

# Analysis of World Bank Interventions in Peru and Their Impact on Forests

DERECHO, AMBIENTE Y RECURSOS NATURALES  
DAR

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**Author:**

Derecho, Ambiente y Recursos Naturales

**Edited:**

Derecho, Ambiente y Recursos Naturales (DAR)

Jr. Huáscar N° 1415, Jesús María, Lima - Perú

Telephone: (511) 340-3780 | (511) 340-3720

Email: [dar@dar.org.pe](mailto:dar@dar.org.pe)

Web: [www.dar.org.pe](http://www.dar.org.pe)

**General Review**

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## **Executive Summary**

In 2007, Peru signed the Country Partnership Framework (CPF) with the World Bank Group (WBG). It identifies eight objectives aligned with Peru's National Plan for 2016-2021. The WBG operations that contributed to achieving these defined goals were listed for each objective. This study seeks to analyze the contribution of these interventions in protecting the country's forests, as well as affecting potential drivers of deforestation.

The following documents have served as guidelines for this analysis: "National Forests and Climate Change Strategy for Drivers of Deforestation", "Sustaining Forests: A Development Strategy"<sup>1</sup> (2004), "Forest Action Plan FY16-20"<sup>2</sup> and strategic documents of the WBG for the promotion of pro-forest interventions. Of the 44 interventions in progress, we obtained complete information for 17 on the Bank's website. These were analyzed based on the criteria identified in the aforementioned documents.

Among the study's primary conclusions, we found that many of the interventions did not have a comprehensive approach to identifying possible risks of impact on forests. In analyzing the amount of funds allocated for pro-forest actions versus potential drivers, we found little difference in the totals of direct intervention projects of the WBG.

On the other hand, when analyzing the contribution of the WBG's Development Policy Finance (DPF) loans, besides being able to quantify in terms of amounts the possible risks to forests, these loans at disbursement have already had an environmental impact through the implementation of prior actions that were established as pre-conditions for signing the loan agreements<sup>3</sup>.

A recommendation to the WBG is to make use of the strategic instruments that were developed to analyze the possible impact of their interventions on forests, as well as their contribution to climate change. At the same time, the Government of Peru is urged to identify the national safeguards that may apply to forests in negotiations with multilateral development banks. It is important that tools such as the Strategic Environmental

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<sup>1</sup> <http://siteresources.worldbank.org/INTFORESTS/Resources/SustainingForests.pdf>

<sup>2</sup> <http://documents.worldbank.org/curated/en/240231467291388831/pdf/106467-REVISED-v1-PUBLIC.pdf>

<sup>3</sup> [https://issuu.com/darperu/docs/009361\\_ejecutivo\\_wb-dpf\\_esp01](https://issuu.com/darperu/docs/009361_ejecutivo_wb-dpf_esp01) (in Spanish)

Assessment<sup>4</sup>, which analyzes the possible cumulative impacts of policies, programs and plans, are taken into consideration.

Finally, another recommendation to the Bank is to deepen its analysis of other important instruments it has developed along with their implementation in the design of its interventions within the framework of multinational alliances. These include the Climate Change Action Plan 2016-2020, as well as new policies that safeguard the social and environmental aspects of its operations.

## 1. Introduction

In 2017, the World Bank Group (WBG) announced that it would stop upstream financing of fossil fuels after 2019, and that it was on course to direct 28% of its lending to climate action by 2020.<sup>5</sup> This is in line with a series of documents and strategies the WBG developed, such as: “Sustaining Forests: A Development Strategy” (2004), “Climate Change Action Plan 2016-2020” and “Forest Action Plan FY16-20” in addition to its Environmental and Social Framework (2016), which included an update of its safeguards.<sup>6</sup>

Also in 2017, the updated version of the five-year (2017 to 2021) “Country Partnership Framework”<sup>7</sup> (CPF) between Peru and the World Bank Group was approved. The CPF is the document under which the WBG’s intervention priorities are identified according to objectives established with the country’s government, as well as through consultation with different local agents.

Each joint objective has a series of identified interventions that should help achieve the defined goal. We identified the need to analyze these interventions in terms of their overall environmental impact, specifically their impact on forests.

