general guidance for REDD activities in San Martín but non-state actors play a major role in policy formulation and implementation. Despite the openness of the process and the diversity of public and private actors (see Figure 5), only a few of them dominate. Besides GORESAM, the most influential NGOs are AMPA, CEDISA, CIMA and CI–Peru (see section 3.2.1). Their dominance is largely based on two factors: their participation and leading roles in the regional roundtable, and their function as key implementers on the ground. The other NGOs and user associations must rely on the more influential players to promote their interests.

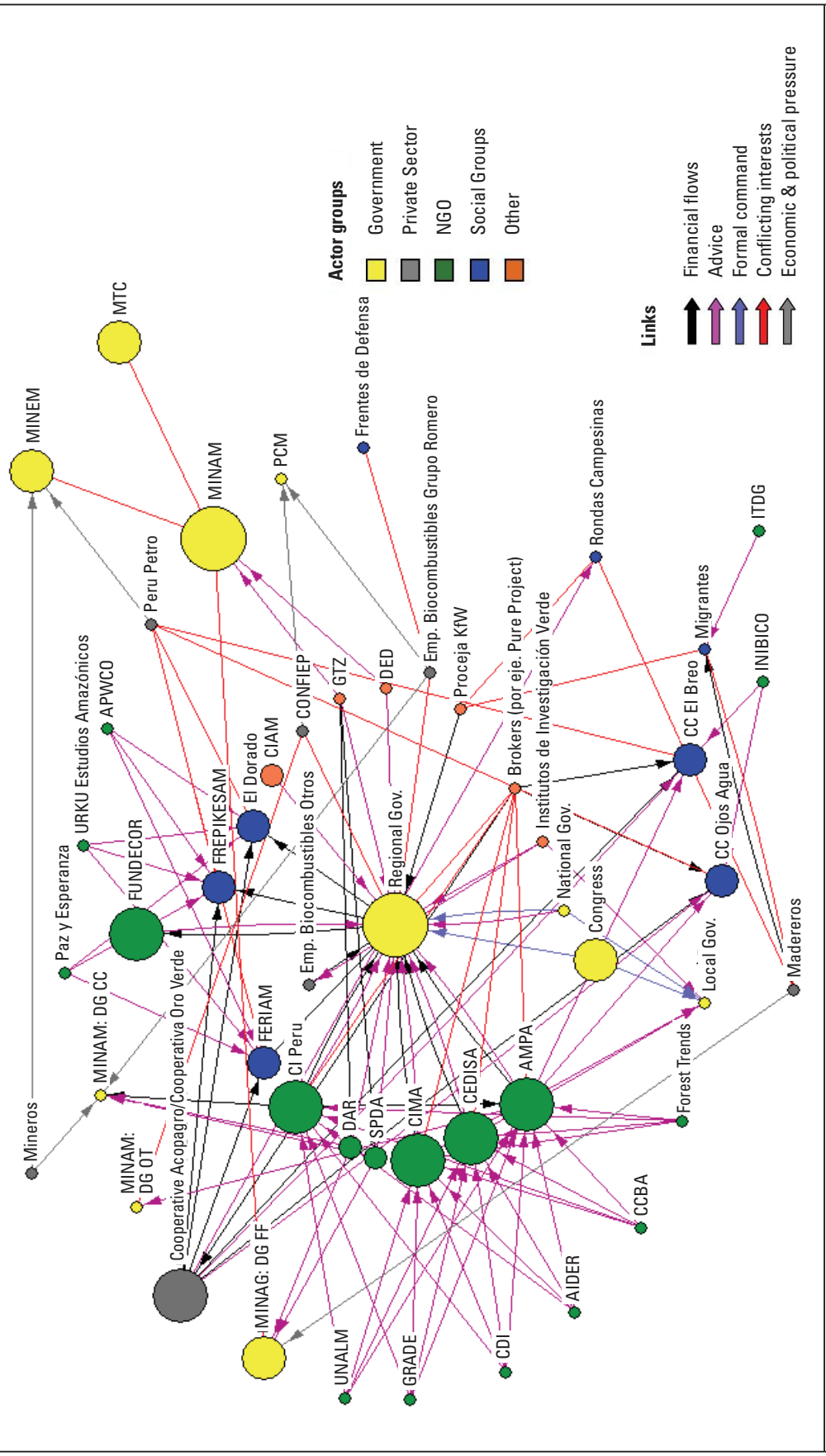
Figure 5: Influence of actor groups on REDD governance in San Martín, December 2010



Source: Authors

The influence mapping in Figure 6, based on our December 2010 interview with Karina Pinasco Vela, the former executive director of AMPA, illustrates the constellation of influences and interests.

Figure 6: Influence mapping San Martín, December 2010



Source: Authors

Similar to our mapping of the national level, from the start of REDD governance in San Martín, one major public actor was perceived to be central: GORESAM was considered key for providing coherence between REDD-related programmatic, decision-making and implementation processes in the region. Interestingly however, the national government was viewed as being equally influential, despite the transfer of forest-related implementation competencies to GORESAM and GRN. This impression of balance was because in the nested approach key decisions about REDD remain with the national government.

Figure 6 reflects this ambiguity: on one hand, national ministries like MINAM and MINAGRI have large circles to indicate their perceived overall influence. On the other hand, they are located at the margins; the regional government is more central. The figure also depicts the distinction between a few highly influential NGOs (large green circles) and other, much weaker non-state actors (smaller green circles at the margin) that exert indirect influence – at most.[31]

Madre de Dios

By early 2011, REDD in Madre de Dios featured a similar large variety of actors as shown in Figure 7, which illustrates a group interview with researchers from the National Amazonian University of Madre de Dios (*Universidad Nacional Amazónica de Madre de Dios*, UNAMAD). Interviewees agreed that at the time, both GOREMAD and the DGFFS lacked capacity to fulfil their roles in regional REDD governance.

Nonetheless, Figure 7 shows that both of them were perceived as influential actors, principally because of the DGFFS's legal authority. In addition, different NGOs such as ACCA (*Asociación para la Conservación de la Cuenca Amazónica*/Association for the Conservation of the Amazon Basin), AIDER, CAMDE, SPDA and WWF played important roles from the beginning of regional REDD governance. These NGOs have been particularly active in providing technical support and legal advice to public actors (SPDA to GOREMAD) and projects (AIDER to the *Ese'eja* community).

31 For an objective – non-participatory – mapping of major actors involved in projects in San Martín and Madre de Dios, see Entenmann 2012, 25.

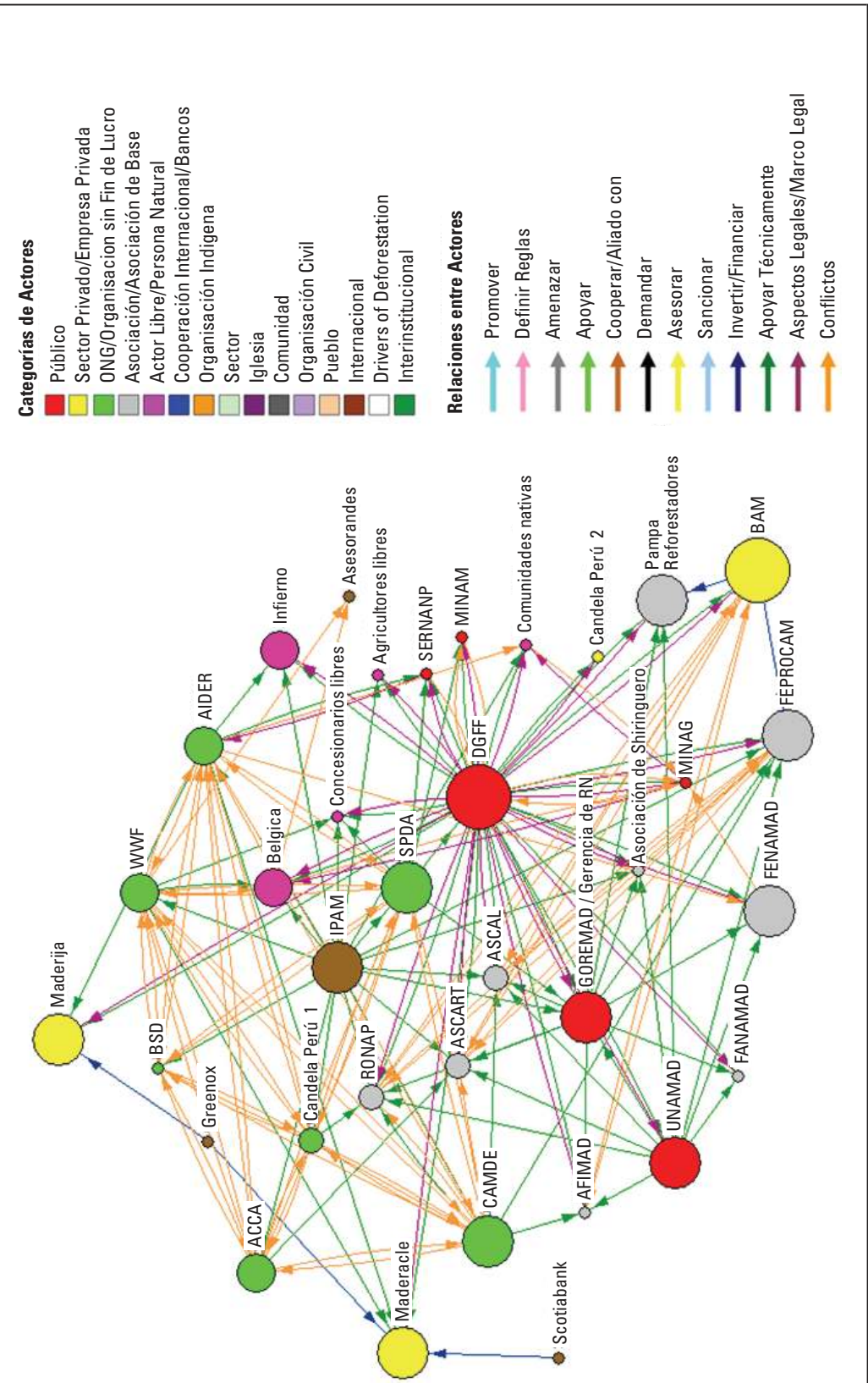


Figure 7: Influence mapping Madre de Dios, April 2011

Source: Authors

As in San Martín, NGOs got an early start complementing the capacities of public actors and projects in Madre de Dios, whose regional government was perceived as weaker than GORESAM.

4.2.3 Project level

In the four projects that we investigated in 2010 and 2011, we found severe capacity gaps of natural resource users like nut farmers and informal settlers, who knew little about REDD. Most of the natural resource users in these projects, for instance, were unaware of the potential advantages and disadvantages of implementing REDD in their areas.

These cognitive and technical gaps notwithstanding, all project developers and investors stressed that resource users are key to the projects' success: Their knowledge of and proximity to a particular forest area means that they can either threaten or conserve it. In the long run, it is in the interest of developers and investors to boost users' knowledge about the purpose and potential benefits of REDD projects.

Most project developers (e.g. AMPA in CCAH, AIDER in Infierno, and BAM and CAMDE in the *Castañero* project) have made efforts to develop the capacities of project zone inhabitants through workshops and training. These steps aim at, inter alia, developing skills for better coping with forest fires, improving agrarian production, enhancing monitoring and engaging in ecotourism. However, the results vary considerably – partly because of the size of the project areas, types and accessibility of forest users, and interests and capacities of project developers. For instance, in CCAH most of our interviewees had heard about the *Castañero* project, but that was not the case in Infierno; in BPAM, the farmers we interviewed knew very little or nothing at all about project activities.

These steps are often combined with boosting forest users' participation. BAM, for instance, planned to introduce contracts to get concessionaires more involved in monitoring their areas. In Infierno, AIDER ran workshops to help users exert more influence on planning projects and negotiating contracts related to ecosystem services.

There is still much to be done in Peru. Various projects were simply imposed on user communities who had few possibilities to explore their pros and cons. Capacity development is not a trivial or self-evident call: if a REDD

project's development is to be fair and socially inclusive it is needed from the start.

On a different note, capacity gaps at the local level can also be observed for SERNANP and the management committees (*comités de gestión*) of protected natural areas, including the committee for the *Reserva Nacional Tambopata* in whose buffer zone the Infierno project is located. Generally these agencies have too little manpower to perform management or implementation tasks in a comprehensive manner, and other governmental agencies offer little support for enforcement and sanctioning.[32] By mid-2012, the local SERNANP office had just 16 rangers, far too few to patrol the BPAM area with its estimated 5,000 to 8,000 settlers, let alone establish a proper monitoring system (Entenmann 2012, 57–58).

4.3 Coordination

This section addresses how REDD governance is coordinated between different actors and different sectors and levels.

