



# Forest Investment Program Peru

Country / Region: **Peru** | Project Id: **XFIPPE033A** | Fund Name: **FIP** |

MDB : **Inter-American Development Bank**

Comment Type	Commenter Name	Commenter Profile	Comment	Date
Comment 1	Gaia Allison	United Kingdom	<p>Thank you for providing the UK with the opportunity to comment</p> <p>We appreciate the effort to bring this project proposal to the sub-committee for approval within the timeframe set at the June 2017 sub- committee meeting and compliment the team on the thorough consultation process and the inclusion of priorities identified by stakeholders during consultation, and the removal of others considered potentially harmful.</p> <p>We also appreciate seeing the detailed safeguards assessment and some assessment of the trade-offs between improved conservation and livelihoods in the risk assessment</p> <p>However, we note that there are a number of compliance tasks under the safeguards policy that remain to be carried out prior to the approval of the Board. We would therefore like to see a timeframe set out for when these final elements will be completed and therefore a planned date for Board submission.</p> <p>We also note that time pressure may have resulted in some aspects of the proposal not being as fully developed as needed.</p> <p>General comments and questions:</p> <p>On drivers of deforestation (and potential sources of conflict with indigenous communities) – mining seems to have not been analysed in any depth. We would like to know if there are other initiatives ongoing that seek to address illegal mining as a driver of deforestation and environmental contamination in the region of subcomponent 2 in particular. (1.-1.3)</p> <p>Migration into the area is also cited as a driver of deforestation and conflict with native communities. Some will be miners but others will be seeking other livelihood opportunities. To what extent will the project engage with migrants, and if not are there other parallel initiatives that are seeking to work with migrants on more sustainable livelihoods?</p> <p>Description of the various government intuitions at national and sub national level suggests very limited resources are currently channelled to some of the institutions. Limited information is provided on component 2 – unclear on the sustainable financing of the various MRV teams at different levels (1.6, 1.7).</p> <p>Institutional issues</p> <p>There are a lot of moving parts involving different institutions at multiple levels (national to local). This could present a risk for smooth implementation. For example; how straightforward is the need to sign inter-institutional cooperation agreements – could this take time, and would a lack of agreement compromise implementation? (3.7)</p> <p>What is the relationship if any between the national consulting committee and the Steering committee (3.3 - 3.5).</p> <p>Budget table 4: It would be helpful to have more information on how the grant element of the two components will be used. What kinds of activities have been prioritised for grant funding? Check table 4 – the title of component 2 is different to what is presented in the text.</p> <p>Specific to component 1</p> <p>Is there any overlap with the areas of work of the DGM? There is reference to the DGM in the text but no mention of any geographical alignment or opportunities for complementarity given the DGM's strong focus on titling. 1.24-1.30)</p> <p>There is a clear connection with the IDB funded rural land titling and registration project. Reference is made to making use of a methodology currently under development under that project. When will this be tested and ready for use? There is also reference to a grievance mechanism under this project. It is not clear if a grievance system is to be set up under the FIP or whether the same mechanism is to be used. Is there a separate grievance mechanism under the incentive fund?</p>	Oct 18, 2017



Unaffordable cost and complexity of licenses and permits is highlighted as a key constraint for NC and SFU to benefit from forests. It is not clear in the description of component 2 how the project will help to improve this. (1.10) CIFOR research in Peru has shown the importance of the working on the simplification of procedures alongside tenure security to enable NC to optimize benefits from their forest areas and incentivise continued sustainable management.

We would appreciate more information on the incentive fund and how it will work in practice, what kind of investments will it support? In the safeguards document – reference is made to a specialised firm to be contracted to develop business plans (we assume for the investment funds) – what is the relationship between this firm and the SFU/NC groups?

Environmental issues appear to be better covered than social ones in the investment funds. For example there is reference to the need for an environmental management framework for potential activities under the investment fund – should this also include some analysis of potential social impact? Some reference is made to ensuring female participation in incentive fund activities – but how will the project ensure genuine participation and benefits for women rather than the risk of women being co-opted into proposals in order to fulfil investment criteria? (3.8)

Specific to Component 2

It is a little difficult to comment on Component 2 since there is limited description of what it will do at the various levels national to local.

The case for more coherent information systems is well made. There are significant challenges to overcome to improve on this – e.g. requirement for skilled personnel, cultural challenges, and excessive timber focus. We would appreciate more information on what component 2 is going to do, and how this focus on monitoring and information services links in with other efforts to support improved MRV in Peru. We would also like to understand how the long-term sustainability of such improvements will be ensured – for example - of local level ranger salaries and equipment support (1.31), and the long term sustainability of the support being provided to the 11 GORE.

Minor point -

We experienced some difficulties with acronyms that were not fully explained and/or interchangeably used in both Spanish and English forms.

Response 1 Gloria Visconti IDB

The IDB would like to thank UK delegation for the insightful comments and inputs. Oct 20, 2017

Please see below specific answer prepared by the Project team:

1. On drivers of deforestation (and potential sources of conflict with indigenous communities) – mining seems to have not been analyzed in any depth. We would like to know if there are other initiatives ongoing that seek to address illegal mining as a driver of deforestation and environmental contamination in the region of subcomponent 2. (1.-1.3)

IDB response:

Project areas do not include large artisanal mining. However, the Peruvian Government is implementing: Promotion of mining formalization (Ministry of Mining and the Oro Limpio Program); Control of illegal mining (through the Interior Ministry, Defense Ministry and GORE); and Environmental reparation (through MINAM and the MINAM – CAF program).

2. Migration into the area is also cited as a driver of deforestation and conflict with native communities. Some will be miners but others will be seeking other livelihood opportunities. To what extent will the project engage with migrants, and if not are there other parallel initiatives that are seeking to work with migrants on more sustainable livelihoods?

IDB response:

During the preparation of the Peru proposal (2013), migration was identified as an indirect driver. The project will not engage with recent migrant communities. Some of the PUB (small forest users) are migrants from the highlands, who migrated to the Amazon more than 20 years ago.

The Peruvian Government has other programs being implemented that target specifically migrant communities (AGROIDEAS (Compensation and Competitiveness Program for small and medium farmers) , MINAM – CAF, PNIA). However, all of them require that migration has occurred more than 6 years ago.

3. Description of the various government institutions at national and sub national level suggests very limited resources are currently channeled to some of the institutions. Limited information is provided on component 2 – unclear on the sustainable financing of the various MRV teams at different levels (1.6, 1.7).