To this end, the study did a quick desk review of the implemented operations - projects, development policies, technical assistance, among others - to identify whether the risk of direct and indirect impacts that the WBG interventions could have on the country’s forests were taken into account. This review was done according to the criteria established in the

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<sup>4</sup> <http://busquedas.elperuano.pe/normaslegales/aprueban-los-criterios-y-mecanismos-para-la-implementacion-d-resolucion-ministerial-no-175-2016-minam-1402769-2/>

<sup>5</sup> <https://www.theguardian.com/business/2017/dec/12/uk-banks-join-multinationals-pledge-come-clean-climate-change-risks-mark-carney>

<sup>6</sup> <http://www.worldbank.org/en/news/press-release/2016/08/04/world-bank-board-approves-new-environmental-and-social-framework>

<sup>7</sup> <http://documents.worldbank.org/curated/en/522711493949637279/pdf/Peru-CPF-112299-PE-04102017.pdf>

“National Strategy on Forests and Climate Change” and the WBG’s “Sustaining Forests: A Development Strategy” and “Forest Action Plan.”

Once the criteria were established, we proceeded to categorize each intervention according to the question of whether it involved pro-forest activities or whether it contributed directly and/or indirectly to deforestation. We classified those interventions that did not fall within any of the predefined categories as neutral. Finally, this document presents an analytical section regarding the safeguards established to mitigate the impact on forests, the funds allotted to the interventions according to type of impact, as well as the national regulations that should be applied to protect the forests and the rights of the Indigenous communities who directly depend upon them.

## 2. Methodology

### Justification

In 2016, DAR and BIC conducted a study that analyzed the impacts of the World Bank’s Development Policy Financing (DPF). Among its main conclusions, it found that these DPFs only specified positive impacts in terms of climate change; however, the same had not been done for the possible negative impacts of DPF reforms on climate and forests:

- Introduction of fossil fuel subsidies, which in turn create barriers to the support and promotion of renewable energies and energy efficiency.
- Significantly weakened governance with the passage of Law 30230,<sup>8</sup> a reform the DPF promoted by a previous action established in the DPF.
- Heightened deforestation risks due to the promotion of large-scale infrastructure projects, such as transport infrastructure directly related to deforestation.
- Oil and gas exploration’s double threat, because besides causing deforestation, this violates the Paris Agreement.<sup>9</sup>

These concerns were presented to the World Bank, both in writing and through a presentation, as part of the World Bank’s Annual Meetings in October 2016, which was attended by a representative of the bank.

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<sup>8</sup> [http://dar.org.pe/archivos/publicacion/analisis\\_Ley30230.pdf](http://dar.org.pe/archivos/publicacion/analisis_Ley30230.pdf)

<sup>9</sup> The Paris Agreement’s central aim is to keep a global temperature rise this century well below 2 degrees Celsius, and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels. [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf)

The following year, the Country Partnership Framework (CPF) between Peru and the World Bank Group was agreed for the period 2017-2021. Based on this document, DAR and BIC decided to analyze whether the interventions contained in this agreement adhered to the climate and environmental commitments of the WB, as well as to national regulations protecting forests, thus respecting the rights of the Indigenous communities who depend on them. It is worth mentioning that the interventions established under the CPF include recently completed interventions, those still in implementation, and new ones, which in turn have been grouped according to their relevance in relation to the objectives established in the CPF.

This study seeks to analyze the risk of impacts on Peruvian forests of the interventions under implementation identified in the CPF as well as their indirect impact on Indigenous communities, and to define the national regulatory framework that must mitigate identified risks.

Selection of the WBG interventions

WBG interventions categorized as “in progress” in the Country Partnership Framework were included because they would currently be in implementation and could support efforts to mitigate possible negative impacts on forests and on the rights of forest-dependent populations.