4.3.1 National level

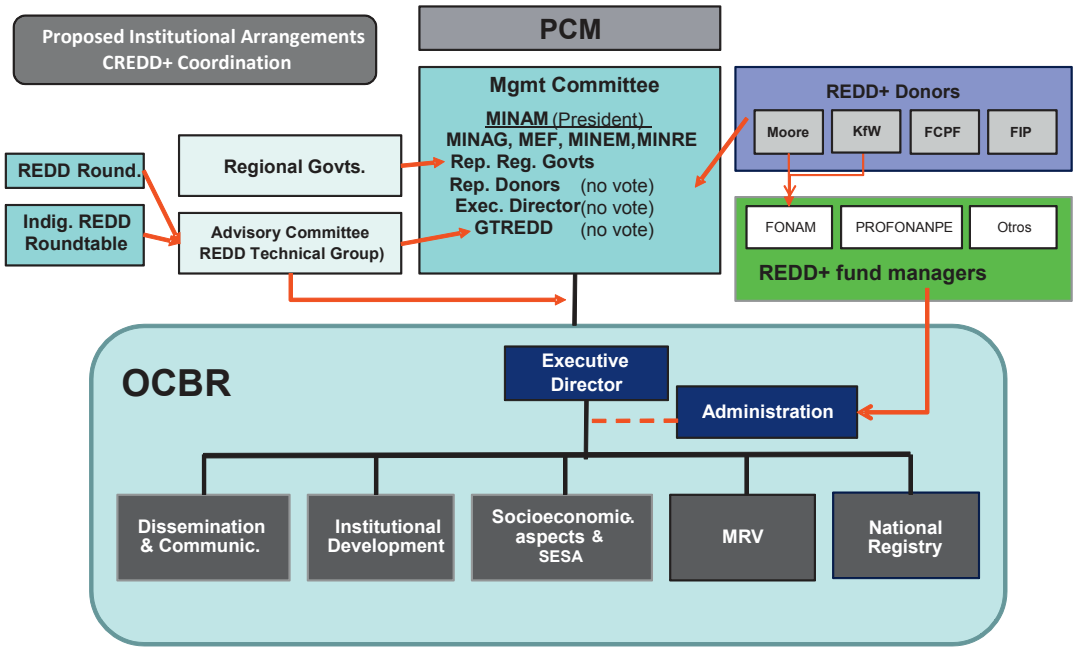
In late 2013, there was no single overarching institution in Peru that dealt with the REDD preparation phase. The fourth version of the R–PP from March 2011 had proposed a more integrated structure with a directive council and the new *Organismo de Coordinación de Bosques y REDD+* (Coordination Unit for Forests and REDD+, OCBR) for coordination, debate and decision-making.

Figure 8 shows that the new structure was intended to integrate ministries, regional governments, donors, civil society actors and the private sector and could improve coordination between the actors and levels of REDD governance.

However, many interviewees expressed the need for additional tools to fill other coordination gaps, particularly for issues that are not specific to REDD, such as spatial planning. To enhance inter-sectoral policy coordination (e.g.

32 Victor Zambrano, President of the Comité de Gestión, Reserva Nacional Tambopata, Puerto Maldonado, 25 Mar. 2011.

Figure 8: Structure proposed for the OCBR



Source: FCPF (2011)

advancing the decentralization process and combining poverty eradication and environmental protection), the OCBR would have to be accompanied by institutional reforms to address longstanding coordination problems.

Apart from R–PP plans for an OCBR, the Peruvian government also considered creating a National REDD Commission. As of October 2013, none of these plans had been realized.

Against the backdrop of these delayed or incomplete institutional reforms, it is interesting to note that the channels of coordination between key institutions and processes have remained quite informal – although the R–PP document suggested that they be enhanced. REDD's inter-institutional coordination deficit mirrors the general absence of inter-sectoral policy approaches: Spatial planning is inconsistent, there is no national development policy or sustainable energy and transport policy, and no comprehensive political and institutional approach for the forestry sector – envisioned in the new forest law – has been implemented.

Administrative fragmentation results from four different authorities addressing questions of forest management from different angles: SERNANP,

an autonomous technical organ under MINAM, is responsible for protected areas; OSINFOR, under the PCM, is mandated to supervise forest concessions, permits and authorizations; SERFOR, under MINAGRI, was designed to be the future national forest authority; and the regional governments, which have received greater authority over their forests through decentralization. More than 40 other public programmes and projects address related questions of forestry and climate change but have no common ground.

The funding architecture is also scattered – both with regard to international donors (see sections 3.1.1 and 3.1.3) and national funds like PROFONANPE, FONAM and FONDAM (*Fondo de las Americas*/Americas Fund) (section 3.1.1) (Piu / Menton 2013, 34–40). Because the actual costs of preparing and implementing a national REDD programme have not yet been thoroughly evaluated, MINAM and MEF are planning initiatives for a stronger and more effective coordination of donors and funds, such as a *Comité de Donantes* which includes all environmental funds (ibid., 57). An unknown factor is the role that (voluntary) carbon markets might play in future REDD processes – a possibility that MINAM is considering but AIDESEP, for instance, has rejected.

On the other hand, large-scale investments are made in infrastructure projects and the extraction of natural resources without linking these to the National Forest Strategy, let alone to a holistic vision of managing and developing the Peruvian Amazon. This patchwork causes a lack of overarching concepts shared in and across levels of REDD, for example, regarding the definition of projects and the distribution of funds. There are also no elaborated formal channels of communication, such as between the *Mesa REDD* and the *Grupo Técnico REDD*, or between MINAM and indigenous associations. Finally, the division of labour between different institutions is not always clearly defined, in particular regarding the distribution of forest competencies within and across levels. For example, REDD is part of MINAM's PNCB, but MINAGRI and its DGFFS continue to be responsible for most Peruvian forest use. It is unlikely that the PNCB and REDD will be able to function without increasing the exchange and division of labour between the two ministries. Appropriate concepts have not yet been developed.[33]

33 Berta Alvarado Castro, MINAG-DGFFS, Lima, 21 Feb. 2011; Elvira Gómez Rivero, MINAM, Tarapoto, 16 Mar. 2011; and Gustavo Suárez de Freitas, MINAG-DGFFS, Lima, 23 Feb. 2011.

Along the same lines, many interviewees expressed general concern that REDD governance is not integrated into the strategies and policies of other sectors such as agriculture, mining, infrastructure and poverty eradication. For instance, since spatial planning in Peru is incomplete – because of administrative fragmentation and capacity gaps – land titles overlap at the regional level (see section 3.1.3).

This legal insecurity creates insecurity regarding investments in REDD projects, and the relation between the PNCB and REDD is also not clear. Although the PNCB acknowledges that REDD is a crucial pillar, its economic and social functions must be elaborated (MINAM 2011).[34]

Apart from the inter-institutional and inter-sectoral coordination gaps at the national level, there is a severe coordination gap across levels. As Piu and Menton (2013, 55) put it, the multilateral, bilateral, national, regional and project levels all have their own programmes and initiatives, and the mechanisms for exchanging experiences are insufficient at best. This is all the more striking since the need to boost coordination across levels was one reason that the Peruvian government chose the nested approach for their REDD strategy. Yet the nested approach requires improved cooperation between institutions and processes to start with. This reveals the issue of the chicken-and-the-egg in arguments of proponents of Peruvian REDD: Will REDD actually provide the impetus to address existing shortcomings (e.g. advance spatial planning and the division of labour across levels), or will it fall prey to these shortcomings?

4.3.2 Regional level

The role regional governments play in coordinating REDD governance varies largely between regions, partly because of the very different institutional approaches that each region uses to conduct its new forest-related competencies. In San Martín, the ARA coordinates environmental policies and activities. It has also played an important role in coordinating the regional *Mesa REDD,* with massive support from leading NGOs.

In Madre de Dios, however, early regional REDD processes were mostly coordinated and led by NGOs and private enterprises. GOREMAD was not

34 Manuel Pulgar-Vidal and José Luis Capella, SPDA, Lima, 21 Jul. 2010.

able to fulfil this role, partly due to frequent changes of GRN staff and the resulting discontinuity of human and financial capacities. In 2013, though, GOREMAD began to make a more determined attempt to coordinate the process, for example by initiating and supporting the planned formalization of the regional *Mesa* and the *Mesa REDD+ Indígena*.

Interviewees from the GRN and MINAM confirmed that to begin with, the level of coordination on forest issues and REDD was poor – with each blaming the other side's lack of resources. However, both signalled their willingness to increase cross-level dialogue to improve the division of labour for forest policies.[35]

4.3.3 Project level

Coordinating project implementers and natural resource users faces a number of logistical and communication challenges. In many REDD projects, it is not the developers or implementers but rather the intermediaries that engage with the local population and play a key role as agents of coordination and 'translation'. This extra link has sometimes created the perception that there are problems in the communication culture of a whole project, for example, when key information about the contents of REDD contracts fails to reach all user communities (Hajek et al. 2011).

Project strategies should be better coordinated with other local measures and the surroundings so as to avoid contradictory signals and effects. This also relates to questions of enforcement and the reliability of local public actors. For instance, when we did our fieldwork in April 2011, we discovered that a bridge had been built in the BPAM area. Wide enough for a two-lane roadway, the bridge significantly aids in the transport of coffee grown by informal settlers to trucks and pick-up points in the buffer zone. Such measures are pull factors for further migration and deforestation in protected area. Aside from these questionable activities, to create more consistent incentive structures, other steps taken by local governments, such as building schools in informal settlements, should be better coordinated with project developers.

35 Carlos Alfaro Jiménez, then Gerente de Recursos Naturales, GOREMAD, Puerto Maldonado, 25 Mar. 2011; and Manueal Soudre Zambrano, Director, Comité de gestión de bosques Tambopata, Puerto Maldonado, 25 Mar. 2011.

4.4 Participation

This section analyses the opportunity that civil society groups affected by REDD – especially vulnerable groups – have to participate in policy processes, from agenda-setting to implementation. We found skewed levels of participation across actor types, although the overall degree of participation for all REDD-relevant processes, including national forest legislation, has steadily increased over the last five years.

4.4.1 National level

In the R–PP formulation process directed by MINAM, the national *Grupo REDD* indirectly participated through two channels. One was an informal exchange of ideas between MINAM and the *Grupo REDD* during the design stage of various R–PP versions. The *Grupo* convened five technical committees to comment on the first version and produced a total of 52 suggestions for the third version, although only a few of them were incorporated. The CNCC's *Grupo Técnico* can be seen as a link between the *Mesa* and the ministries. It is an important consulting body for MINAM, whose members also belong to the *Mesa,* meaning that the *Grupo Técnico* has been able to feed input from the *Mesa* into the R–PP process.

The version of the R–PP document from spring 2011 does indeed foresee a stronger link between the groups, with the *Grupo REDD* subsidiary to the *Grupo Técnico*. The regional *Mesas REDD* are also supposed to help to develop regional REDD strategies. As a start, in 2012, the new government and MINAM accepted invitations from the *Grupo REDD* to develop a joint agenda.

The *Grupo REDD* and AIDESEP oppose the *Grupo Técnico* being identified with other non-state actors, as foreseen in the latest R–PP. There the *Grupo Técnico* is to serve as a non-voting representative of non-state actors in an inter-sectoral directorate superior to the OCBR (Piu / Menton 2013, 56–57; see also section 4.3.1).

One important way to include indigenous groups is the concept of FPIC or *consulta previa* that was incorporated into the R–PP's version in March 2011, thanks to the growing role and influence of large indigenous associations like AIDESEP. The document, which includes very detailed

references to key provisions of ILO Convention 169, foresees funding for actions that result in the formal acknowledgement of land use rights for indigenous peoples.

Lessons learnt from the R–PP process led to indigenous groups participating somewhat earlier in elaborating the FIP. There, too, after AIDESEP made serious criticisms, some of its concerns were included (see section 3.1.3).

The national government has decided to join the FCPF and FIP and become a UN–REDD partner country – without further consulting non-state actors (ibid., 51). Although it had the right to do so, civil society representatives thought the move indicated the government's reluctance to involve them. In the same vein, the early stages of FCPF and FIP processes were not very participatory, with an opaque drafting process for the R–PIN (ibid.). Moreover, while participation – including from AIDESEP – has increased, the R–PP and FIP processes still lack a clear concept for the participation and consultation of *non-indigenous* vulnerable groups.

Indigenous groups are becoming more involved in major REDD processes as a result of a gradual learning process. One clear indication of this is a UNDP- and UN–REDD-funded project on 'Strengthening Indigenous Peoples Capacities for their Informed Participation in the Design and Implementation of a REDD+ Mechanism in Peru' that ran from July 2012 to December 2013. The project was conducted at the request of, and in collaboration with, the Peruvian government, AIDESEP and CONAP. It included a series of informative workshops for local indigenous associations to develop a proposal for a legal framework for fair benefits distribution and to identify corruption risks regarding REDD+. The project also came up with a mechanism for indigenous peoples to monitor and report on social safeguards – in acknowledgment of their own systems of monitoring and social control (UN–REDD 2014). Now that the project is over, the challenge is to apply these steps and mechanisms.

Regarding civil society's participation in the *Grupo REDD*, we observed that, unlike similar processes in other South American countries, this Peruvian forum was open from the beginning to all stakeholders. However, this openness did not guarantee the equitable participation of all social groups affected by REDD. Indeed, at the time of our study, there were no clear rules of procedure for ensuring equitable representation in the *Mesa* or the *Grupo Técnico*; forum communication is largely informal (cf. Eisinger 2012).

While this informal modus operandi had some advantages, it entailed a lopsided pattern of influence. Large NGOs and investing companies have always been well represented in discussions, where actors with few of the necessary capacities, e.g. know-how, personnel and financial resources, are at a clear disadvantage (cf. ibid.). This is particularly true for associations of land users – apart from well-organized indigenous associations that are becoming influential (especially AIDESEP). Other groups, such as nut farmers and informal settlers and smallholders, simply lack the staff and budgets to participate effectively in national *Mesa* meetings. These groups have had great difficulty making their voices heard in the R–PP process and other MINAM consultation processes.

The sheer diversity of forums and the complexity of information regarding REDD could perpetuate and even widen existing gaps in Peruvian forest politics and management because actors and associations with the resources necessary to join and shape these different debates and engage in pilot projects early are much better off. Most poor and vulnerable forest users that we interviewed were not at all aware of the debates and forums.[36] This imbalance will become even more pronounced if the links between national and regional *Mesas REDD* and public agencies are strengthened as per the R–PP.