IDB response:

Paragraph 1.17 describes other initiatives currently under design or implementation, that increase the sustainability of the investments. MINAM and GORE (Regional



Governments) are expected to increase their budgets to cover operation and maintenance of the MRV teams, both at the national and regional level. The FIP project will facilitate this by investing in training, equipment and technology.

4. There are a lot of moving parts involving different institutions at multiple levels (national to local). This could present a risk for smooth implementation. For example; how straightforward is the need to sign inter-institutional cooperation agreements – could this take time, and would a lack of agreement compromise implementation? (3.7)

IDB response:

It is a risk, and it has been included in the risk matrix. However, the PNCBMCC (National Conservation Forests Program) is currently working with the GORE included in the project and they do not expect delays in the signing of agreements.

5. What is the relationship if any between the national consulting committee and the Steering committee (3.3 - 3.5).

IDB response

Some members of the Steering committee are part of the consulting committee. The consulting committee is a broader body of consultation and it is the same committee that supported the design phase. The consulting committee will support the steering committee and it will have a mirror in the regions.

6. Budget table 4: It would be helpful to have more information on how the grant element of the two components will be used. What kinds of activities have been prioritised for grant funding? Check table 4 – the title of component 2 is different to what is presented in the text.

IDB response

The correct title of Component 2 is the one in paragraph 1.31. Table 2 will be updated.

During the design, a detailed budget was prepared and it is a link in the Proposal for Operations Development (POD) . However, it was not translated, but it can be shared (it is in Spanish). In broad lines, the grant portion will finance: i) incentives; ii) studies; iii) support to CAR (Regional Environmental Commission) and CAM (Municipal Environmental Commission); iv) integration of forest and land management databases; v) training; vi) taxes; and vii) baseline.

7. Is there any overlap with the areas of work of the DGM? There is reference to the DGM in the text but no mention of any geographical alignment or opportunities for complementarity given the DGM's strong focus on titling. 1.24-1.30)

IDB response

There is no overlap. A detailed analysis was carried out to differentiate the communities that are working with the DGM, and similar projects. In general, the FIP and other projects will be implemented in the same regions (i.e. Loreto), but specific communities are served by different projects.

8. There is a clear connection with the IDB funded rural land titling and registration project. Reference is made to making use of a methodology currently under development under that project. When will this be tested and ready for use? There is also reference to a grievance mechanism under this project. It is not clear if a grievance system is to be set up under the FIP or whether the same mechanism is to be used. Is there a separate grievance mechanism under the incentive fund?

IDB response:

The land titling project is being implemented and field activities started in June/2016. Methods and protocols are already available. Large scale titling for indigenous communities will start in January 2018 and will further complement current knowledge.

The executing agency of the land titling project is currently in its final stages of selecting the entity that will develop the detailed safeguards compliance methodology (preliminary guidance has already been developed by IDB's safeguards unit). The Terms of Reference for the work establish a maximum time frame of 120 days for its completion. We expect therefore, that the methodology will be available at the latest April-May next year, well before the expected start date of land titling by FIP. It will be used by the titling consortia during the titling process, and adjusted through periodical review of its efficacy and applicability.

The FIP will develop its own grievance mechanism in the first stage of project execution. However, to avoid duplication of efforts, it will use the grievance mechanism of the land titling project as a basis, and adjust it to the specific needs of the project, in consultation with key stakeholders. The FIP grievance mechanism will cover all aspects of the project, including the incentive fund.

The grievance mechanism applies to the entire project, including the incentives component.

9. Unaffordable cost and complexity of licenses and permits is highlighted as a key constraint for NC and SFU to benefit from forests. It is not clear in the description of component 2 how the project will help to improve this. (1.10) CIFOR research in



Peru has shown the importance of the working on the simplification of procedures alongside tenure security to enable NC to optimize benefits from their forest areas and incentivise continued sustainable management.

IDB response

This is an issue that was highlighted during the design. Conservation incentives projects will include funding to prepare any plans and get any license needed.

10. We would appreciate more information on the incentive fund and how it will work in practice, what kind of investments will it support? In the safeguards document – reference is made to a specialized firm to be contracted to develop business plans (we assume for the investment funds) – what is the relationship between this firm and the SFU/NC groups?

IDB response:

The technical design identified several value chains in the region, but any initiative at the community level that protects the forest and reduces deforestation is eligible. The identified value chains are: i) non-timber forest products (natural rubber; fruits; medicinal plants; and brazil nuts); ii) timber products that result from a management plan; and iii) sustainable tourism.

Firms or individual consultants will be recruited to support communities and groups in the preparation of their investment plans; technical assistance and management. Contracts between individual consultants at the community level will be managed by each group.

11. Environmental issues appear to be better covered than social ones in the investment funds. For example there is reference to the need for an environmental management framework for potential activities under the investment fund – should this also include some analysis of potential social impact? Some reference is made to ensuring female participation in incentive fund activities – but how will the project ensure genuine participation and benefits for women rather than the risk of women being co-opted into proposals in order to fulfil investment criteria? (3.8)

IDB response:

The potential social impacts and risks related to the investment fund have been analyzed as part of the environmental and social assessment. They include risks of benefits not materializing if the project is implemented in a culturally inappropriate way; risks of increased inequality within communities; risks of social conflict; and risks to the long-term sustainability of activities financed by the project.

These risks are mitigated with a series of measures, some of which are not specific to the investment fund, but rather apply to the project as a whole. They include: i) measures to ensure that project activities are implemented in a culturally appropriate way; ii) measures to ensure equal participation and distribution of benefits among different stakeholders within communities, and among women and men, including vulnerable groups such as the elderly; iii) measures promoting the sustainability of activities funded by the investment fund; iv) a comprehensive social governance system to avoid and resolve any conflicts that might arise in the framework of the investment fund and other project activities.

These risks and impacts and corresponding mitigation measures are relevant irrespective of the kind of projects that are financed by the investment fund, and will be applied across the board. On the environmental side, however, various kinds of projects and activities imply different kinds of impacts. Therefore, it was deemed necessary to develop a management framework specifically for the potential typology of projects to be included. This framework did not require inclusion of specific social requirements, as these are already covered across the board in the Environmental and Social Management Plan.

The project will incentivize the participation of women, in all stages. For example, women will participate in the preparation of incentives projects, and the development of community development plans, among other activities. Extra personnel will be deployed to ensure that house chores, do not restrict women's participation.

To ensure that women have a genuine participation and they are not co-opted into proposals only to fulfil investment criteria, the project will empower women through capacity-building on gender issues and leadership. It will also provide capacity-building for men on gender issues to incentivize the participation of men in household chores and avoid interfamilial violence.