Search for information on WBG operations/interventions selected for the analysis

The search for information and documentation of the WBG interventions selected for this analysis was conducted on information platforms for WBG projects’ different types of financing tools such as:

WBG Financing Instruments	Information Platforms
WB Investment Project Financing (IPF), WB Development Policy Financing (DPF), WB Sector Wide Approach Project (SWAP), WB Catastrophe Deferred Drawdown Option (CAT-DDO), WB Recipient-executed trust funds (RETF), WB-implemented Global Environment Facility (GEF)	<a href="http://projects.worldbank.org/">http://projects.worldbank.org/</a>

International Finance Corporation (IFC)	<a href="https://disclosures.ifc.org">https://disclosures.ifc.org</a>
WB Technical Assistance (TA), Reimbursable Advisory Services (RAS), WB Development Policy Operation (DPO)	No information found about these operations on the WBG platforms

Source: prepared by authors, 2018

Identification of evaluation criteria: a) actions that increase deforestation, b) actions that promote sustainable forest management, c) neutral (see description in annexes)

- a) In the case of actions that cause deforestation, proximate or underlying drivers that cause deforestation will be used as criteria, as identified and defined in the National Strategy on Forests and Climate Change.

Within the framework of the National Strategy on Forests and Climate Change, the work by Geist and Lambin (2001 and 2002) is used as a reference to define the direct and indirect causes of deforestation. They define:

**Direct causes of deforestation:** human activities (or immediate actions) that originate from intended land use and directly impact forest cover. In terms of scale, these proximate causes operate at the local level.

Proximate causes of deforestation	
Agricultural expansion	Small and medium scale agriculture Large scale agriculture Cattle raising Coca crops
Illegal and informal extractive activities	Illegal mining Illegal logging

<p>Infrastructure expansion in transportation and extractive industries</p>	<p>Roads Hydropower Hydrocarbon</p>
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Source: ENBCC - MINAM 2016, pp. 45. Prepared by authors, 2018.

**Indirect causes of deforestation** are the driving forces or fundamental social processes that underpin the proximate causes. They constitute social, political, economic, technological and cultural variables that create the conditions driving deforestation processes. On a local level, these forces can operate directly, or they can operate indirectly on a national or even global level.

Underlying causes of deforestation				
Demographic factors	Economic factors*	Technological factors	Institutional/policy factors	Sociopolitical factors
<p>Growing population density</p> <p>Immigration</p>	<p>Poverty</p> <p>Variable pricing for agricultural products</p> <p>International demand for agricultural products</p> <p>GDP and Gross Value Added (GVA)</p> <p>Economically active population</p> <p>Gold prices</p>	<p>Low performance/profitability/production sustainability</p> <p>Limited technical assistance/inadequate technology</p>	<p>Legal framework for land title policies</p> <p>Land tenure</p> <p>Forest governance</p>	<p>Educational standards/environmental culture.</p> <p>Limited knowledge of the use of forest resources</p>

\*Non-exhaustive list.

Source: ENBCC - MINAM 2016, pp. 51. Prepared by authors, 2018

- b) In the case of actions promoting sustainable forest management, criteria include forest management fields of interest identified in the Forest Action Plan (FAP), the “Sustaining Forests” Strategy and other related World Bank documents.

The FAP identifies two focus areas for WBG engagement related to forests:

1) **Sustainable Forestry**, ensuring that forest-related investments contribute to sustainable management of forests and value chains.

The protection and optimized use of forests (both natural and planted) sustain livelihoods and create jobs and economic opportunities in rural areas, while preserving the environmental benefits provided by forests.

- ✓ Protect and Optimize the **Management of Natural Forests**
- ✓ Encourage **Sustainable Plantations and Tree Planting**
- ✓ Support **Sustainable Forest Value Chains**