4.4.2 Regional level

We observed similarities regarding the members and key players in the *Mesas REDD* (up to 2011): They were dominated by key NGOs and companies, with non-indigenous vulnerable groups mostly absent – not only because of the lack of resources. Some land-user associations, such as the important Federation of Small Farmers of Madre de Dios (*Federación Agraria Departamental de Madre de Dios*, FADEMAD), chose not to join: they were either generally sceptical of REDD or of the *Mesa* in particular.[37] We further found that, unlike the associations who represent them, the actual forest users on the ground often were not well (or not at all) informed about these processes.

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36 Pedro Casanova, Technical Secretary, FADEMAD, Puerto Maldonado 24 Mar. 2011 and Jaime Corisepa, Julio Pareja, Daniel Rodríguez, Malení Canales, Jorge Pallaba Cachique, FENAMAD, 28 Mar. 2011.

37 Pedro Casanova, FADEMAD, Puerto Maldonado, 24 Mar. 2011.

Faced with this asymmetry, the *Mesas* of Madre de Dios and San Martín made concerted efforts to integrate other relevant stakeholders. However, the process of identifying stakeholders was not structured and depended largely on the capacities, networks and will of the current *Mesa* participants.

4.4.3 Project level

In some projects, the users were not adequately involved in project development, for instance, the Infierno project, which was developed by AIDER in cooperation with various *Ese'eja* community leaders but with little community participation. AIDER had agreed with community members that all project-relevant decisions would be taken in the community and everyone would be involved. In reality, however, in the first stages, participation was limited to the community's general assembly, where the project was presented and discussed in regular intervals. But the assembly excludes women and newcomers to the community, so few people identified with the project. In response, AIDER started to hold workshops for excluded groups – women and adolescents – to help them to participate.

The low level of participation cannot only be attributed to community forums' membership restrictions, however; it also resulted from the population's lack of interest or goodwill. Our interviews revealed great distrust between project implementers and investors in the BPAM and *Castañeros* REDD projects on one side and forest users on the other – which complicates future cooperation.

4.5 Information

One prerequisite for equitable participation is for all stakeholders to share a high level of information and transparency regarding REDD processes. In this section, we show that in the early stages of Peruvian REDD governance, significant information asymmetry across relevant actor groups severely disadvantaged the most vulnerable ones.

4.5.1 National level

Various public and private actors, including the DGFFS and leading national environmental NGOs, ran national REDD workshops. Notwithstanding

the benefit of spreading information about REDD, workshop agendas reflected the organizers' interests and preferences. They emphasized certain aspects (such as potentials for sustainable forest management or increased productivity) while neglecting other, more critical, aspects (like discussing the pros and cons of carbon sales or comparing REDD with other instruments that protect forests and livelihoods).

The informality of the national *Grupo REDD* means that there is no mechanism for disseminating information about discussions and forum conclusions, although key documents are accessible in Spanish on request or on the websites of *Grupo* coordinators (cf. Eisinger 2012).

The websites of public agencies with forest management functions are also relatively responsive. In 2012, 85 per cent of the information requests made to these portals were satisfied (Piu / Menton 2013, 34).

Equally relevant with regard to information and transparency, Peru still lacks a national MRV system for REDD, nor is there a well-developed system for monitoring land-use changes in the country. Institutions and programmes that could coordinate, particularly the PNCB, have not clarified the exact roles they will play in the REDD MRV process, and the OCBR, the coordinating organ foreseen in the March 2011 version of the R–PP, has not yet been established.

To fill this gap, MINAM is planning to start a system for registering REDD projects to ensure safeguards and a minimum level of monitoring. But it remains to be seen how quickly such a system could become operational (ibid., 54–55). Moreover, according to a draft REDD readiness progress fact sheet from October 2012, a system for reporting on co-benefits is planned that would focus on governance, biodiversity and socio-economic factors.

These various initiatives are connected to Peru's efforts to establish an overarching safeguard information system (SIS), as discussed in UNFCCC negotiations. To this end, the Peruvian government is seeking to apply the REDD+ Social and Environmental Standards, making use of various institutions and multi-stakeholder processes to collect, share and verify information on safeguards, co-benefits and benefit-sharing (Visseren-Hamakers / de Jong / Cashore 2013). It is not yet clear, however, to what extent and how quickly this system could be established over the next years – and how forest users could benefit from the information (see also section 5.4.1).

4.5.2 Regional level

Similar to the national level, key documents can be obtained in Spanish on the websites of the regional *Mesas* of San Martín and Madre de Dios. Another major transparency issue regards the relationship between forest users and the associations or grassroots organizations that seek to represent them in *Mesas* and other forums. In some cases, we observed a significant lack of information about each other's preferences and activities. Some interviewees, such as nut farmers and indigenous people in REDD project areas in Madre de Dios, claimed that political representatives of regional social groups did not properly consult their members regarding the projects.

4.5.3 Project level

In the four projects we researched (before April 2011), despite major efforts and numerous workshops (e.g. by CI in the BPAM, AMPA in CCAH and AIDER in Infierno), we found considerable asymmetries of information about REDD among users, leaders, intermediaries and project developers. At least half of the forest users we interviewed in project areas had never heard of REDD. Entenmann (2012, 57) reports that in the BPAM area, many settlers were even unaware of a 'natural protected area'. In many cases, these asymmetries coincided with considerable distrust; some interviewees charged disinformation and corruption.[38]

The information imbalance is connected to the skewed level of participation in project discussions and workshops. To take one example: in the Madre de Dios *Castañero* project, most of the nut farmers we interviewed claimed that they did not understand why their contracts stipulate a 70 to 30 per cent distribution of future REDD revenues in favour of the project investor, BAM. Some did not even know the exact terms of the contracts, which is serious, since by signing they transferred their rights to commercialize ecosystem services to the company (cf. Alegría / Guillermo 2011, 100–105). BAM, its NGO partner CAMDE, and the nut farmers' umbrella association FEPROCAMD claimed that they had used assemblies and personal contacts

38 Piu and Menton (2013, 50) refer to several such cases, including one in Loreto where the investing company (SCRL) was accused of asking indigenous community members to sign contracts with potentially unfavourable terms that were presented in English only.

to explain the contracts to the users.[39] Before signing the contracts, however, some farmers received financial credit from BAM, which may well have influenced their decisions (Entenmann 2012, 48).

In the Infierno project, the *Ese'eja* community was at first reluctant to sign an agreement with AIDER – largely because of the abstract REDD terminology and their ignorance of the technology. To win the trust of community members and reach an agreement, AIDER had to organize a series of information exchanges.

There are also situations where project developers and intermediaries choose to withhold information. This happened in initial stages when there was great uncertainty about future revenues. Developers argued that they had to avoid using technical language and/or raising the expectations of forest users about potential REDD revenues. Fear of creating exaggerated expectations may be a valid concern – provided it is not used against the interests of forest users, and serves to prevent social conflict or disappointment.

One exception is AMPA in its CCAH project area, where the NGO took a micro-zoning approach at the level of small estates (*chacras*) or families. In order to assess the best strategies for managing ecosystem services, each family is to be informed about the boundaries of its property and the soil type (ibid. 2012, 62).

Like participation, information asymmetries are not just a matter of supply. More often than not, they also have to do with users' minimal identification with the project and their accompanying lack of interest. Several interviewees indicated very little desire to learn the specifics of a project that affected them.

When one party withholds information – and the other does not want any – an atmosphere of distrust is created that negatively affects the projects.

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39 William Armando Moreno Dueñas, Representative, CAMDE, Puerto Maldonado, 23 Mar. 2011; Moises Benites Barrón, Senior Communications Analyst, BAM, Puerto Maldonado, 23 Mar. 2011; Jorge Torres, Senior Carbon Manager, BAM, Lima, 25 Feb. 2011; and Hector Cardícel Pérez, President, FEPROCAMD, Puerto Maldonado 23 Mar. 2011.

4.6 Distribution

Both the Peruvian REDD processes and the PNCB 'zero deforestation strategy' are too recent for reliable assessments of distribution effects to be made at the national and regional levels. Such assessments are not possible at the local level, either: since major requirements like national or regional baselines are still pending, REDD projects are not yet fully operational. The observations and results of our interviews and fieldwork before mid-2011 therefore provide an incomplete picture.

Nonetheless, the national debate and the advanced state of some projects (e.g. contractual provisions regarding distribution of future REDD revenues) allow for preliminary observations and projections. In particular, they showed where more effort is needed to avoid strong asymmetries in benefit-sharing from the start. To this end, we took a closer look at the PNCB, and in particular its PES component, as well as different benefit-sharing principles of REDD pilot projects in San Martín and Madre de Dios.

4.6.1 National level

A significant gap continues to be found between reality and stakeholders' expectations of guaranteed economic, social and environmental benefits derived from forest conservation, as demanded in the 2008 Tarapoto Declaration. The new forest law (described in section 3.1.2) – that, at the time of writing, has not yet entered into force – and the law on ecosystem services – that has not yet been adopted – could address this gap.

Meanwhile, the PNCB is the Peruvian authorities' first effort to protect large forested areas using ecosystem service payments to indigenous and peasant communities. Its ambition alone indicates a fundamental shift in Peruvian forest and conservation politics.

Nevertheless, the PNCB also reflects some of the gaps in coordination across sectors that we identified in section 4.3 – for instance, only addressing people who already live in forested areas and not taking into account the living conditions in the Andes as a push factor for frontier migration. Conditions include land scarcity caused by unequal land distribution, low agricultural production capacities and the lack of employment possibilities (Swinton / Quiroz 2003; Jagger et al. 2010, 32–34). If sustainable and integral

effects are to be achieved, these issues must be tackled in Peruvian REDD governance and the PNCB – which also lacks comprehensive strategies to address illicit and informal activities such as illegal logging and illegal land-use changes.

Other components of the PNCB require clarification and improvement. One case in point is the envisaged payment for ecosystem services to provide additional incomes for peasant and indigenous communities. Under the current approach, each community may receive PEN 10 per ha of a protected forest ecosystem in their territory. However, this amount does not cover the opportunity costs of forest conversion.

A more comprehensive approach to benefits distribution was made in a UN–REDD programme project (UN–REDD 2014) that included: the description and analysis of contracts between indigenous communities or forest owners and third parties; the classification of processes and negotiations for signing contracts at the national level in conventional and indigenous REDD+ strategies; and the identification and analysis of legal gaps and administrative procedures in conventional and indigenous REDD+ mechanisms. Hopefully, the lessons learnt from this analysis will guide the development of new pilot projects and contracts.

4.6.2 Project level

The natural-resource-use rights of inhabitants in REDD pilot project areas depend on: their individual land titles or concession types and current land-use regulations. These legal framework conditions define the resource users' rights to carbon – and determine their potential benefits from REDD certificates.

To illustrate the significant effect of these factors, before mid-2011 we analysed four REDD projects that represent different types of legal framework conditions for their stakeholders (see Table 7, section 3.3): one in a protected area (BPAM, San Martín); one in a private concession for nature conservation (CCAH, San Martín); one in a private concession for the extraction of non-timber forest products (*Castañero*, Madre de Dios); and one in an area with a communal land title (Infierno, Madre de Dios).

Most of the population in a protected area does not have land titles or other legal authorization to use the natural resources. BPAM, where the number

of informal settlers is growing daily, is a prime example. Users there will obviously not be able to claim any benefits from future REDD revenues, which creates a legal dilemma, since including the local population is key to the success of any REDD project.

For BPAM, the national park office (SERNANP) and CI project developers explored an option to address this dilemma, namely by providing the local population with conservation contracts (Harvey et al. 2010). Such contracts between natural resource users and local authorities imply conservation duties for the users in return for non-monetary compensation for their potential income loss. Compensation can include capacity-development to enhance agrarian production (such as coffee) in order to make production sustainable in the long run.[40] Capacity-development efforts could also target new sources of income and benefits to improve living conditions. In the BPAM case, settlers agreed to monitor migration to the area and to not motivate friends or relatives to follow them .

However, such an approach partly legalizes informal activities inside protected areas – which can create an incentive for even more frontier migrants to settle there and cause more deforestation. To avoid such perverse incentives, the contracts need to be flanked by other measures including improving law-enforcement capacities.[41]

Similarly, in a nature conservation concession like the one AMPA obtained for CCAH, most of the natural resource users did not have land titles at the time of our research. If a private actor like a company or an environmental NGO obtains a concession for an area, the natural resource users living in that area lose their customary rights over the resources defined by the concession and lose any claims for REDD revenues.[42]

In concessions for the extraction of non-timber forest products as well as in areas with communal land titles, land tenure and natural resource rights are usually well defined. However, in the two projects we analysed, there

40 Martin Schachner, Forestry Specialist, GIZ and SERNANP, Moyobamba, 2 Aug. 2010; Luis Alfaro, Executive Director, SERNANP, Lima, 5 Aug. 2010; and Luis Espinel, Claudio Schneider, Percy Summers and Milagros Sandoval, CI–Peru, Lima, 28 Feb. 2011.

41 Braulio Andrade, Coordinator, Conservation Initiative Alto Mayo, CI–Peru, Rioja, 21 Mar. 2011 and Benjamin Kroll, Director, Asociación Virgen de la Medalla Milagrosa, Alto Mayo, 28 Mar. 2011.