12. The case for more coherent information systems is well made. There are significant challenges to overcome to improve on this – e.g. requirement for skilled personnel, cultural challenges, and excessive timber focus. We would appreciate more information on what component 2 is going to do, and how this focus on monitoring and information services links in with other efforts to support improved MRV in Peru.

IDB response:

Because component 2 will finance integration of databases and information



platforms, activities are concentrated. More than 40% of the component will finance GEOBosques (Forest Cover Monitoring Platform) and its integration with other data systems. Another 30% will be used to support indigenous communities to control and inspect their forests. These two activities are also part of a broader strategy that includes SERFOR (National Forest and Wildlife Service), MINAGRI (Ministry of Agriculture) and OSINFOR (Agency for the Supervision of Forest Resources and Wildlife). Meaning that public funds and grants are also channeled to this effort.

13. We would also like to understand how the long-term sustainability of such improvements will be ensured – for example - of local level ranger salaries and equipment support (1.31), and the long term sustainability of the support being provided to the 11 GORE.

IDB response:

The Government has a program under implementation (Conditional Cash Transfer for Conservation), that has been growing annually and will support those activities in the future.

A new project under design (also supported by the Bank, with funding from the Norwegian Government) will focus on increasing the budget of the PNCBMCC and the GORE, specifically to protect forests and reduce deforestation.

Response 2	Gaia Allison	United Kingdom	<p>Many thanks to the IDB for their full responses to the UK's questions.</p> <p>We would like to ask that you provide us with the Budget Table as outlined in the response - clearly showing the split of grant and loan allocated to the key activities across the project's 2 components. We are happy to review the table in the original Spanish version.</p> <p>The project will be providing support to communities to help prepare plans and get the licenses they need - to address the cost and complexity of the current license and permit system. This is to be welcomed but does not address the more strategic need for reform/simplification of the system itself. Can you tell us if there is any scope within the project to address this at a strategic level or whether efforts are already being made by Government of Peru to work on this.</p>	Oct 25, 2017
Response 3	Gloria Visconti	IDB	<p>IDB team would like to thank UK delegation for additional questions. Please see response to Question 2:</p> <p>IDB response:</p> <p>In April 2016, the Government of Peru approved guidelines for the elaboration of the Management Declaration for sustainable forest use in native and peasant (campesino) communities . A Management Declaration (DEMA for its acronym in Spanish) is a formal and simplified type of forest management plan that corresponds to a low scale or level of forest use/exploitation in native and peasant communities' lands. Accordingly, DEMAs are submitted to the competent authority provided that:</p> <ul style="list-style-type: none"> <li>- Use of forest resources does not exceed 650m3 (r)3 (while the DEMA is valid).</li> <li>- They do not include use of cedar (Cedrela odorata) or mahogany (Swietenia macrophylla)</li> <li>- Use must respect the minimum cutting diameter and at least 20% of seed trees.</li> <li>- Practices do not affect significantly the recovery capacity of the ecosystem or the species under management.</li> <li>- Practices do not generate significant environmental impacts.</li> <li>- Practices are carried out directly by the community.</li> <li>- Forest practices are described according to the annexes of the guidelines.</li> </ul> <p>DEMAs are considered affidavits and have a maximum validity of 3 years after which communities will need to submit a new one according the new state of the land. The approval of the guidelines for DEMAs by the Government of Peru respond to the reform of the forest legal framework which started in 2015 when the General Forest and Wildlife Law was enacted along with several forest regulations.</p> <p>In conclusion, DEMA is like a management plan, but simplified in a way that communities can prepare it and presented to the authority, with no additional costs. However, DEMA only applied to certain forest products (timber and brazil nuts) and depends on the size of the concession.</p> <p>The Project will support communities in the preparation of their DEMAs and management plans, depending on the type of activity that they choose to implement. Because the process is new, training and dissemination is also needed. These two activities are included in the project.</p> <p>Regarding Question 1:</p>	Oct 27, 2017



IDB team is sending on October 27th by email excel table with budget specification as requested.

Comment 2 Katie Berg United States

Dear Mafalda,  
Thanks for the opportunity to review this interesting project. We have a few questions and comments before the project moves forward.  
1. We would appreciate more information on how the incentive fund will work, what sorts of activities it might support, and whether these activities will be sustainable going forward. We also note the potential for negative environmental impacts from these activities identified in the ESMR -- could you please provide more information on how the process to select projects under the incentive fund will evaluate potential social and environmental impacts?  
2. Will the project support or promote industrial scale logging in primary tropical forests?  
3. There is very little information on component 2 -- environmental information systems. We understand there was significant time pressure, but we will need more detail on what that will support.  
4. As the UK has already noted, there are some issues under the safeguards framework that have not been completed. What is the schedule for completing these items? We would prefer to have these items checked off before sub-committee approval.  
5. Re component 2, our USAID office recommends a clearer connection with the Módulo de Monitoreo de Cobertura Boscosa (Forest Cover Monitoring Module) and the Sistema Nacional de Información Forestal y de Fauna Silvestre - National Forest and Wildlife Information System.  
Thank you for your consideration.  
Katie

Oct 18, 2017

Response 1 Gloria Visconti IDB

The IDB team would like to thank US delegation for the inputs received. Please see below responses to each comment raised:  
1. We would appreciate more information on how the incentive fund will work, what sorts of activities it might support, and whether these activities will be sustainable going forward. We also note the potential for negative environmental impacts from these activities identified in the ESMR -- could you please provide more information on how the process to select projects under the incentive fund will evaluate potential social and environmental impacts?  
IDB response:  
A similar answer has been raised by the UK delegation and a complementary answer can be found in points 10 and 11.  
The project defined the eligibility criteria for conservation incentives projects (paragraph 1.28). During the design of each project, Peruvian environmental law and Bank's policies will be applied. The PNCBMCC will propose project to the Bank, which will further review compliance with safeguards policies.  
The Environmental and Social Management Report (ESMR) identifies potential negative impacts on the ecosystem and natural habitats resulting from the activities to improve the added value of forest products and the promotion of bio-businesses that will be financed through the incentive fund. These include, for example, over-extraction of natural resources, inadequate and unsustainable management of forests, degradation of water resources, etc. In order to avoid, and where necessary reduce and mitigate these potential impacts, an Environmental Management Framework has been developed. This framework includes the necessary instruments and management plans (and the corresponding specific mitigation measures) to manage the impacts and risks that could occur from the potential activities to be financed per productive line: timber products, non-timber forestry products, agroforestry systems and ecotourism. These instruments will be developed for each activity considering both relevant national requirements, and the IDB's environmental safeguards, information included in the framework. Each activity will have its own Environmental and Management Plan (ESMP), where the mentioned necessary instruments will be reflected.  
In addition, the activities to be financed by the incentive fund will be evaluated to determine if they need to be subject to environmental assessment processes within the framework of the National Environmental Impact Assessment System Law (Law No. 27446). The specialized firm responsible for developing business plans will be responsible for determining the need and type of environmental studies by activity, as well as obtaining the necessary authorizations from the relevant governing body.  
2. Will the project support or promote industrial scale logging in primary tropical forests?  
IDB response  
No. Only community based forest operations will be included.