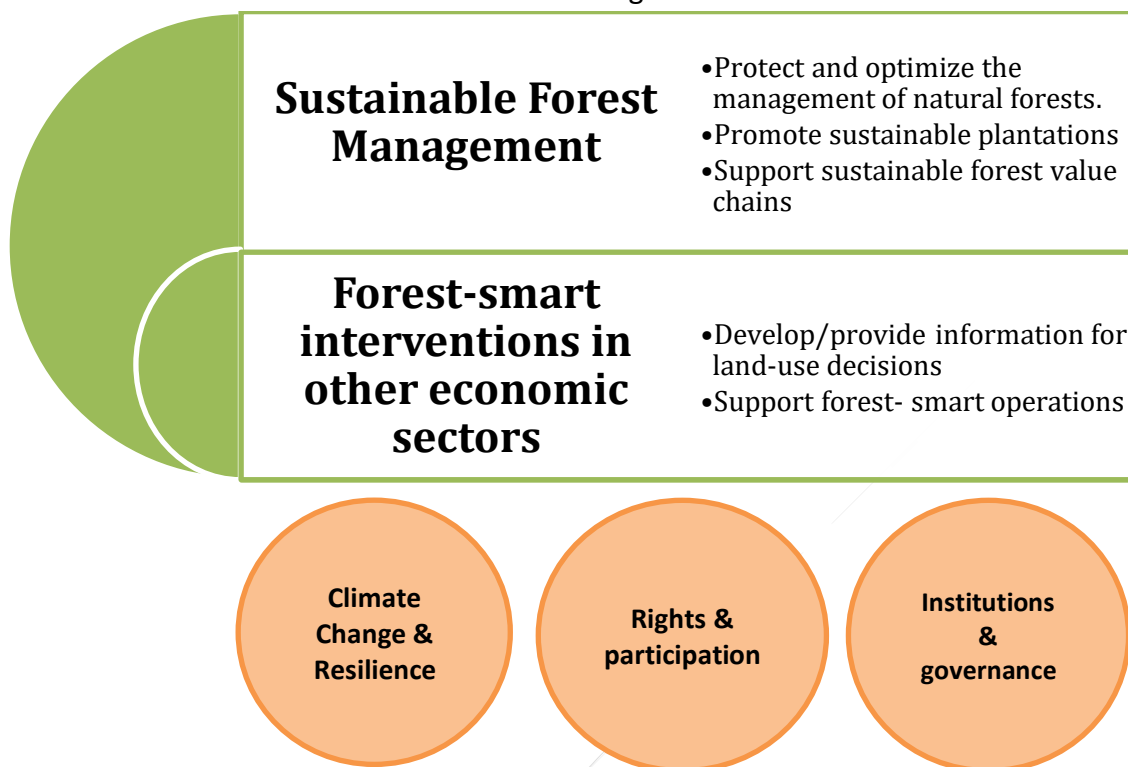
2) **Forest-Smart Interventions in other Economic Sectors**: supporting interventions that do not come at the expense of forest capital. Ensure that investments in other economic sectors (such as agriculture, energy, mining, transport) consider avoiding or minimizing adverse impacts on forests and/or maximizing development outcomes through forest-based solutions.

- ✓ Informed Land-Use **Decision-Making**
- ✓ Deliver **Forest-Smart Operations**

Additionally, WBG operations/interventions were analyzed based on FAP’s cross-cutting themes:

- Climate Change and Resilience
- Participation and Rights
- Institutions and Governance

Forest Action Plan Focus Areas and Cross-Cutting Themes:



Source: World Bank. 2016, p. 16. Prepared by the authors.

- c) In the case of neutral actions, we did not apply further analysis since the scope of these WBG interventions does not interfere with the forests or with the rights of the Indigenous communities whose livelihoods depend on the forests.

Review and categorization of WBG operations

We followed these procedures:

- File preparation for the categorization of available documents on analyzed WBG interventions
- Categorization and analysis of the impacts identified in WBG operations based on proposed criteria
- Identification of information access limitations and transparency issues in some WBG operations

From the total of 44 operations identified in the Country Partnership Framework, we analyzed 17 WBG operations, which had accessible and complete information and documentation on the WBG platforms.

In the case of the 19 operations specific to the IFC, limited detailed information was available on the corresponding platform. However, it was impossible to access the detailed information about projects and planned activities, as well as documents needed for our analysis.

Although an exhaustive search of information was conducted, in the case of 8 technical assistance operations (RAS and TA), the necessary documentation was not obtained to analyze their possible impacts according to the scope of this study.