42 Karina Pinasco Vela, AMPA, Bonn, 14 Dec. 2010.

were ongoing discussions about the distribution of potential REDD benefits between project developers, carbon traders and land-tenure or concessions holders. Stakeholders often had different opinions about the best benefit-sharing arrangement. Particularly controversial was the question of which type of compensation, monetary or non-monetary, was more beneficial. Land users often prefer monetary compensation while project developers stress the importance of capacity-development efforts to create more sustainable benefits from REDD projects.[43]

Apart from similar discussions about both types of projects, major differences exist about benefit-sharing. The (still pending) national law on PES gives each concessionaire a legal claim on future REDD revenues in concessions for the extraction of non-timber forest products. This was the case in the *Castañero* project, which contractually shared revenues with all the nut farmers. However, areas with communal land titles are often characterized by informal parcelling that can grossly complicate sharing REDD benefits. For instance, the whole *Infierno* community was a party to the contract, so it was not clear how future revenues would be shared among the members.[44]

No matter the type of concession or legal basis – all projects were very unclear about the amount of future revenues and transaction costs. One major risk for the success of the projects and the parties' mutual trust was the gap between the project's initiation and the release of compensation payments or revenues from tradable REDD certificates (Peskett et al. 2008). Even in an advanced pilot project like that in Infierno – in terms of planning and exchanging experience with ecosystem services schemes – the community members saw no results in the first three years.

This gap means that for natural resource users, unsustainable livelihood strategies such as logging may remain more attractive than potential future gains through REDD (ibid. 2008). More research is needed on transaction costs, such as those for certification and verification, in order to better understand net revenues and their distribution. As indicated by project differences, such costs may vary significantly across project types and conditions.

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43 Leslie Aguilar, Vilma Zegarra Chávez Gustavo Reyes, Gilberto Berratorres, Asociación de Castañeros de la Reserva Nacional Tambopata, Puerto Maldonado, 28 Mar. 2011.

44 Carlos Sanchez, Project Coordinator, AIDER, Puerto Maldonado, 28 Mar. 2011 and Eddy Huajo Huajo, Communicator, Comunidad Nativa Ese'eja de Infierno, Puerto Maldonado, 28 Mar. 2011.

5 Policy options for Peruvian REDD governance

The goal of our study was to contribute to the discussion of social inclusion in REDD in Peru – for the Peruvian public and non-state partners, as well as for German development agencies. The box lists some of the main messages of our final workshop in Lima and a technical note in April and May 2011 – based on our assessment of the current state of REDD governance and interviews with major stakeholders. Detailed recommendations follow.

Core recommendations

- The human, financial and technical capacities of the Peruvian Ministry of the Environment (MINAM) and the regional governments need to be significantly scaled up in order for them to provide leadership for the various REDD processes.
- REDD processes must be dovetailed with and incorporated into the policies, strategies and visions of other sectors and levels. This implies strengthening the cooperation between MINAM, MINAGRI and other ministries and regional governments – especially regarding much-needed improvements of spatial planning and zoning.
- The channels of communication, institutional access and decision-making must be more formalized to ensure fair and balanced opportunities to participate in processes involving civil society and the ministries.
- The large asymmetries of information about REDD – amongst public actors, NGOs, project developers, and natural resource users and their representatives – must be eliminated. Frequent and in-depth provision of information, especially by an independent entity and an operational multi-stakeholder safeguard information system (SIS), may help avoid tensions.
- Project organizers should integrate forest users and inhabitants – not only as beneficiaries, but also as co-implementers – in all phases of a REDD project.
- An encompassing approach to REDD is needed – including combating poverty in the Andes, one of the root causes of deforestation in the Amazon basin. Allocating resources in the forests is crucial, but only doing so there is myopic. One option is a levy to channel a portion

of REDD project revenues to development projects in the Andean highlands.

- Although this goes beyond the scope of our study, we must emphasize that taking an encompassing approach means embedding REDD policies in broader reform efforts. REDD can only be as good as the political, legal and social systems in which it is implemented. This implies enhancing all policies of social inclusion in Peru, disentangling and clarifying land titles and their governance, and significantly improving verification and enforcement mechanisms.

5.1 Capacity

5.1.1 National level

We begin with a general concern: The relevant ministries (MINAM, MINAGRI, MEF, etc.) must significantly scale up human, financial and technical capacities in order to fulfil their functions in Peruvian REDD governance. These actors are well aware of the need to close the capacity gap at the ministerial level: the approved version of the R–PP document called for capacity development.

While the capacity question is acknowledged, another issue requires more attention. A careful discussion must be held about the role of interest groups in REDD governance and the implications regarding legitimacy and accountability. The diverse yet balanced group of national and international NGOs and investors in Peru deserves credit for REDD's progress over the past four years. However, their major role in the process gives cause for concern that special interests will be favoured. While public authorities rightfully rely on the collaboration of their non-state counterparts, in the name of ensuring balance they should also frequently assess the diversity and question the dominance of certain actors.

5.1.2 Regional level

Like the national level, the capacities of regional governments must be strengthened for REDD processes to succeed. Regional governments are

closer to resource users than national ministries (particularly MINAM, which does not have regional offices for forestry issues), putting them in a key position to enhance the social inclusiveness of REDD governance. These governments, especially their departments of natural resources, must establish an institutional and legal framework that does justice to the context and realities of the natural resource users. For that, the decentralization of the forest sector must move ahead: it should not only transfer forest-related competences to regional governments in the Amazon, as is happening, but also provide the necessary human and financial capacities (Defensoría del Pueblo 2010b).

The first steps towards boosting these capacities were taken by national and regional REDD roundtables. In a series of joint meetings starting in early 2011, they initiated a process of exchanging experience and technical know-how across regions. This effort should be intensified. The *Mesas REDD* of San Martín and Madre de Dios – the most advanced regional roundtables in Peru – could support the further development of *Mesas* in other regions. The *Mesas* could then serve as nodal points and disseminators to share lessons from similar projects across different regions. They could also collect feedback from other types of projects that involve payments for ecosystem services (PES).

5.1.3 Project level

In general, much more account must be taken of the needs and motivations of formal and informal users of forest resources in all stages of a REDD project. The capacities and know-how of indigenous communities and other social groups using forest resources need to be enhanced so that they can fully engage in a project's development from the start. As AIDESEP expressed on several occasions, this requirement should be ensured *before* any other REDD pilot projects are initiated. Otherwise, these projects will again primarily reflect the interests of the developers, investors and intermediaries. The capacity development and balanced involvement of forest user groups is essential for preventing social and environmental conflicts among them, as well as conflicts, allegations and distrust between users and project developers and investors.

The capacities of institutions responsible for law enforcement and monitoring, such as SERNANP offices, the police and municipal authorities,

must be expanded – not only to monitor the progress of REDD projects, but also to address the ongoing challenge of frontier migration towards the project areas and buffer zones. In the same vein, the scope and form of law enforcement must be clarified to avoid disadvantaging informal settlers who already live there. Public actors must consider the situation, rights and restrictions of these informal users and their legal status.

How can these and other suggestions for developing capacity be financed? We propose using part of the funds or revenues generated from REDD projects as one major source of financing, and develop the idea of a more cyclical and integral approach in section 5.5.

5.2 Coordination

5.2.1 National level

In order to align REDD policies and institutions, the competencies of MINAM and MINAGRI must better coordinated. For example, to avoid overlaps of land concessions and titles, each ministry must step up the process of defining and disentangling the land-use rights under their jurisdiction (cf. Doherty / Schroeder 2011). They must further extend this dialogue and coordination effort to other authorities that decide over forest-related land titles, such as MINEM and regional governments. Such an integrated cross-institutional approach requires a fundamental revision of the discussion of Peru as a 'mining country' that has dominated spatial planning.

Since spatial planning is a crucial prerequisite for sustainable land use, it should have been completed before key REDD policy processes were started. However, they are already in progress, and many local NGOs and investors argue that they actually provide impetus to finally move ahead with the spatial planning and zoning of forests. Indeed, in San Martín and Madre de Dios, REDD contributed a great deal in terms of REDD baselines, which are important preparatory steps for spatial planning.

To enhance the ecological and economic efficiency of forest conservation, one option would be to implement REDD in areas that are not protected by other initiatives. REDD could be implemented in areas severely threatened with deforestation (allowing projects to deliver a high degree of additionality and thus potential revenues, making it easier to address opportunity costs), while other PNCB initiatives could focus on less threatened areas.

The PNCB and REDD need to counteract the key drivers of deforestation – not just its symptoms – by looking beyond the forests. Since migration from the Andes is one of the key drivers of deforestation in the Amazon, comprehensive programmes are needed to support development initiatives in the migrants' areas of origin. Such programmes could be jointly developed by the PNCB and agencies of national ministries and regional governments, such as those in charge of infrastructure and economic development. Programmes like the national plans for reforestation, illegal logging and endangered species must be better linked to such overarching goals. We return to this integrated cross-regional approach in section 5.5.

5.2.2 Regional level

MINAM and the regional governments must strengthen and formalize their REDD cooperation, meaning that MINAM might have to appear more at the regional level. Individuals could be designated as liaisons to support the process – not to challenge the authority of regional governments, but rather to ensure swifter coordination and exchange between the national and regional levels. For their part, regional governments could provide coordinators and platforms to enhance exchange across levels. Emulating San Martín, Madre de Dios is going to establish its own Regional Authority for the Environment (ARA).

The division of labour and competencies with respect to collaboration on REDD must be clarified regarding the activities and functions that are performed and coordinated by MINAM and other national public actors, those by regional authorities and those by non-governmental actors. Although the involvement of private and civil actors in REDD is extremely valuable and should be intensified, in order to ensure its legitimacy, a body of regional governments – in close contact with national public agencies – must lead the process.

The horizontal coordination across regions must also be enhanced. The current practice of every region defining its institutional mandates, procedures and mechanisms for forest governance has created a patchwork of approaches and terminologies. The first step towards better coordination is frequent and institutionalized exchange of experiences about how each region is dealing with their new forest resources competencies. The ideal platform for such an exchange is the *Consejo Interregional Amazónico* (Interregional Council

on the Amazon, CIAM) that seeks closer cooperation of the five regional governments of Amazonas, Loreto, Madre de Dios, San Martín and Ucayali.

5.2.3 Project level

The capacities and responsibilities of intermediaries in REDD projects must be strengthened, in light of their key role as communicators or 'translators' between investors and the local population. This implies enhancing their project monitoring responsibilities. More communicators or 'multipliers' could be recruited from established structures (e.g. village *directivas* or boards) or individuals with crucial positions in the local culture. Involving recognized local actors can help facilitate understanding and cooperation between project developers and natural resource users.

Improving this exchange will cut both ways in terms of trust, fairness and effectiveness – and could have a positive impact beyond the particular project. For instance, project implementers will be better equipped to accept input from resource users and bring it to discussions like the regional *Mesa REDD* or communications with the regional government's *gerencia de recursos naturales* (Hajek et al. 2011).

Coordination across projects must be enhanced to ensure that they are working towards certain common goals – despite their differences. This includes, inter alia, contributing to the development of regional baselines and data collection for national GHG inventories.

Finally, like the other levels, efforts against deforestation must be better coordinated with local measures in other sectors such as infrastructure development. As mentioned in the BPAM example (section 4.3.3) building roads, bridges and schools served as a pull factor for further migration. See section 5.5 for creating a more integrated vision.

5.3 Participation

5.3.1 National level

Ensuring equitable participation in key REDD processes requires formalizing the rules of admission for non-governmental actors, communication channels

and decision-making. R–PP considerations regarding the OCBR, for example, should include clear criteria for admission and participation in the *Grupo Técnico REDD*. When the *Mesa REDD* and the *Grupo Técnico* were merely ad-hoc dialogue forums, such formalization might not have been advisable because it would have limited the flexibility and openness of these bottom-up processes.[45] Indeed, most NGO representatives and investors at our final policy workshop (see section 4.1.3 and Annex IV) defended the informal setting. However, in light of the growing importance of these forums, especially their role in the national R–PP process and in advising public actors, a more balanced representation has become vital.

One possible solution is to rotate membership in the *Grupo Técnico*, thereby giving each member of the *Mesa REDD* the opportunity to assume a position in the *Grupo Técnico* at regular intervals. This way, the *Grupo Técnico REDD* would be more accepted as a legitimate representative of the *Mesa REDD* and by civil society actors. This formalization would help streamline exchanges between the ministries and the increasingly diverse civil society actors, and avoid overburdening MINAM with an unmanageable amount of REDD business.

Formalization is also an option for the *Mesa* decision-making process. More detailed rules, such as balancing the votes of different groups like investors, NGOs and forest users, could strengthen its internal and external legitimacy. However, a balance must be found between formalization and freedom so that the *Mesas REDD* can continue to be dynamic forums for exchanging ideas.

Another option for boosting inclusion of all relevant stakeholder groups would be for MINAM to develop requirements and definitions for all REDD projects – current and future. These should stipulate that an initiative can only be named a REDD project if it has been developed in a process of consultation with the forest users. The rules defining the conditions of participation will have to be developed and worked out in detail for each REDD project. Concrete rules should ensure the inclusion of indigenous communities and other vulnerable user groups.

45 Frank Hajek, Director, SePerú, Cusco, 1 Apr. 2011.

5.3.2 Regional level

Our suggestions for the national *Mesa REDD* also go for regional roundtables – to ensure more balanced representation and enhance the overall legitimacy and accountability of regional REDD governance. Given the strong roles that the *Mesas* play in the San Martín and Madre de Dios – especially in filling the regional governments' capacity gaps – it is advisable to formalize the *Mesas*. Clear and transparent criteria must be defined for identifying and admitting potential participants in the *Mesa* as well as for decision-making procedures. To support identification of other participants in consultation with various stakeholder groups, *Mesas* could rely on actor mappings like those we conducted for this study.

5.3.3 Project level

One important step towards enhancing participation in REDD projects would be shifting the role that is usually attributed to the local population. As a leader of the *Ese'eja* community put it in an interview, project developers and investors should stop viewing the local population as project beneficiaries and instead grant them the status of co-executors. This involvement could help to resolve a sensitive issue, the need to boost users' identification with REDD projects. Ideally, REDD should become an integral part of the local development agenda: Local leaders' cooperation with the implementing organization is necessary and works quite well in a project like *Infierno* – but they should not be the only participants.