Oct 20, 2017



3. There is very little information on component 2 -- environmental information systems. We understand there was significant time pressure, but we will need more detail on what that will support.

IDB response

As described, the main activities to be financed by this component are: i) integration of databases and information platforms; and ii) community level forest monitoring and control. See question 13 for more detail.

4. As the UK has already noted, there are some issues under the safeguards framework that have not been completed. What is the schedule for completing these items? We would prefer to have these items checked off before sub-committee approval.

IDB response

Annex A is missing the following activities:

- Some activities need to be completed before sending the final documents to the IDB Board (expected in March, next year). For example, a second round of consultations with beneficiaries; updated version of the EESA + Environmental and Social Management Plan (ESMP), after Quality and Risk Review (QRR) comments, etc.

- Conditions prior to implementation, which are related to specific activities and are triggered once the project starts (around May next year)

- Modifications or updates to the SESA (Strategic Environmental and Social Assessment - EASE for its acronym in Spanish) ESMR, which will happen during implementation.

All these activities are standard and usually formulated in this way. They are not related to the preparation phase.

SESA + ESMP have been now officially published by the Bank last Friday October 13th, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-1753238800-6>

5. Re component 2, our USAID office recommends a clearer connection with the Módulo de Monitoreo de Cobertura Boscosa (Forest Cover Monitoring Module) and the Sistema Nacional de Información Forestal y de Fauna Silvestre - National Forest and Wildlife Information System. Thank you for your consideration

IDB response

Design of Component 2 is precisely aimed to improve collaboration and prepare a single platform for forest monitoring. Training and equipment will be provided both to SERFOR, OSINFOR and GORE to improve real time monitoring and enforcing.

Comment 3 Beatriz Curiel Spain

Dear Mafalda, thank you for the opportunity to comment on this project in Peru. Our general assessment is positive since it is well aligned with the strategic priorities of environmental protection of the Peruvian Government and it sets objectives that will benefit the population of the areas covered by the project and by extension, the population of the entire country. It is a pertinent proposal from the social, economic and environmental points of view.

Nov 02, 2017

We do, however, have a few comments that we would like to mention and have a better understanding of before approving and would be grateful if the project team could respond.

- Consultation process. Although it is stated that there have been numerous consultations with the population potentially affected and the associations AIDSESP and CONAP, we would like to highlight that these two associations do not represent a considerable part of the population in the case of Peru and their level of interlocution is usually quite limited. Therefore, it might be problematic to enforce commitments made with them when discrepancies or conflicts arise. A solution might be to consider resorting to some form of prior consultation regulated by the Peruvian Law applicable in these cases to ensure to a greater extent the viability of the operation. In this way, major difficulties could be avoided in the medium term that could call into question the social legitimacy of this activity. (in the environmental and social management report it is implied that the response to the request that the executing agency must make to the Vice Ministry of Intercultural Affairs as to whether it sees the need to apply the Law of Prior Consultation will be negative – with this it will be possible not to have to carry out new consultations).
- Issuance of land titles. "Titling activities will be implemented through methodologies currently under development within the framework of the IDB-supported Rural Land Titling & Registration Project - Third Phase (PRT-3), currently under implementation ". As the UK has already noted, we would like to have more information on the project to which the text refers and if it is obtaining positive results or is facing any problem in its development. It would be good if the implications of taking for granted that good results were achieved in this situation could be analyzed in more detail.
- Strengthening the capacity of the subnational levels of government (regions and municipalities). This is a critical point. The regions and municipalities of Peru do not



have sufficient capacity in practically all cases to manage with guarantees the proposed activities. Although the intention to reinforce this capacity is very optimistic, we would like to see how this aspect of project implementation could be improved as a complement to the measures that are to be adopted.

- Coordination / Steering committee. It is not clear how the decisions will be adopted in the Steering Committee and who will assume the main responsibility of the project implementation. A clear decision-making structure could avoid major problems of non-coordination or even conflicts in the future. In this regard, we would like to note that the involvement of Ministries in the project should be at the highest level; otherwise, the degree of interinstitutional coordination expected in these circumstances will not be reached. We recommend IDB to identify a key interlocutor within the PCM (the Presidency of the Peruvian Council of Ministers - the unit responsible for facilitating coordination among the different Ministries of the country / <http://www.pcm.gob.pe/> ).

Response 1 Gloria Visconti IDB

The IDB team would like to thank Spain for the inputs and comments. Please see below responses to each question raise:

Nov 08, 2017

1. Consultation process. Although it is stated that there have been numerous consultations with the population potentially affected and the associations AIDSESEP and CONAP, we would like to highlight that these two associations do not represent a considerable part of the population in the case of Peru and their level of interlocution is usually quite limited. Therefore, it might be problematic to enforce commitments made with them when discrepancies or conflicts arise. A solution might be to consider resorting to some form of prior consultation regulated by the Peruvian Law applicable in these cases to ensure to a greater extent the viability of the operation. In this way, major difficulties could be avoided in the medium term that could call into question the social legitimacy of this activity. (in the environmental and social management report it is implied that the response to the request that the executing agency must make to the Vice Ministry of Intercultural Affairs as to whether it sees the need to apply the Law of Prior Consultation will be negative – with this it will be possible not to have to carry out new consultations).

IDB response:

100% of indigenous communities included in the Program are part of either AIDSESEP or CONAP (50 communities). AIDSESEP and CONAP represent around 80% of indigenous communities in the Amazon region at the national level.

The Ministry of Environment (MINAM) has already contacted the Ministry of Culture with regards to the applicability or not of the Prior Consultation Law. The opinion of the Ministry of Culture (informal until an official letter is received) is that the Prior Consultation Law does not apply to this project.

2. Issuance of land titles. "Titling activities will be implemented through methodologies currently under development within the framework of the IDBsupported

Rural Land Titling & Registration Project - Third Phase (PTRT-3), currently under implementation ". As the UK has already noted, we would like to have more information on the project to which the text refers and if it is obtaining positive results or is facing any problem in its development. It would be good if the implications of taking for granted that good results were achieved in this situation could be analyzed in more detail

IDB response:

Details of the project can be found in this link (<http://www.iadb.org/en/projects/project-description-title,1303.html?id=PE-L1026>).

The project is already in its second year of implementation and all major activities have started. Titling in the Amazon region will start in earnest in May 2018. Preliminary activities started in August this year. This loan will title 403 indigenous communities in the Amazon region, in all the Departments included in the FIP project. The last progress report from the Ministry of Agriculture (available at the Bank) describes delays as a result of: i) difficulties signing MOU with regional governments; ii) difficulties recruiting specialized staff; and iii) changes in authorities.

The FIP Project will leverage experience and time invested by the PE-L1026, considering that the firm in charge of titling will be already contracted by the time the FIP Project is approved. However, two other alternatives have been considered: i) new tender prepared by MINAM; and ii) direct implementation

3. Strengthening the capacity of the subnational levels of government (regions and municipalities). This is a critical point. The regions and municipalities of Peru do not have sufficient capacity in practically all cases to manage with guarantees the proposed activities. Although the intention to reinforce this capacity is very optimistic, we would like to see how this aspect of project implementation could be improved as a complement to the measures that are to be adopted.

IDB response:



Resources allocated to strengthen Regional Governments include: i) consultants; ii) equipment; and iii) training. The FIP Project will complement ongoing efforts to strengthen Regional Governments, namely; i) Norwegian fund; and ii) PE-L1026. Both projects will increase the capacity of Regional Governments to recruit technical staff (especially for their environment agencies and cadaster and titling units). The PNCB will have regional offices to facilitate communication and supervision.

4. Coordination / Steering committee. It is not clear how the decisions will be adopted in the Steering Committee and who will assume the main responsibility of the project implementation. A clear decision-making structure could avoid major problems of non-coordination or even conflicts in the future. In this regard, we would like to note that the involvement of Ministries in the project should be at the highest level; otherwise, the degree of interinstitutional coordination expected in these circumstances will not be reached. We recommend IDB to identify a key interlocutor within the PCM (the Presidency of the Peruvian Council of Ministers – the unit responsible for facilitating coordination among the different Ministries of the country <http://www.pcm.gob.pe/>).

IDB response:

Details of how the Steering Committee (SC) will function are described in the Program Operational Manual (POM, in Spanish but available for review). However, the POM includes: i) composition of the SC, in which, Ministers will be part or their designees; ii) topics of which required explicit approval of the SC; and iii) decisions are by consensus. The PCM is not part of the SC because the highest authority of the PCM is not likely to participate and that the topics covered by the FIP Program do not fall within the areas of expertise of the PCM. However, with the creation of a Vice Minister office in charge of territorial governance, there might be interest. We will consult with the MEF and PNCB about this option.

Comment 4 Mari Martinsen Norway

Norway appreciate the opportunity to comment on the Peru Investment Program, and we echo UK's compliments on the thorough consultation process and the efforts of bringing this project to the sub-committee for approval. We would also like to highlight the well prepared ESMR report and the risk analysis. Nov 21, 2017

- The FIP has the National Forest and Climate Change Strategy as its overall framework, and we commend the IDB for linking FIP interventions to the specific objectives of the Strategy. However, we would welcome the development of a Theory of Change of the project intervention to understand how the project intervention best deliver long-term social and environmental benefits.

- While the incentive program is fairly well developed and described in the POD, we would appreciate more information about the other components, both securing land rights for indigenous communities and component 2.

- The Environmental and Social management report gives a good description of risk and risk management, including the major risks. Will the programme design be updated to incorporate risk mitigation actions in its design?

- All the base line values of the programme are set to zero. It is not clear to us how the base line values have been identified. The Amazon under forest monitoring and surveillance is set to zero, while Peru has a fairly well developed MRV system, with weekly deforestation alerts. Furthermore, the baseline values for indigenous communities titles and incentive support is set to zero. Does this imply that no native communities have a formal title in the intervention area? As explained in one of the answers by the IDB to UK, more than 40% of component 2 will be used to support GeoBosque, an existing and fully operational program. The same apply for all the base line values. We would appreciate more information about the base line values, and we would also like to know which activities that support existing work streams and what the results of the investment will be, in terms of the their identification and about how the FIP builds on and align with existing and planned interventions.

- Strengthening of the institutional capacities of regional governments and local governments would be one of the most important long term investments in sustainable forest and landscape management. Would it be possible to elaborate more on the specific involvement and strengthening of capacities – beyond workshops, in the intervention areas?

- How is efficiency and effectiveness best assured, and what is the intervention strategy of the project? Titling of native communities, development of life plans and incentive systems will be developed within the same geographical boarder. Will there be a sequence of activities? Different consultant firms are responsible for the different activities. How to make sure that there exist good coordination and information sharing among these firms?

- Regional offices will be the target for much of the interventions. Will the IDB channel resources directly to the regional provinces, or if not, how will the provincial governments in practice receive the assistance?



- Has the Consultative committee validated the project proposal? If not, how have you secured the ownership of the target group? This is especially important given the many activities and donor financed projects that involve regional governments and indigenous peoples.

Specific to the programme components:

Component 1

- Is the incentive scheme including some kind of conditions? If deforestation increases in the intervention area, what kind of measures will be taken?
- Titling of Native communities. The intervention strategy is not elaborated upon in the POD, except referring to the PTRT3 project. It would be useful to include the methodology in the POD, and give a short analysis of why PTRT3-method has been chosen, given the conflicts with regional governments and indigenous communities, and the delays of the project. AIDSEP and CONAP have suggested that the existing DGM mechanism as an alternative. For what reasons has this not been accepted?
- PTRT3 will title 403 native communities. In the results framework in the POD, FIP will title 42 communities, in the ESMR, 13 communities are mentioned. What is the target? Will the 42 communities be additional to the 403 communities of the PTRT3 project? Does the PTRT3 have capacities to including an addition of 42 communities, and does the programme intervention area of the two projects match?
- How will the programme make sure that gender issues are mainstreamed, going beyond number of women participating in different project interventions? There is an ongoing work on gender in titling of native communities. How will FIP/ PTRT3 make sure that gender is incorporated into the titling component?
- How will FIP address titling of communities that are involved in conflicts? According to a recent CIFOR brief, the formalization process in Peru is controversial "because communities in more-contested areas are being left out of the titling process. This has been reported by FECONAU, representing Ucayali River indigenous communities, in a statement asserting that the land demands of communities pressured (through dispossession and open violence) by illegal logging and agro-industrial expansion remain unaddressed. Also reported are invasions of titled indigenous territories by non-indigenous people granted overlapping titles by subnational governments. Despite donor demands and some positive responses among a few national government offices, the wider REDD+ effort has not yet been able to tackle such concerns, and therefore risks exacerbating this rights situation." CIFOR Info brief 109, October 2017.