For a start, regularly holding workshops to discuss pros and cons and specific issues about REDD project design could help to raise interest in the local population. Positive experiences have been made in CCAH workshops held in cooperation with the CCBA and a series of information workshops in a UN–REDD project for local indigenous associations (UN–REDD 2014). Apart from such workshops, establishing a project forum that is accessible for all stakeholders can boost participation and identification. Such a forum should be distinguished from community assemblies to avoid excluding anyone. Forums could enable not just community leaders but also stakeholders to be engaged with clear responsibilities during the entire process of development and implementation.

5.4 Information

5.4.1 National level

In order to significantly improve the transparency of national REDD discussions and decisions for all stakeholders we recommend establishing an independent and freely accessible information platform (not just in Spanish but also in the users' other languages).

Such a platform could be directly linked to or fully integrated within the national multi-stakeholder safeguard information system (SIS) that the Peruvian government is currently developing. Boyle and Murphy (2012) consider that a multi-stakeholder SIS could consist of various institutions that collect, verify, assess and share information on how different actors address REDD safeguards, co-benefits and benefit-sharing systems (see also Visseren-Hamakers / de Jong / Cashore 2013).

The resulting information platform would not have to collect and post all relevant information but could serve as a meta-platform with links to databases and collections of information by NGOs and other institutions.[46]

We conceive such a SIS platform as unbiased and designed to give forest users the opportunity to independently form their position regarding REDD.

The SIS – or a more specific information platform that is part of it – should publish or provide access to key documents (laws, strategies, contracts, etc.). Ideally, the platform would feature comprehensive introductory material on the state of the art of REDD that presents the pros and cons, and could invite contributions from various stakeholder groups, including – but not only – NGOs and their lessons from workshops and exchanges with forest users.

5.4.2 Regional level

More information about REDD should flow between grassroots organizations and user associations (e.g. nut farmer or indigenous associations) and their members in (potential) REDD project areas. This could happen through more regular visits to the project areas or consultations in regional capitals.

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46 Luis Espinel and Claudio Schneider, CI–Peru, Lima, 28 Feb. 2011 and Jaime Nalvarte Armas, Director, AIDER, 20 Jul. 2010.

In the quickly changing REDD governance architecture, sharing information is crucial for legitimizing the representation of users' interests by their organizations and nurturing regional REDD processes, such as the *Mesa* meetings, and swapping information from the project levels with the regional government.

5.4.3 Project level

While it is understandable that project developers are concerned about creating false expectations, in the long run the difficulties caused by not properly informing users outweigh their concerns, especially when it comes to trust and identification. Comprehensive current information is crucial for preventing tension between stakeholders. Information must be accessible, that is, adapted to the users' language, worldview and culture.

Despite improvements in workshops and efforts made by NGOs involved in REDD project development, it is advisable to not have project developers and intermediaries organize all the workshops. From time to time, independent entities – actors with no stakes in a project – should be invited to hold information workshops in project areas.[47]

5.5 Distribution

5.5.1 National level

One of our main overarching recommendations is that an integral approach be developed towards REDD – one that not only improves coordination among levels but also among different sectors and policy fields, for example spatial planning. This integral vision implies a sensible and concerted approach to push and pull factors, such as providing capacity development and financial assistance to reduce migration pressure in the Andes, while simultaneously enhancing law enforcement capacities in the Amazon to address illegal logging. Only a combination of measures that go beyond the forested areas can cause a sustainable reduction of deforestation – otherwise, REDD will be an end-of-the-pipe measure that brings no deep structural and sustainable

47 José Luis Capella, Director of Programme on Forestry, SPDA, Lima, 21 Jul. 2010.

effects. As Piu and Menton (2013, 39) suggest, CEPLAN may be the most appropriate agency for developing such a holistic vision. However, to fulfil this function, CEPLAN will need a much larger team of forest experts as well as a stronger mandate.

Many sources are needed to finance a broad portfolio of cross-sectoral policies. Apart from scaling up existing financial and technical support for public authorities and capacity-development funding for non-state actors, the REDD mechanism can also play a role. We propose a levy on REDD revenues, similar to the 2 per cent levy that has been imposed on CDM proceeds to finance the Adaptation Fund under the UNFCCC.

With regard to the PNCB, the concept of making cash transfers in the context of ecosystem services needs to be rethought. Even if paying for ecosystem services continues to be regarded as sufficient to protect forests, the amount of PEN 10 per ha of forest must be reconsidered: it is not sufficient to cover opportunity costs, nor does a fixed price do justice to the socio-economic conditions in the Peruvian Amazon. Opportunity costs are also generally subject to change over time. What is more, certain types of opportunity costs, those for the major productive activities that lead to deforestation, have been so far left out of the equation (Piu / Menton 2013, 60). Amounts paid for ecosystem services must frequently be adjusted to the socio-economic situation and the scientific state of the art. The programme must anticipate much higher costs than the PEN 130 million per year that are currently budgeted.

Detailed nationwide social safeguards for REDD must be established quickly to ensure benefit-sharing practices that are socially fair for projects that are up and running. Slow progress in coordinating social safeguards in different international REDD approaches (FCPF, UN–REDD, FIP, etc.) could cause uncertainty at the national level. But this should be no excuse to not draft a list of safeguards for the Peruvian context, especially with REDD project development booming.

It is striking that in the early stages of REDD in Peru (before mid-2011), not even key documents like the R–PP featured any detailed lists of social safeguards. In the short run, it should be feasible to draft a set of minimum standards (that could be further developed in international and domestic discussions), such as for distributing REDD revenues between people with land tenure or concessionaires, project developers and carbon traders. The challenge is to follow the fine example of a recent UN–REDD project for

strengthening indigenous peoples' capacities in different REDD processes (UN–REDD 2014), and to expand its legal gap analysis to other vulnerable groups, with the aim of creating a comprehensive system of social safeguards.

Finally, the distribution of costs and revenues must be organized differently to ensure maximum fairness in the nested approach. The cost burdens should be distributed across levels to match the financial resources at each level; for instance, making sure that regional authorities do not carry most of the costs (for baseline development, regional coordination, etc.) if their new competencies have not been matched with proper funding. A more centralized system may be better for distributing revenues, with MINAM as administrator, as proposed in the R–PP (Piu / Menton 2013, 62).

5.5.2 Project level

Conservation contracts, like those described in section 4.6.2 for the BPAM project, could be a way of including informal natural resource users. However, to prevent further frontier migration, contracts must be accompanied by additional measures, including stricter surveillance and law enforcement. The benefits envisaged in the contracts also have to be high enough to cover the opportunity costs of unsustainable land practices – if conservation contracts are to be attractive for the – often very poor – informal resource users.

Regarding the allocation of REDD revenues in concession areas, steps must be taken to avoid conflicts over distribution between people with land tenure and concession holders, project developers, certifiers, carbon brokers and traders, and other actors in a project's value chain. We suggest establishing an independent project supervisory institution to accompany projects through the different developmental stages. It could serve as a contact point for parties requesting help or legal advice, and mediate between stakeholders. In a more ambitious scenario, such an institution could act as a facilitator for the negotiation or renegotiation of REDD contracts.

This last suggestion points to the necessity of combining fairness and flexibility in REDD projects, irrespective of their legal status (protected area, concession, etc.). REDD contracts that run for long periods must be flexible: they should not only be frequently adjusted to local conditions and stakeholder situations, but should also consider the impacts of external

factors, such as changes in carbon prices or opportunity costs (due to fluctuating prices of coffee, rice, gold and other goods whose generation induces deforestation).

Apart from doing more justice to resource users, flexible contracts also help project developers and investors. For instance, contracts may need to be adjusted to changes in investment risks – that are usually highest when a project is taking off. To address the time gap between project initiation and the flow of first revenues, upfront payments could be amended to contracts (Peskett et al. 2008).

Finally, in line with the integral vision formulated for the national level, REDD pilot projects need to take more account of buffer zones, even if REDD activities are primarily directed towards a protected area's core; the BPAM project, for instance, includes measures for diversifying agroforestry practices in the buffer zone. These and other strategies that help to provide alternative incomes for settlers in these zones could help to prevent leakage and eventually produce co-benefits for poverty eradication and biodiversity (Entenmann 2012, 56, 79).

6 Conclusions

The scope of our study was broad: first mapping the complex governance architecture of REDD in Peru (chapter 3), then examining five dimensions of social inclusion along three levels of analysis based on the perceptions of a large diversity of stakeholder groups (chapter 4). Given this ambition and the limited amount of time for fieldwork (that ended in mid-2011), the growing number of actors, and the fact that Peruvian REDD governance is a young and dynamic process, this report cannot claim to give an exhaustive view.

We do not expect that all affected groups will embrace the policy options we propose in chapter 5. The complexity of the constellation of interests (which is partly responsible for coordination gaps), the cross-cutting nature of the issue of forest conservation, and the dynamics of the REDD debate in Peru make this is highly unlikely.

However, we hope that our study properly stresses the urgent need to identify and frequently reconsider the gaps of REDD regarding social inclusion in Peru. Using our stakeholder-based assessment, we found that, across the

five dimensions, some of the overarching requirements for improving the level of social inclusion are:

- AN ENCOMPASSING VISION
  - Combining measures in the Amazon with more vigorously combating poverty in the Andean highlands;
  - Better coordinating REDD governance processes with policies and strategies from other sectors;
  - Integrating natural resource users as co-implementers in all project stages;
  - Doing justice to the situation, rights and limits of informal forest users; and
  - Combining incentive mechanisms with instruments for monitoring.
- A CLEAR LEGAL AND INSTITUTIONAL FRAMEWORK
  - Establishing stronger social safeguards for distributing REDD benefits;
  - Formalizing channels of communication between civil society and public agencies and ministries;
  - Clarifying the role of REDD in the National Forest Conservation Programme;
  - Advancing zoning and spatial planning as much as possible before REDD projects are implemented; and
  - Clarifying the processes of prior informed consent (of all user groups) that are required for a project to be 'REDD' (in addition to the mandatory regulations for informing indigenous peoples according to ILO Convention 169).
- AN EFFECTIVE AND LEGITIMATE DIVISION OF LABOUR
  - Strengthening public actors' financial, technical and human capacities, including for policy implementation and legal enforcement;
  - Enhancing cooperation between ministries and regional governments; and
  - Intensifying the exchange between regional REDD roundtables.

Where do we go from here? Over the next months, we can expect REDD governance in Peru to be shaped by new developments, both scientific and political.

On one hand, REDD needs to remain a flexible concept that can respond to new research findings, which might clarify the extent that market mechanisms can serve as adequate and socially inclusive measures to protect our natural heritage. We need to know more, for instance, about the effects of direct transfers and investments as well as aspects of additionality and risk-averse project placement.

On the other hand, the political process in Peru has arrived at a crucial threshold after a period of great dynamism. The sea change in the political landscape after the presidential election in June 2011 created new conditions for developing REDD across levels, and it is likely that the new forest law will enter into force and the new forest policy will be fleshed out and introduced in 2014. Large-scale funding agreements, such as those with the KfW and FIP, may promote a more consistent national REDD system and the implementation of more projects.

But there are also challenges. The creation of a formal REDD umbrella institution is still incomplete, partly due to institutional turf wars and a fragmented governance architecture. It is also not clear how existing and new projects will take shape and be implemented in light of the many uncertainties. These include limited financing possibilities (market-based, fund-based and combinations thereof), diverging views on social safeguards and their enforcement, and the development of reliable MRV systems. Closely related is how benefits will be distributed among stakeholders: Who gets what from the emerging REDD value chain? How the new forestry and FPIC laws are implemented as well as the fate of the ecosystem services bill are crucial factors. Public actors, investors and project developers must increase their collaboration with the *Mesa REDD Indígena* and other stakeholder representatives.

In light of these ongoing processes and changes in the foreseeable future, the notion of social inclusion has a lot at stake. There is still time to shape key processes at a relatively early stage. But taking the necessary steps, including those we suggest, requires one indispensable ingredient: political will. Serious commitment is needed from the public and private actors that dominate this process in order to involve all affected groups, especially the

most vulnerable. On the other hand, these other groups must also develop their positions and strategies in order to make their voices heard.

In short, social inclusion has both a supply and a demand side. We hope that in a few years a follow-up study will reveal that the political will across stakeholders has tipped the balance towards the fair and successful development of REDD in Peru.

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Annexes

Annex I: Dimensions and indicators of good governance and social inclusion

A. Capacity

Concept

Capacity and power

While power is a fundamental concept of social science, scholarly views diverge sharply about both its function and its nature (cf. Baldwin 2002, 177–178; Berenskoetter 2007). Deploring this lack of coherence, (Gilpin 1975, 24) conceded that the *"number and variety of definitions should be an embarrassment to political scientists"* (Baldwin 2002; Berenskoetter 2007; Foucault 1990; Gilpin 1975; Guzzini 2007; Hirschman 1945; Weber 1947). In Weber's view, power is *"the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests"* (Weber 1947, 152). Dahl (1957) also defined power counterfactually with the notion that actor A causes actor B to do something that B would not have done otherwise. These early and acknowledged definitions share the idea of asymmetrical dependence among actors (Hirschman 1945).[48]

Following these classical definitions, we understand power as an *a priori* capacity, one that is based on the capacities or resources which actors possess *before* the observed interaction – and which they use in this interaction to exercise control over others (as opposed to a constitutive understanding of power where these capacities are functions of social relations) (Barnett / Duvall 2005). Using this framing we developed a set of resource-based indicators and can avoid confusion with interaction-based aspects, such as our categories of participation or information.[49] In the section on operationalization, we show that these indicators refer to different

48 Not every scholar would subscribe to this notion of capacity or independence, for example, constructivists who stress the reflexiveness of power (Guzzini 2007, 24ff.; Lukes 2005, 14ff.) and the power of persuasion (Lebow 2007), not to mention post-structuralists who avoid elaborate concepts of human agency and linear causation (Foucault 1990, 140).