Component 2

Will component 2 cover the Amazon or the specific intervention areas of the project? Is degradation part of this component? It is identified in the initial problem and gap analysis, but is not reflected in other parts of the project, nor in the results framework.

Response 1 Gloria Visconti IDB

The IDB team would like to thank Norway for valuable comments and inputs.

Nov 29, 2017

Please find below IDB responses:

General comments and questions:

1) The FIP has the National Forest and Climate Change Strategy is as its overall framework, and we commend the IDB for linking FIP interventions to the specific objectives of the Strategy. However, we would welcome the development of a Theory of Change of the project intervention to understand how the project intervention best deliver long-term social and environmental benefits

IDB response:

Paragraph 1.18 of the POD summarizes the vertical logic of the Program, which is complemented by the Results Matrix (Annex II).

The structure of the POD is: i) diagnostic; ii) problem identification; iii) proposed solutions. More details can be reviewed in the annexes, in Spanish (Optional links 4, 5 and 6 for each project; and required link 4 for more information and background analysis of the vertical logic).

We will send these confidential annexes by email.

2) While the incentive program is fairly well developed and described in the POD, we would appreciate more information about the other components, both securing land rights for indigenous communities and component 2

IDB response:

FIP projects were structured in two components: i) Component 1 for the local and regional investments; and ii) for the information system. Detailed descriptions of each activity can be reviewed in Optional Electronic Links 4, 5 and 6. In Spanish. Titling is a minor activity of component 1, with an expected budget of less than one million USD.

3) All the base line values of the programme are set to zero. It is not clear to us how the base line values have been identified. The Amazon under forest monitoring and surveillance is set to zero, while Peru has a fairly well developed MRV system,



with weekly deforestation alerts. Furthermore, the baseline values for indigenous communities titles and incentive support is set to zero. Does this imply that no native communities have a formal title in the intervention area? As explained in one of the answers by the IDB to UK, more than 40% of component 2 will be used to support GeoBosque, an existing and fully operational program. The same apply for all the base line values. We would appreciate more information about the base line values, and we would also like to know which activities that support existing work streams and what the results of the investment will be, in terms of the their identification and about how the FIP builds on and align with existing and planned interventions.

IDB response:

Details of each indicator can be reviewed in Required Electronic Link 4 (Monitoring and Evaluation arrangements). Indicators have been defined as "increments", therefore they can be set to zero. However, it is possible to include the data for year 2017, which is available for all impact and results indicators. Selected impact and results indicators are calculated and described in Optional Electronic Link 1 (in Spanish). Products start with a zero baseline.

Coordination and complementarity is described in paragraph 1.17 and in Optional Electronic Links 4, 5 and 6 (in Spanish).

4) Strengthening of the institutional capacities of regional governments and local governments would be one of the most important long-term investments in sustainable forest and landscape management. Would it be possible to elaborate more on the specific involvement and strengthening of capacities – beyond workshops, in the intervention areas?

IDB response:

Regional Governments (GORE) and communities (indigenous and local) will receive: i) training; ii) equipment; iii) access to information systems; iv) technical assistance; and v) in the case of communities, financing to implement conservation projects. The PNCB will sign agreements and MOU with each GORE and beneficiary community that will describe duties and responsibilities of the signing parties.

5) How is efficiency and effectiveness best assured, and what is the intervention strategy of the project? Titling of native communities, development of life plans and incentive systems will be developed within the same geographical boarder. Will there be a sequence of activities? Different consultant firms are responsible for the different activities. How to make sure that there exist good coordination and information sharing among these firms?

IDB response:

The Results Matrix (Annex II) describes the proposed targets (end of project for impact and results; and yearly for products). Efficiency and effectiveness will be assessed by progress on attaining those targets. Required Electronic Link 4 details the process to collect, analyze and distribute this information. The PNCB will feed the Program Monitoring and Reporting (PMR) system of the Bank. Physical progress and financial progress are measured every semester.

The sequence of the activities related to conservation incentives projects is (see paragraphs 1.24 and 1.27): i) community development plans (planes de vida) will be prepared for those communities that do not have them already. These plans will identify a series of investments needed, including conservation projects. The same information will be obtained from current development plans prepared by other projects; ii) conservation incentive projects will be prepared for those initiatives selected by the communities (it can be more than one project); iii) projects will be reviewed and vetted by the PNCB; iv) projects will be approved by the Steering Committee. The Program Operating Manual (POM, Optional Electronic Link 9) and the Proposal for the management of the incentives projects (Optional Electronic Link 7) detail this process.

The Program Coordinating Unit at the PNCB will manage information sharing among firms, beneficiaries and Government agencies.

6) Regional offices will be the target for much of the interventions. Will the IDB channel resources directly to the regional provinces, or if not, how will the provincial governments in practice receive the assistance?

IDB response:

PNCB will manage funds and implement activities. No resources will be transferred to Regional Governments (GORE). GORE will sign an MOU with the PNCB, which will detail the support that will be provided by the Program. Contracts and funds management will be centralized at the PNCB.

Specific to component 1

7) Is the incentive scheme including conditions? If deforestation increases in the intervention area, what kind of measures will be taken?

IDB response:

Participation in the incentives scheme is restricted by the eligibility criteria



(paragraphs 1.27 and 1.28). This include the compromise by communities to maintain forests (which is the current strategy of the TDC being implemented by the PNCB) and implement sustainable practices. Projects will be implemented based on a plan, which includes several disbursement tranches. The project can be suspended if the community does not comply with eligibility criteria. Compliance will be verified by the PNCB and an independent evaluator (see paragraph 3.9).

8) Titling of Native communities. The intervention strategy is not elaborated upon in the POD, except referring to the PTRT3 project. It would be useful to include the methodology in the POD, and give a short analysis of why PTRT3-method has been chosen, given the conflicts with regional governments and indigenous communities, and the delays of the project. AIDSESEP and CONAP have suggested that the existing DGM mechanism as an alternative. For what reasons has this not been accepted?

IDB response:

Optional Electronic Links 4 and 5 describe the process to title indigenous communities. Because titling is a small fraction of the investment, details were not included in the POD. But we can elaborate. The strategy is based on: i) contracting a firm to implement titling; ii) support DIGESPARC and GORE to supervise the firm; and iii) follow procedures and safeguards developed for the PTRT3 loan.

There are several advantages of following the PTRT3 model: i) the procurement process will have finished by the time the FIP Project starts, saving at least eight months; ii) the firm will be already selected and contracted, which will reduce the risk of implementation; iii) the tools and safeguard procedures will be in place; and iv) unit costs will be reduced.

Loan PE-L1026 (PTRT3) is being implemented in line with the approved AWP. Field activities started in June 2017 and contracts with specialized firms will be signed by the end of 2017.

9) PTRT3 will title 403 native communities. In the results framework in the POD, FIP will title 42 communities, in the ESMR, 13 communities are mentioned. What is the target? Will the 42 communities be additional to the 403 communities of the PTRT3 project? Does the PTRT3 have capacities to including an addition of 42 communities, and does the programme intervention area of the two projects match?

IDB response:

All numbers are correct. Communities to be titled were selected by CONAP and AIDSESEP (national associations of indigenous communities). Communities included in the Program are additional to the 403 targeted by the PTRT3. Of these 42 communities, 13 are new communities, that will follow all the PTRT3 diagnostics and evaluation. 39 already have titles, but need modifications based on new boundaries, additions and corrections in the title.

The 42 communities to be titled by the FIP Program will be included in a new contract between the PNCB and the firm that is selected by the PTRT3.

10) How will the programme make sure that gender issues are mainstreamed, going beyond number of women participating in different project interventions? There is an ongoing work on gender in titling of native communities. How will FIP/ PTRT3 make sure that gender is incorporated into the titling component?

IDB response:

By law titles are issued to couple head of the household (man and woman). If there is only one head (indistinctly of the gender) the title is issued to the head of the household.

11) How will FIP address titling of communities that are involved in conflicts? According to a recent CIFOR brief, the formalization process in Peru is controversial "because communities in more-contested areas are being left out of the titling process. This has been reported by FECONAU, representing Ucayali River indigenous communities, in a statement asserting that the land demands of communities pressured (through dispossession and open violence) by illegal logging and agro-industrial expansion remain unaddressed. Also reported are invasions of titled indigenous territories by non-indigenous people granted overlapping titles by subnational governments. Despite donor demands and some positive responses among a few national government offices, the wider REDD+ effort has not yet been able to tackle such concerns, and therefore risks exacerbating this rights situation." CIFOR Info brief 109, October 2017.

IDB response:

See answer to comment 9. Communities to be titled have been selected by AIDSESEP and CONAP. The FIP Program do not have activities in Ucayali. Moreover, the FIP Program will support indigenous communities in the review of their titles to expand the area or clarify boundaries. This will reduce conflicts.

Additionally, the FIP Program includes a comprehensive conflict resolution mechanism, modeled on the PTRT3. Because there is a close collaboration with the PTRT3 and other projects, there is less risk that in the project area, overlapping titles will be issued.



Specific to Component 2

12) Will component 2 cover the Amazon or the specific intervention areas of the project? Is degradation part of this component? It is identified in the initial problem and gap analysis, but is not reflected in other parts of the project, nor in the results framework.

IDB response

The information system will cover all Peruvian Amazon. Degradation will be included in the reporting of the PNCB as part of the investments of the FIP Program. This coverage is included in the Results Matrix (result 2) and products, but it can be clarified.

Response 2 Mari Martinsen Norway

We appreciate the swift response from IDB. We have a few follow-up questions: CONAP has shared comments related to the lack of involvement of the regional organization ORDEPIA in the elaboration of the "FIP1" project: "Gestión Integral de Paisajes Forestales a lo largo de la carretera entre Tarapoto y Yurimaguas en las Regiones de San Martín y Loreto". On the basis of this they have produced specific recommendations to IDB, among others related to a communications strategy and the involvement of IP organizations in the project formulation and implementation. We'd like to check if IDB already have responded to these comments, and check what's IDB's take on the recommendations.

Dec 01, 2017

Follow-up related to Question nr 4:

How will you secure regional and local governments as well as indigenous people organizations such as CONAP and AIDSESEP, will have resources that enable their participation? For example for land titling, it has shown to be very effective and absolutely necessary in the UNDP DCI project to have teams also from CONAP/AIDSESEP (and/or their local/regional branches) present in the activities in the field, for example when undertaking georeferencing of areas. If funds mainly (and only?) will go to companies contracted by PNCB, will these consultants than pay the participation costs (travel, food, accommodation ++) of the other relevant actors across activities? Or what is the strategy to ensure their participation?

Follow-up to Question 10:

Will you issue community titles to couple head of the household? We would appreciate if you could clarify better how gender issues will be taken into account throughout the titling process of native communities?

A final comment is linked to Question 12: It would be very helpful if the issue could be clarified.

Thank you so much for taking the time to answer our questions.

Response 3 Gloria Visconti IDB

Please find below IDB team responses to the second set of questions:

Dec 01, 2017

1. 1. CONAP has shared comments related to the lack of involvement of the regional organization ORDEPIA in the elaboration of the "FIP1" project: "Gestión Integral de Paisajes Forestales a lo largo de la carretera entre Tarapoto y Yurimaguas en las Regiones de San Martín y Loreto". On the basis of this they have produced specific recommendations to IDB, among others related to a communications strategy and the involvement of IP organizations in the project formulation and implementation. We'd like to check if IDB already have responded to these comments, and check what's IDB's take on the recommendations.

IDB response:

CONAP and ORDEPIA participated in the design of the project and were consulted during the preparation. The final design was presented to their organizations in San Martín. However, there is a pending issue to be resolved between CONAP and AIDSESEP with relation to a number of communities in the project area. Both organizations claim representation of those communities. Although the communities were included, it was agreed that the issue between AIDSESEP and CONAP should be resolved bilaterally. That was reflected in the Environmental and Social Assessment (EASE). The FIP project includes a communication strategy; and mechanism to resolve controversies; and a complains mechanism. These tools are modeled based on the experience of the PTRT3 project.

2. Follow-up related to Question nr 4: How will you secure regional and local governments as well as indigenous people organizations such as CONAP and AIDSESEP, will have resources that enable their participation? For example for land titling, it has shown to be very effective and absolutely necessary in the UNDP DCI project to have teams also from CONAP/AIDSESEP (and/or their local/regional branches) present in the activities in the field, for example when undertaking georeferencing of areas. If funds mainly (and only?) will go to companies contracted by PNCB, will these consultants than pay the participation costs (travel, food, accommodation ++) of the other relevant actors across activities? Or what is the strategy to ensure their participation?