49 It also avoids overlaps with concepts that are closely related to power, such as authority, which does not refer to the ability to influence others as such, but to the legitimacy or justification to do so (cf. Weber 1947).

dimensions of capacities – including those that are economic, political and force-based.

Capacity and social inclusion

We derive this connection from a strand of development theory. For instance, since representation may require significant political capacities and resources, social exclusion and poverty often – but not always – perpetuate one another. Bennett (2002) describes the setting in which elite-dominated power constellations are perpetuated by the unequal distribution of assets and capabilities. Initial conditions endow elites with the power to control all the institutions that define asset distribution, which in turn reinforces their position of power at the expense of the poor and socially excluded (ibid.). Pro-poor development programmes can break through this vicious circle at two points: they can push for institutional reform using a social inclusion approach or they can develop the capacities of disadvantaged groups using an empowerment approach.

Given the novelty of REDD processes in Peru, not all feedback and reinforcement loops have fully evolved, so long-standing drawbacks for certain groups can still be prevented. We have sought to provide insight about how to better design these processes by analysing the way the initial constellation of capacities in Peruvian REDD processes led to the social inclusion – or exclusion – of certain actors.

Operationalization

We measured capacities in two ways – by collecting data in desktop work and interviews about the capacities of each relevant actor, and by mapping network influence to explain how actors are embedded in social networks.[50]

For the first step, rationalist power-based theories distinguish three chief dimensions of capacities that account for an actor's power in a domestic setting:

- *Political capacities*, for example, organizational and lobbying capacities (of parties, movements, NGOs, etc.), mandated capacities (public

50 Apart from providing data on the actual influence of identified actors, our mapping produces other insights into their capacities – and helps us to assess power.

agencies), personnel (staff, level of qualification), the independence of regional and presidential elections, etc.

- *Economic capacities, such as the budget or relevance to the national or regional economy (e.g. share of GDP), etc.*
- *Capacities of force, for example, mandatory (police forces and law enforcement agencies), size (police and military forces, as well as private security forces and illicit/paramilitary groups), etc.*

Supposedly, these capacities are fungible, that is, actors with strong economic or political potential can realize their interests across political levels and in other domains, such as environmental protection (Baldwin 2002; Rittberger / Zangl 2006). Despite the centrality of these three dimensions, to comprehensively assess capacities in Peruvian REDD processes we needed a fourth set of indicators related to forestry and land-use capacities (cf. Brito et al. 2009):

- *Capacities regarding forestry and land use*, such as proprietary or usage rights, responsibility for allocating usage rights, and capacities to administer and monitor forest tenure and engage in forest tenure issues, conduct or engage in land-use planning and forest management, as well as to harm forests (illegal loggers and settlers), etc.

We briefly outline some challenges to, and limitations of, these indicators. A major difficulty in measuring some of the political capacities came from the regional elections in Peru that took place shortly before we began our study, followed by general elections on 10 April 2011 and the runoff on 5 June 2011. Decentralization of the Peruvian forest sector was only initiated in 2010 meaning that at the time of our fieldwork, regional public actors had amassed little experience with forests. We circumvented the difficulties in measuring their capacities by consulting experts and studying the literature.

To assess the influence of powerful actors in social networks that underlie REDD processes we relied not only on conventional data collection, but also on participatory exercises, in particular our method of network influence mapping (see Annex II). This allowed us to make a comprehensive assessment of the constellation of power – by contrasting our desktop findings with the actors' perceptions.

Most importantly, we were able to visualize where in the network these powerful actors are found – in critical positions or at the margins – and derived insights into the bottlenecks, barriers and opportunities for REDD governance in Peru.

B. Coordination – Participation – Information

Concepts

Following the distinction made above between process inclusion and output inclusion, this section addresses dimensions of process inclusion, that is, the 'inclusiveness' of REDD processes. Referring to Brito et al. (2009) and a broader set of theories of participation and governance (Shortall 2004), we distinguished three dimensions of process inclusiveness: participation, information and coordination.

Participation

Drawing on Kumar (2002, 24), we understand participation as a process that allows all stakeholders to be engaged in relevant agenda-setting and decision-making for REDD. In the same vein, the Cancún Agreement from UNFCCC COP 16 in December 2010 called for *"the full and effective participation of relevant stakeholders, inter alia, indigenous peoples and local communities"* (UNFCCC 2010, 36). A socially inclusive participation process considers all REDD-related matters that can affect the livelihoods of forest people, such as land-use planning and practices and benefit-sharing mechanisms.

Transparency

We understand transparency as *"the process of revealing actions so that outsiders can scrutinize them"* (Brito et al. 2009, 4). Attributes of process transparency include comprehensiveness, timeliness, availability and comprehensibility of information. Efforts must also be made to ensure that all affected actors have access to information.

Coordination

In terms of the social inclusiveness of REDD processes, coordination refers to *"the extent to which various agencies and actors whose decisions impact upon forests are advancing common objectives"* (ibid.). Coordination gaps – between actors as well as between different political levels – negatively affect social inclusion because they may discriminate against some actors, thereby diminishing their chances to make their voices heard.

Table 8: Indicators of coordination, information and participation

	Indicator	Level
Coordination	Responsibility and authority for forest management, forest-law enforcement, forest-tenure administration and land-use planning	National, regional, project
	Coordination of tenure laws and REDD policies with forest-management objectives	National, regional, project
	Horizontal coordination: REDD rules, how laws or project frameworks align with national development and poverty strategies and other sectors	National, regional, project
	Vertical coordination of REDD-related processes across levels	National, regional
	REDD legal and policy frameworks establish specific objectives to guide forest management	National, regional
	Forest and REDD policies must be coordinated with land-use plans and respective institutions	National, regional
	REDD project fully involves community negotiation platforms (if applicable)	Project

Table 8 (cont.): Indicators of coordination, information and participation		
	Indicator	**Level**
Information	Relevant documents available to all stakeholders (e.g. national and regional forest strategies, R–PP proposals, land-use plans for a REDD project, etc.)	National, regional, project
	Information available in relevant languages	National, regional, project
	Information on spatial planning and zoning of REDD projects and/ or protected areas accessible to all stakeholders	National, regional, project
	Transparent government communication on REDD processes	National, regional
Participation	Identification of all relevant stakeholders	National, regional, project
	Level of representation of local communities in REDD processes	National, regional, project
	Level of consultation of local communities in REDD processes	National, regional, project
	REDD/PES rules, laws or project framework encourage participation	National, regional, project
	Participation in the baseline processes (project baseline, regional and national baseline)	National, regional, project
	Participation in REDD project and/or protected area zoning	National, regional, project
	Participation in the allocation of (forest) concessions	National, regional
	Participation in the REDD project design process	Project
Source: Authors (based on Borrini-Feyerabend 2000; Brito et al. 2009; Ostrom 1990; Ostrom 1999a; Ostrom 1999b; Sikor et al. 2010)		

Operationalization

We combined elements of Elinor Ostrom's theory of community governance with the findings of several policy-oriented publications on forest governance. Table 8 displays our set of indicators according to the three chief dimensions and their relevance for analysing national, regional and/or project-level processes.

C. Distribution

Concept

While the previous section referred to aspects of process inclusion (coordination, participation and information), this section focuses on output inclusion, examining the extent to which the results of policy processes permit the fair distribution of REDD-related rewards to the stakeholders.

The fact that REDD is a fairly new mechanism with projects still being tested, or at least not yet yielding revenues, limits the scope of this dimension in our analysis. We concentrated on the norms (as spelled out in laws, strategies, project designs, etc.) produced by REDD-related processes (R–PP, *Mesas REDD*, rule-making and strategy-building, and project design) and their implications for the future social inclusion of affected groups. We left out two other levels of policy effectiveness for which an assessment would be premature, namely: outcome, i.e. the behavioural effects of these norms (e.g. the actual implementation or enforcement of laws or projects), and impact, i.e. the ultimate effectiveness of these norms (Has their implementation actually led to the envisaged level of social inclusion?) (cf. Bonfante / Voivodic / Meneses Filho 2010; Easton 1965, 351–352; Underdal 2004).

Before depicting the indicators for output inclusion at the national, regional and project levels, we briefly refer to Ostrom's theory of community governance, which provided us with major features of operationalization at the project level.

Social inclusion and community governance

Confronting the argument of the tragedy of the commons and the inability of resource users to prevent free-riding and overexploitation (Hardin 1968), Ostrom focused on the conditions needed for stable and effective

community-based resource management institutions, and analysed the sets of rules and norms that guide decisions by community members (Ostrom 1999b; Dietz / Ostrom / Stern 2003).

Ostrom's research results indicate that distributional effects and arrangements for collective choice determine if self-organized community governance can be realized, persist and be effective (Ostrom / Schroeder / Wynne 1993). Her criteria for effective community-based management schemes include, inter alia, aspects of social inclusion for operationalizing dimensions that we distinguished, including: clearly defined resource-user rights, participation in drafting rules, monitoring, graduated sanctions, conflict-resolution mechanisms, the acknowledged right to organize, and autonomy in determining access and harvesting rules.

In her later work, which is also relevant for our approach, Ostrom expanded her research on the commons to a multi-level perspective, recognizing the need to understand the *"relationships among multiple levels of these complex systems at different spatial and temporal scales"* (Ostrom 2009) that make some socio-ecological systems work and others collapse.

Operationalization

Using this conceptualization, we developed a set of indicators for social inclusion in REDD governance – in the narrow sense of output inclusion across levels. Table 9 displays these indicators and the levels where they can be assessed (national, regional, project, cross-cutting).

In addition to Ostrom's approach for the community and project levels, we consulted policy-oriented literature on forest governance to account for other aspects. This includes the Governance of Forests Toolkit of the World Resources Institute (Brito et al. 2009) and an overview by the Rights and Resources Initiative (Robledo et al. 2008), which led us to include the extent to which smallholders and those without legal land titles could benefit from the project (ibid.). The most sensitive issues for REDD project design are how to compensate stakeholders that operate illegally and how to share benefits between forest owners and forest users.

Similar to our operationalization of capacity, we also took perceptions into account, such as the extent that all stakeholders consider certain decisions and regulations to be 'fair'.

Table 9: Indicators of distribution	
Indicator	**Level**
Accountability of national and regional forest and REDD agencies to local populations	National, regional, project
Measuring, reporting and verifying procedures envisaged; actors' willingness to engage in mutual monitoring (if applicable)	National, regional, project
All stakeholders (especially those most vulnerable) consider rules/decisions/ compensation schemes to be fair	National, regional, project
Legal registration and documentation of REDD-related forest-tenure issues & user rights	National, regional
Ability of local community to develop their own institutions (if applicable)	Project
Recognition of community's collective ownership (if applicable)	Project
Benefit-sharing envisaged among land owners and users	Project
Benefit-sharing envisaged between internal actors (smallholders, project developers, etc.) and external actors (REDD certifiers, brokers, etc.)	Project
Compensation schemes also refer to groups without legal land titles, including illegal settlers.	Project
Envisaged capacity-building provided by REDD project, e.g. more productive and sustainable land-use techniques	Project
Changes envisaged for access to forest and forest products as well as other common-pool resources in the project zone as a result of a REDD project	Project
Distribution of risks	Project
Source: Authors (based on Anderies / Janssen / Ostrom 2004; Borrini-Feyerabend 2000; Brito et al. 2009; Ostrom 1990; Ostrom 1999b; Richards / Panfil 2010; Robledo et al. 2008)	

D. Conditional factors

The five main dimensions served to structure our analysis. We also considered background or conditional factors that can modify the shape of these dimensions across the policy processes and levels (Van Evera 1997, 9–11) and created two categories for the many factors that can influence REDD in Peru: the regional context, and the sociocultural and institutional context.

The *regional context* includes the following aspects, which may vary significantly across project areas and/or regions (Borrini-Feyerabend 2000; Brito et al. 2009; Meinzen–Dick 2007; Ostrom 1990; Robledo et al. 2008):

- Value structure/environmental awareness (determining, for instance, the willingness to engage in forest-related policy processes);
- Degree and drivers of deforestation (affecting the opportunity costs of avoiding deforestation and the willingness to engage in REDD processes);
- Dependence on forest products and services/preferred practices of using resources and the heterogeneity of tenure patterns (that also affect opportunity costs);
- Temporal and spatial variability and marketing arrangements of resource units (affecting, for instance, the amount of potential benefits from REDD and community livelihood strategies).

The *sociocultural and institutional context* accounts for long-standing and overarching determinants of social inclusion or exclusion which are not forest-specific but cut across different policy fields (cf. Almond / Verba 1963), such as:

- Social cleavages and ethnic structure;
- Trust (or lack thereof) among groups;
- Regulatory traditions following the transition to democracy, e.g. regarding the marginalization of social groups;
- Institutions that are conducive to learning.

Due to the diversity and quantity of these factors we were unable to produce generalizable results in the course of our multi-level study. That requires many more cases and/or the ability to control for most of the factors.

When we analysed the causal relevance of conditional factors we mostly examined the effects of regional factors. To analyse regional *Mesas REDD* and REDD projects we selected two regions, San Martín and Madre de Dios, which differ significantly with regard to environmental awareness, degrees and drivers of deforestation.