IDB response:

Component 1 includes resources to mobilize GORE and regional organization



indigenous communities representatives. The FIP Project will finance travel, per diem and lodging of a number of personnel to supervise all field activities. This text will be included in an updated version of the POD. In the specific case of land titling, the Peruvian protocol describes in detail the composition of titling and cadaster field teams, which include a local technician. ToR developed for the PTRT3 indicate that this local technician should be a member of the beneficiary communities. Moreover, the ToR for the titling indicate that titling and cadaster teams should include a local translator, also from the communities.

3. Follow-up to Question 10: Will you issue community titles to couple head of the household? We would appreciate if you could clarify better how gender issues will be taken into account throughout the titling process of native communities?

IDB response:

Community titles are granted the community, through the legal representative. All members of the communities, including women are recipients of the title. The FIP project will finance the participation of women in the process through: i) facilitating the participation of women through child care facilities and preparation of meals; ii) meetings will be held at the communities; and iii) meetings will be organized, with preference, in the evenings. Additionally, conservation incentives projects will prioritize projects that include more women as members.

4. A final comment is linked to Question 12: It would be very helpful if the issue could be clarified. Thank you so much for taking the time to answer our questions.

IDB response:

The information system will cover all Peruvian Amazon. 100% of the Peruvian Amazon will be covered by the system. Also, 50% of the Peruvian Amazon will have forest degradation maps and information. Degradation will be included in the reporting of the PNCB as part of the investments of the FIP Program. This coverage is included in the Results Matrix (result 2) and products, but it can be clarified.

Response 4 Mari Martinsen Norway

Thank you to IDB for taking the time to meet with our team in Lima last week, and we hope to continue the good dialogue to secure synergize between the projects.

Dec 05, 2017

We would like to add two comments to the IDB response:

The first in related to question 1, where IDB suggested to meet with CONAP to resolve any pending issues. We hope that such meeting will be initiated by IDB as soon as possible.

The second comment is related to question 2, where Norway encourage IDB to take into account lessons learned from the WWF DCI and UNDP DCI projects in terms of involving IP organisations in the land titling activities.

Kind regards,  
Mari

Response 5 Gloria Visconti IDB

IDB team would like to thank Norway for positive comments and inputs.

Dec 05, 2017

Regarding the two listed comments :

1. a meeting with CONAP has already ben scheduled

2. the team will definitively look into the two projects of UNDP and WWF. Important lessons learned can be drawn and collaborations strengthened.

Thanks  
IDB team

Comment 5 Jenny Lopez United Kingdom

The UK approves this request

Jun 26, 2018

Comment 6 Mari Martinsen Norway

Norway is concerned about this delay and request further explanation before we can accept an extension of the MDB Board deadline until January 2019. The justifications for delay are very unclear as September is still 3.5 months away. We would like to see commitment from all parties to how the original deadline will be reached.

Jun 26, 2018

Response 1 Gloria Visconti IDB

IDB would like to thank the delegation of Norway for the comment received.

Jun 27, 2018

Please see below IDB answer:

As it was exposed in our "Request for an Extension of deadline for Project/Program Approval by the MDB Board" (submitted June 6th, 2018) during the last six months Peru has experienced several political crises that have affected the regular process for the presentation of the FIP Peru Forest Investment Program (hereinafter, the 'Program') to the IDB Board.

In fact, only weeks after the FIP Sub- Committee approved resource allocation for the Program (December 2017) the Government under president Pedro Pablo Kuczynski's administration faced the first of a series of political turmoil as he was impeached by the Congress. Although the request was rejected as it failed to obtain sufficient votes for his deposition, the overall political environment was seriously affected. Three months later, amid a corruption scandal and on the eve of a second impeachment vote by the Congress president Kuczynski was forced to offer his resignation which led vice-president Martin Vizcarra to take office in March 2018. This led to several changes in the Cabinet including new Ministers of Economy and



Finance (MEF) and Environment (MINAM). On June 5, 2018 the MEF faced new political difficulties as Minister Tuesta resigned. Two days later, Minister Oliva took office as new Minister of Economy and Finance. These circumstances resulted in severe delays of internal management arrangements (within and between MINAM and the MEF) to issue the necessary permits to carry out the negotiations relevant to the FIP Peru project process.

Despite that to date, the internal Bank documents required by the Board for approval have been finalized, at the national level MEF still needs to review the Program and lead the negotiations of the loan contract and grant agreement before the proposal is submitted to the Board for approval. Originally, we had foreseen the following timeline:

1. MEF finalizes its review and authorizes the negotiation of loan contract and grant agreement: July 26 – August 5.
2. Negotiation: August 6.
3. Board Approval: September 12.

However, given the sudden changes and particular context of the MEF, the pace of response has been slower than usual. In order to have the loan contract and grant agreement approved by the Board this year, negotiations would need to be scheduled in October, at the latest. This responds to the fact that the Bank takes at least 30 working days to process contracts and agreements starting from the moment the minutes of the negotiation are signed and Board approval date). Since there is usually a backlog of projects scheduled for the last Board meetings of the year and priority is not guaranteed, it is possible that the FIP projects may be scheduled for the first meeting next year, which will take place on January 16, 2019. Unfortunately at the moment it is not possible to accurately estimate when will the Government be ready to negotiate the loan contract and grant agreement. MINAM has submitted the information requested by MEF and a response from them is pending at the moment. MINAM also sent an official letter to MEF on June 19th 2018 to request the completion of the Operation approval process. The Bank will keep working close to MINAM to monitor progress and be ready when negotiation start.

Comment 7	Mari Martinsen	Norway	<p>In the original timeline presented below, you state: "MEF finalizes its review and authorizes the negotiation of loan contract and grant agreement: July 26 – August 5." Norway does not see any reason why this timeline cannot be met, and the project subsequently approved by the IDB Board on September 12. We expect to see commitment to reach this target, including that IDB management prioritises this project for board submission, and are not ready to give an extension at this moment.</p>	Jun 29, 2018
Response 1	Claudio Alatorre	IDB	<p>Thank you for the comments. In June we foresaw a scenario with a project approval in January 2019. However, we are glad to inform that since then the preparation process has accelerated.</p> <p>Peru's Council of Ministers met on August 8th and approved moving forward with the project. The negotiations for the project are scheduled to take place in the week of August 13, and Board approval is expected in September.</p> <p>The IDB and the Government of Peru are therefore changing the request for extension. The new requested deadline is 10 months after FIP approval, namely October 6th, 2018.</p>	Aug 10, 2018