As for the second set of conditional factors, the sociocultural and institutional context, the scope of our analysis did not allow us to make a profound assessment of their relevance. We therefore agreed on a sensible division of labour with our counterpart, the *Defensoría del Pueblo*. Our analysis focused on REDD governance processes and REDD project areas; the *Defensoría* team is going to apply their expertise in long-standing social cleavages and ethnic conflicts in Peru to examine how these processes are embedded.

Annex II: Research methods

A. Participatory research methods

Although the term 'participation' *"means different things to different people"* (Kumar 2002, 23), we follow the consensus that defines participation as a voluntary contribution to an open or public process.

Participatory research methods, specifically participatory rural appraisal (PRA), emerged in the 1980s. PRA sessions can be regarded as a type of focus group for up to six people that combines verbal communication and visualization. They discuss the perspective of locals ('emic'), allowing *"individuals to respond in their own words, using their own categorizations and perceived associations"* (Stewart / Shamdasani 1990, 13). The researcher may introduce specific topics, moderate and visualize the discussion, but not interrupt.

Kumar (2002) distinguishes three PRA method types. Space-related methods are useful for gathering information on the spatial dimensions of populations. Time-related methods help to clarify historical developments or important changes in communities. Relation methods are useful for analysing causal factors, linkages and power structures. Our research mostly relied on relational PRA because we planned to map influence in social networks. The following presents an overview of our main participatory approach, Social Networks Influence Mapping (Schiffer / Waale 2008).

Social Networks Influence Mapping

Social network analysis studies the structure of connections between actors, not just locating actors within their networks but also accounting for how they are embedded in relationships. Actors are more characterized by relations than by attributes (Hanneman / Riddle 2005).

The influence mapping approach combines social network analysis with the concept of influence. In other words, aside from their relations and position in the network, actors or 'nodes' are also characterized by their influence in the network. This approach only allows for subjectively measuring influence: the interviewee's perception guides the identification of influential actors or institutions. To give greater validity to our results,

we contrasted the (aggregated) results of these subjective assessments with 'objective' indicators of power and capacity (see Annex I).

Influence mapping of social networks is primarily a method of visualizing. Following a net-map training session run by Eva Schiffer (Schiffer / Waale 2008), we used the software VisuaLyzer 2.0 to create influence maps. The software visualizes different groups of actors, multiple kinds of relations and relative influence types with the help of attribute-based colours and sizes. Besides visualization, the software also permits making quantitative analyses about node centrality and network properties.

Drawing influence maps of social networks does not require much equipment (large sheets of paper, adhesive paper, chips to pile up 'influence towers', etc.) so it is manageable in the field. Drawing such maps is a participative and interactive process. To answer "Who influences REDD governance in Peru?" we first define five groups of actors and five kinds of relations or links. At the beginning of the interview, the interviewee is asked to name all relevant actors or institutions. The actors are written on coloured post-its in accordance with their actor groups – government, private sector, NGOs, social groups and other. The interviewee then indicates how these actors are linked through financial flows, advisory relations, formal command, conflicting interests or economic and political pressure. Finally, the interviewee ranks each actor's influence by building 'influence towers'.

For analysing and interpreting influence maps of social networks, the discussion and the process of drawing the net-map is more relevant than the end product.

B. Semi-structured interviews

This interview technique is particularly suited to theory-based qualitative research design (Hopf / Schmidt 1993). In a semi-structured interview, the interview guide contains open questions and a few closed questions (e.g. about the interviewee's educational background). The number and order of questions largely depend on the course of each specific interview (Hopf 2008). Nonetheless, we developed detailed guidelines for interviews to ensure the data-gathering of our chief indicators and facilitate the comparability of results across interviews (Hopf / Schmidt 1993).

We analysed the empirical data obtained in the interviews through 'thematic coding' (Hopf / Schmidt 1993), a technique supported by the software ATLAS.ti that consists of five steps After interpreting the results, we developed our main analytical categories or codes based on the five dimensions of social inclusion and their indicators (deductive categories). The entire research group participated in the categorization process in order to minimize subjective interpretations and enhance the inter-subjectivity of the analysis. Next, we organized the data according to these categories (ibid.; Schmidt 2008). We then created crosstabs and descriptions of the most relevant categories and finally, assigned and systematized our data along these crosstabs.

Annex III: Interviewees [51]

Name	Organization	Position	Location	Date
Daniel Haas	BMZ	Division of Environment and Sustainable Use of Natural Resources	Phone interview	6 Jul. 2010
Oliver Arnold	KfW	Project Manager	Phone interview	6 Jul. 2010
Francisco San Martín Baldwin	MINKA	Director	Phone interview	12 Jul. 2010
Klaus Wardenbach	BMZ	Division on Globalization, Trade and Investment	Bonn	14 Jul. 2010
Heike Backofen-Warnecke	BMZ	Division on Latin America	Bonn	14 Jul. 2010
Jana Zitzler	BMZ	Desk Officer for Peru and Ecuador	Bonn	14 Jul. 2010
Hartmut Paulsen	GIZ	Director, Programme on Good Governance and Inclusion	Lima	19 Jul. 2010
Alberto Aquino RuIz	GIZ	Coordinator for Rural Economic Development	Lima	19 Jul. 2010
Lizet Ramírez	GIZ	Project Coordinator	Lima	19 Jul. 2010

51 The positions and affiliations refer to the situation at the time of the interviews.

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Eduardo Durand López–Hurtado	MINAM, Division for Climate Change, Desertification and Water Resources	Director General	Lima	19 Jul. 2010
Julio Victor Ocaña Vidal	MINAM	Chief Counsellor on Forestry	Lima	19 Jul. 2010
Elvira Gómez Rivero	MINAM	Commissioner for REDD	Lima	19 Jul. 2010
Jerónimo Chiarella	MINAM, Division for Environmental Research and Information	Research Coordinator	Lima	19 Jul. 2010
Peter Pfaumann	GIZ Country Office	Director	Lima	20 Jul. 2010
Gustavo Suárez de Freitas	MINAGRI	Former Head of Forestry Division	Lima	20 Jul. 2010
Jaime Nalvarte Armas	AIDER	Executive Director	Lima	21 Jul. 2010
Yolanda Ramírez Villacorta	AIDER, Department of Investigation and Human Development	Director	Lima	21 Jul. 2010
Luis Espinel	CI, Country Office	Director	Lima	21 Jul. 2010
Claudio Schneider	CI	Technical Manager	Lima	21 Jul. 2010

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Manuel Pulgar-Vidal	SPDA	Executive Director	Lima	22 Jul. 2010
José Luis Capella	SPDA	Director, Programme on Forestry	Lima	22 Jul. 2010
Ernesto Ráez Luna	Centro para la Sostenibilidad Ambiental, Universidad Cayetano Herdia	Director of Science and Development	Lima	23 Jul. 2010
Guido Lombardi Elías	Congress of Peru	Congressman and Head of Bagua Commission	Lima	23 Jul.2010
Iván Lanegra Quispe	Defensoría del Pueblo	Deputy Director, Programme on Environment and Indigenous Peoples	Lima	23 Jul. 2010
Elena Castro	Defensoría del Pueblo	Commissioner for Environmental Affairs	Lima	23 Jul. 2010
Annekathrin Linck	Defensoría del Pueblo and GIZ	Project Coordinator and Advisor	Lima	23 Jul. 2010
Alberto Paniagua	PROFONANPE	Executive Director	Lima	23 Jul. 2010
Gilbert Martínez	ACCA	Project Coordinator	Puerto Maldonado	25 Jul. 2010
Marlení Macedo	Caritas	Project Coordinator	Puerto Maldonado	25 Jul. 2010

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Carlos Sanchez	AIDER Regional Office in Madre de Dios	Head	Puerto Maldonado	26 Jul. 2010
Humberto Cordero	MINAM Regional Office in Madre de Dios	Head	Puerto Maldonado	26 Jul. 2010
Ramón Rivero	SPDA Regional Office in Madre de Dios	former Regional Coordinator	Puerto Maldonado	26 Jul. 2010
Pablo Guillermo Peña Alegría	SPDA	Forest and Conservation Programme	Puerto Maldonado	26 Jul. 2010
Eddy Peña Cruz	SPDA	Technical Team Madre de Dios, Conservation Promoter	Puerto Maldonado	26 Jul. 2010
Luisa Ríos Romero	SPDA	Regionial Coordinator	Puerto Maldonado	26 Jul. 2010
Guimo Loayza Muñoz	Defensoría del Pueblo, Regional Office in Madre de Dios	Director	Puerto Maldonado	27 Jul. 2010
Edmundo Flórez	Defensoría del Pueblo	Officer, Programme on Environment and Indigenous Peoples	Puerto Maldonado	27 Jul. 2010

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Karina Salas	Defensoría del Pueblo	Officer, Programme on Environment and Indigenous Peoples	Puerto Maldonado	27 Jul. 2010
Claudia Palomino	Colectivo Muro	Activist	Cusco	29 Jul. 2010
Frank Hajek	SePerú	Director	Cusco	30 Jul. 2010
Miguel Tang Tuesta	AMPA	Director on Green Economy	Moyobamba	2 Aug. 2010
Karina Pinasco Vela	AMPA	Executive Director	Moyobamba	2 Aug. 2010
Martin Schachner	DED	Forestry Specialist	Moyobamba	2 Aug. 2010
Carlos Bustamante	SPDA	Liaison Officer for Amazonas and San Martín Regions	Tarapoto	2 Aug. 2010
Simy Benzaquén	SPDA	Forestry Specialist	Tarapoto	2 Aug. 2010
Silvia Reátegui	GORESAM	Coordinator for Environmental Affairs	Moyobamba	3 Aug. 2010
Tranquilino Saavedra	GORESAM and GIZ	Regional Officer	Moyobamba	3 Aug. 2010
Michael Pollmann	GIZ and MINAM	Chief Counsellor	Lima	4 Aug. 2010
Luís Alfaro	SERNANP	Executive Director	Lima	4 Aug. 2010

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Kerstin Sieverdingbeck	German Embassy, Technical and Financial Cooperation Office	First Secretary (WZ-Referentin)	Lima	5 Aug. 2010
Gustavo Wachtel	GIZ	Director, Programme on Rural Sustainable Development	Lima	5 Aug. 2010
Markus Rühling	KfW	Project Manager	Lima	5 Aug. 2010
Felix Grández	Mesa de Concertaciones	Director	Lima	5 Aug. 2010
Reinhard Wolf	GIZ	Division on Environment and Climate Change	Phone interview	3 Sep. 2010
Dennis del Castillo Torres	IIAP	Director, Programme on Terrestrial Ecosystems	Phone interview	3 Sep. 2010
Stephan Amend	GIZ	Programme on Rural Sustainable Development	Phone interview	6 Sep. 2010
Tobias Wittmann	GIZ	Division on Environment and Climate Change	Phone interview	6 Sep. 2010
Peter Saile	GIZ	Division on Environment and Climate Change	Phone interview	7 Sep. 2010

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Rudolf Specht	BMU	Division on International Nature Conservation	Bonn	11 Nov. 2010
Hugo Che Piu	DAR	President of the Steering Council	Lima	15 Feb. 2011
Ivan Kriss Lanegra Quispe	Defensoría del Pueblo	Deputy Director, Programme on Environment and Indigenous Peoples	Lima	15 Feb. 2011
Alicia Abanto	Defensoría del Pueblo	Head, Indigenous Peoples Programme	Lima	16 Feb. 2011
Michael Pollmann	GIZ	Chief Advisor for MINAM, Project Coordinator	Lima	16 Feb. 2011
Guido Lombardi Elías	Congress of Peru	Congressman, Head of Bagua Commission	Lima	17 Feb. 2011
Rocío del Pilar Verástegui Ledesma	Congress of Peru, Department of Commissions	Parliamentary Specialist	Lima	17 Feb. 2011
Martín González Escobar	Congress of Peru	Advisor	Lima	17 Feb. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Kerstin Sieverdingbeck	German Embassy, Technical and Financial Cooperation Office	First Secretary	Lima	18 Feb. 2011
Luis Román	Red Científica Peruana	Consultant	Lima	18 Feb. 2011
Fernando León Morales	MINAM-DGEVFPN	Director General	Lima	18 Feb. 2011
Jorge Ugaz Gómez	MINAGRI-DGFFS	Director General	Lima	21 Feb. 2011
Luis Miguel Aparicio	MINAGRI-DGFFS	Technical Coordinator	Lima	21 Feb. 2011
Ernesto Raez	Centro para la Sostenibilidad Ambiental	Science and Development Director	Lima	21 Feb. 2011
Mary Menton	CIFOR	Research Fellow Post Doc, Environmental Services and Sustainable Use of Forests	Lima	21 Feb. 2011
Berta Alvarado Castro	MINAGRI-DGFFS	Specialist	Lima	21 Feb. 2011
Gustavo Wachtel	GIZ	Director, Programme on Rural Sustainable Development	Lima	23 Feb. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Lily Rodríguez	GIZ	Senior Consultant on Biodiversity, Conservation, Protected Areas	Lima	23 Feb. 2011
Thora Amend	GIZ	Technical Consultant, Programme for Sustainable Rural Development	Lima	23 Feb. 2011
Gustavo Suarez de Freitas	MINAGRI-DGFFS	Consultant	Lima	23 Feb. 2011
Gustavo Zambrano Chávez	INDEPA	Consultant	Lima	23 Feb. 2011
María Trujillo Yoshisato	Certificación Forestal Perú	Manager	Lima	24 Feb. 2011
Alba Solís Vílchez	Certificación Forestal Perú	Forestry Specialist	Lima	24 Feb. 2011
José Luis Capella	SPDA	Manager, Forest Programme	Lima	24 Feb. 2011
Katherine Turriate Montaldo	EDERA	Researcher	Lima	24 Feb. 2011
Juan Luis Dammert	SPDA	Coordinator, Programme on Citizenship and Social-Environmental Affairs	Lima	24 Feb. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Marco A. Espinoza Miranda	CONAP	Consultant on Environmental Law and Indigenous Rights	Lima	25 Feb. 2011
Giuliana Zegarra	CONAP	Technical Advisor	Lima	25 Feb. 2011
Nelly Marcos Manrique	CONAP	Secretary of Women's Affairs	Lima	25 Feb. 2011
Anonymized Group	Mesa REDD Nacional		Lima	25 Feb. 2011
Jorge Torres	SFM–BAM	Forest Carbon Manager	Lima	25 Feb. 2011
Luis Espinel	CI–Peru	Executive Director	Lima	28 Feb. 2011
Claudio Schneider	CI–Peru	Technical Manager	Lima	28 Feb. 2011
Percy Summers	CI–Peru	Coodinator, Ecosystem Services	Lima	28 Feb. 2011
Milagros Sandoval	CI–Peru	Coordinator, Environmental Policies	Lima	28 Feb. 2011
Ben Block	Fulbright	Scholarship Holder	Lima	1 Mar. 2011
Victor Galarreta	CIAM	Technical Secretary	Lima	1 Mar. 2011
Roberto Espinoza	AIDESEP	Forestry Specialist	Lima	1 Mar. 2011
Germán Guanira	AIDESEP	Legal Advisor	Lima	1 Mar. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Hugo Che Piu	DAR	President of the Executive Council	Lima	2 Mar. 2011
Natalia Rojas Jordán	MEF, Dirección General Cambio Climático	Consultant	Lima	2 Mar. 2011
Lucio Pedroni	CDI	Chief Executive Officer and Founder	Lima	2 Mar. 2011
Anonymized Group	Community of Loma Verde		Alto Mayo	14 Mar.2011
Verónica Gálmez	Intercooperation, Swiss Foundation for Development and International Cooperation	Climate Change Specialist	Tarapoto	14 Mar. 2011
Anonymized Group	Community of Perla Escondida		Alto Mayo	15 Mar. 2011
Elva Marina Gáslac Gáloc	SERNANP Rioja Office	Head	Rioja	15 Mar. 2011
Roberto Carlos Garcia Vela	SERNANP Rioja Office	Park Ranger	Rioja	15 Mar. 2011
Martin Schachner	SERNANP Rioja Office	Advisor (GIZ)	Rioja	15 Mar. 2011
Wilson Grandez Armas	SERNANP Rioja Office	Park Ranger	Rioja	15 Mar. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Elvira Gómez	MINAM	Officer responsible for REDD and native communities	Tarapoto	16 Mar. 2011
Martha Del Castillo	CEDISA	Coordinator	Tarapoto	16 Mar. 2011
Cinthia Mongylardi Campos	CIMA	Director	Tarapoto	16 Mar. 2011
Roxana Otarola Prado	CIMA	Representative	Tarapoto	16 Mar. 2011
Norith López Sandoval	AMPA	Social Affairs Specialist	Leyme-bamba	18 Mar. 2011
Anonymized Group	Community of El Triunfo		El Triunfo, BPAM	19 Mar. 2011
Anonymized Group	Community of La Libertad		La Libertad, BPAM	19 Mar. 2011
Braulio Andrade	CI–Peru, Conservation Initiative Alto Mayo	Coordinator	Rioja	21 Mar. 2011
Anonymized Group	Mesa REDD Nacional		Moyobamba	22 Mar. 2011
Carla Merediz	AIDER	Anthropologist	Puerto Maldonado	22 Mar. 2011
Juan Carlos Flores del Castillo	BAM	Regional Manager	Puerto Maldonado	23 Mar. 2011
Moises Benites Barrón	BAM	Senior Communica-tions Analyst	Puerto Maldonado	23 Mar. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Mismari Garcia Roca	UNAMAD	Researcher	Puerto Maldonado	23 Mar. 2011
Quaedvlieg	UNAMAD	Researcher	Puerto Maldonado	23 Mar. 2011
Zenaida Chulla Pfuro	UNAMAD	Researcher	Puerto Maldonado	23 Mar. 2011
Wendy Cueva Cueto	UNAMAD	Researcher	Puerto Maldonado	23 Mar. 2011
Ruth Frisancho Vargas	UNAMAD	Researcher	Puerto Maldonado	23 Mar. 2011
Jhon Frich Farfan Pillco	UNAMAD	Researcher	Puerto Maldonado	23 Mar. 2011
Andrea Birgit Chavez Michaelsen	UNAMAD	Researcher	Puerto Maldonado	23 Mar. 2011
Héctor Cardicel Pérez	FEPRO-CAMD	President	Puerto Maldonado	23 Mar. 2011
Nelson W. Gutiérrez Carpio	WWF	Forest Carbon MRV Specialist	Puerto Maldonado	23 Mar. 2011
Alonso Córdoba	WWF	Forest Carbon Field Coordinator	Puerto Maldonado	23 Mar. 2011
William Armando Moreno Dueñas	CAMDE	Representative	Puerto Maldonado	23 Mar. 2011
Abel Tsjupat Dram	FERIAAM		Moyobamba	24 Mar. 2011
Abelardo Juép Bakuants	FERIAAM, GORESAM Support-Team	General Supervisor, PCTCNRSM Project	Moyobamba	24 Mar. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Franklin Danducho Izquierdo	FERIAAM, GORESAM Support-Team	Legal Assistant, Native Communities	Moyobamba	24 Mar. 2011
Pedro Casanova	FADEMAD	Technical Secretary	Puerto Maldonado	24 Mar. 2011
José Luis Escurra Balbi	SPDA	Lawyer, Environmental Policy and Management Programme	Puerto Maldonado	24 Mar. 2011
Eddy Peña Cruz	SPDA	Technical Team, Madre de Dios, Conservation Promoter	Puerto Maldonado	24 Mar. 2011
Christa Buchendorfer	GIZ and GORESAM	Agriculture Specialist	Moyobamba	25 Mar. 2011
Anonymized Group	Community of Infierno		Infierno	25 Mar. 2011
Carlos Alfaro Jímenez	GOREMAD	Gerente de Recoursos Naturales	Puerto Maldonado	25 Mar. 2011
Therany Gonzáles Ojeda	GOREMAD	Coordinator	Puerto Maldonado	25 Mar. 2011
Luis Nieto Ramos	GOREMAD	Supervisor	Puerto Maldonado	25 Mar. 2011
Guimo Loayza	Defensoría del Pueblo	Director	Puerto Maldonado	25 Mar. 2011
Augusto Mulanovich	ACCA Madre de Dios	Director	Puerto Maldonado	25 Mar. 2011
Victor Zambrano	Comité de gestión de bosques Tambopata	Director	Puerto Maldonado	25 Mar. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Anonymized Group	Community of Alegría		Alegría	26 Mar. 2011
Iván Cárdenas	FEPRO-CAMD	Project Coordinator	Puerto Maldonado	26 Mar. 2011
Anonymized Group	Community of Infierno		Infierno	27 Mar. 2011
Humberto Cordero	MINAM	Technical Group, Formalization of the Gold Mining Sector Madre de Dios	Puerto Maldonado	27 Mar. 2011
France Armando Cabanillas Vasquez	GIZ	Technical Advisor, Project for Strengthening the MINAM	Puerto Maldonado	27 Mar. 2011
Anonymized Group	Community of Alto Naranjillo		Alto Mayo	28 Mar. 2011
Sylvia Reátegui García	GORESAM-ARA	Director	Alto Naranjillo	28 Mar. 2011
Benjamin Kroll	Asociación Virgen de la Medalla Milagrosa	Director	Alto Naranjillo	28 Mar. 2011
Leslie Aguilar	Asociación de Castañeros de la Reserva Nacional Tambopata	President	Puerto Maldonado	28 Mar. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Vilma Zegarra Chávez	Asociación de Castañeros de la Reserva Nacional Tambopata	Vice President	Puerto Maldonado	28 Mar. 2011
Gustavo Reyes	Asociación de Castañeros de la Reserva Nacional Tambopata	Administrator	Puerto Maldonado	28 Mar. 2011
Gilberto Berratorres	Asociación de Castañeros de la Reserva Nacional Tambopata	Consultant for Capacity Development	Puerto Maldonado	28 Mar. 2011
Marlení Canales	FENAMAD	Environmental Lawyer	Puerto Maldonado	28 Mar. 2011
Carlos Sánchez	AIDER	Project Coordinator	Puerto Maldonado	28 Mar. 2011
Eddy Huajo Huajo	Community of Infierno	Community Communicator	Puerto Maldonado	28 Mar. 2011
Anonymized Group	Mesa REDD Regional		Moyobamba	29 Mar. 2011
Frank Hajek	SePerú	Director	Cusco	1 Apr. 2011
Dennis Del Castillo Torres	IIAP	Director, Programme on Terrestrial Ecosystems	Iquitos	5 Apr. 2011
Ángel Alejandro Salazar Vega	IIAP	Head of General Office	Iquitos	5 Apr. 2011
Annekathrin Linck	Defensoría del Pueblo and GIZ	Project Coordinator and Advisor	Bonn	10–14 Jan. 2011

Annex III (cont.): Interviewees				
Name	**Organization**	**Position**	**Location**	**Date**
Karina Pinasco Vela	AMPA	Executive Director	Bonn	13–17 Dec. 2010
Anonymized Group	Mesa REDD Nacional		Tarapoto	14–15 Mar. 2011
Anonymized Group	Workshop CCAH		Leyme-bamba	17–19 Mar. 2011
Karina Pinasco Vela	AMPA	Executive Director	Leyme-bamba	17–19 Mar. 2011
Miguel Tang Tuesta	AMPA	Director, Green Economy	Leyme-bamba	17–19 Mar. 2011

Annex IV: Programme of the final workshop in Lima

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COOPERACION
REPUBLICA DEL PERU
REPUBLICA FEDERAL DE ALEMANIA

Inclusión social de REDD en el Perú – una perspectiva de gobernanza de múltiples niveles

Taller para el intercambio de experiencias sobre inclusión social en REDD de actores gubernamentales y no-gubernamentales peruanos e internacionales en el Perú

Fecha: 26 Abril 2011, 8:30 – 13:30 horas

Lugar: Hotel Sol de Oro, Calle San Martín 305, Miraflores

Facilitación: Francisco Bustamante Tantaleán

Hora	Tópico
8:30	Llegada
9:00	Bienvenida e introducción
9:10	Palabras de la Viceministra Rosario Gómez Gamarra - MINAM
9:35	Palabras del Dr. Iván Lanegra - Defensoría del Pueblo
10:00	Presentación de resultados por el equipo del DIE
11:00	*Refrigerio*
11:30	Comentarios de desarrolladores y gerentes de proyectos REDD
11:45	Discusión del panel
12:30	Discusión abierta
13:15	Resumen y despedida

8:30 **Llegada de los participantes**

9:00-9:10 **Bienvenida e introducción**

Kerstin Sieverdingbeck, Primera Secretaria de cooperación técnica y financiera de la Embajada de la República Federal Alemana en el Perú.

9:10-9:35 **La Reducción de Emisiones de la Deforestación y Degradación (REDD)**

Rosario Gómez Gamarra, Viceministra de Desarrollo Estratégico de los Recursos Naturales, Ministerio del Ambiente

9:35-10:00 **Política Forestal y los Derechos de los Pueblos Indígenas**

Dr. Iván Kriss Lanegra Quispe, Defensor Adjunto del Medio Ambiente, Servicios Públicos y Pueblos Indígenas, Defensoría del Pueblo

10:00-11:00 **El estudio del DIE sobre Inclusión Social de REDD en el Perú – Presentación de los resultados y recomendaciones**

Daniela Erler
Sina Frank
Jonas-Ibrahim Hein
Hannes Hotz
Anna-María Santa Cruz Melgarejo
Dr. Fariborz Zelli

11:00-11:30 **Refrigerio**

11:30-11:45 **Comentarios de desarrolladores y gerentes de proyectos REDD**

Luis Espinel, Director Ejecutivo, Conservación Internacional-Perú

Rosa Karina Pinasco Vela, Coordinadora del Programa de Comunicaciones, Proyectos & Sostenibilidad Financiera; Amazónicos por la Amazonía (AMPA)

Carlos Sánchez Díaz, Coordinador Regional Madre de Dios, Asociación para la Investigación y el Desarrollo Integral (AIDER)

11:45-12:30 Discusión del panel

Bertha Luz Alvarado Castro, Especialista de la Dirección de Promoción Forestal, Dirección General Forestal y de Fauna Silvestre, Ministerio de Agricultura

Richard Harry Bartra Valles, Autoridad Regional Ambiental, Gobierno Regional de San Martín y Equipo Técnico REDD de San Martín

Dr. Hector Alfonso Cisneros Velarde, Coordinador Ejecutivo, PNCB, Ministerio del Ambiente

Dr. Dennis Del Castillo Torres, Director Programa Manejo de Bosques y Servicios Ambientales, Instituto de Investigaciones de la Amazonía Peruana (IIAP)

Federico Durand Torres, Encargado de Proyectos, Directiva de la Comunidad de Infierno

Dr. Lucio Pedroni, Chief Executive Officer, Carbon Decisions International

Hugo Che Piu Deza, Coordinador de la Mesa REDD Nacional; Presidente del Concejo Ejecutivo, Derecho, Ambiente y Recursos Naturales (DAR)

Dr. Fariborz Zelli, Investigador Principal, DIE

12:30-13:15 Discusión abierta

13:15-13:30 Resumen de la discusión y despedida

Dr. Fariborz Zelli, DIE

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