Analysis of WBG interventions	WBG Financing Instruments	# Interventions
Existing documentation with detailed information available  <b>Total = 17</b>	WB Development Policy Financing (DPF)	2
	WB Investment Project Financing (IPF)	10
	WB Sector Wide Approach Project (SWAP)	1
	WB Catastrophe Deferred Drawdown Option (CAT-DDO)	2
	WB Recipient-executed trust funds (RETF)	1
	WB Global Environment Facility (GEF)	1
Existing documentation, but without detailed information available  <b>Total = 19</b>	IFC Technical Assistance (TA)	6
	IFC Advisory Services (AS)	1
	IFC Investments	4
	IFC Micro Finance	8
No documentation available  <b>Total = 8</b>	WBG Reimbursable Advisory Services (RAS)	2
	WB Technical Assistance (TA)	6

### Study limitations

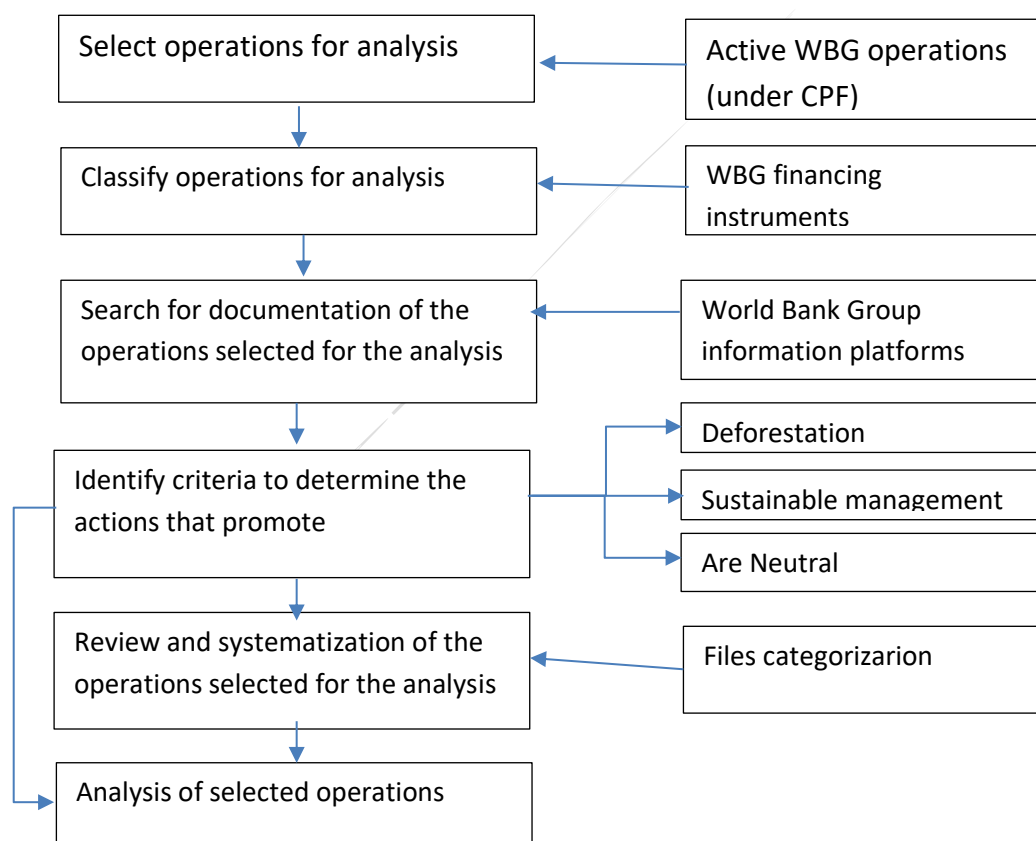
The methodology considers direct and indirect drivers of deforestation defined in the ENBCC, that apply to Amazonian wet forests, but does not consider drivers specific to other ecosystems in the country (like Andean and coastal forests). Given that WBG interventions are performed throughout the country, a bias towards the Amazonian ecosystem is recognized in criteria relating to the causes of deforestation.

As mentioned earlier, there was limited access to any documentation relating to the IFC projects or to technical assistance operations from the World Bank (WB TA and WB RAS). Also, we have not analyzed financing that is executed by other multilateral development banks in which the World Bank has played a role as secretariat or fund administrator, such as the Forest Carbon Partnership Facility.

## 2. Analysis and outcomes

Reviewing the information on WBG interventions, this study analyzed their impacts on the protection of forests and also identifies the WBG actions that contribute to deforestation and to sustainable forest management, based on the proposed analysis criteria. It also analyzes the economic sectors related to the WBG operations that contribute to deforestation and sustainable forest management, and it quantifies the WBG financial contribution to the promotion of these activities.

### Methodological overview:

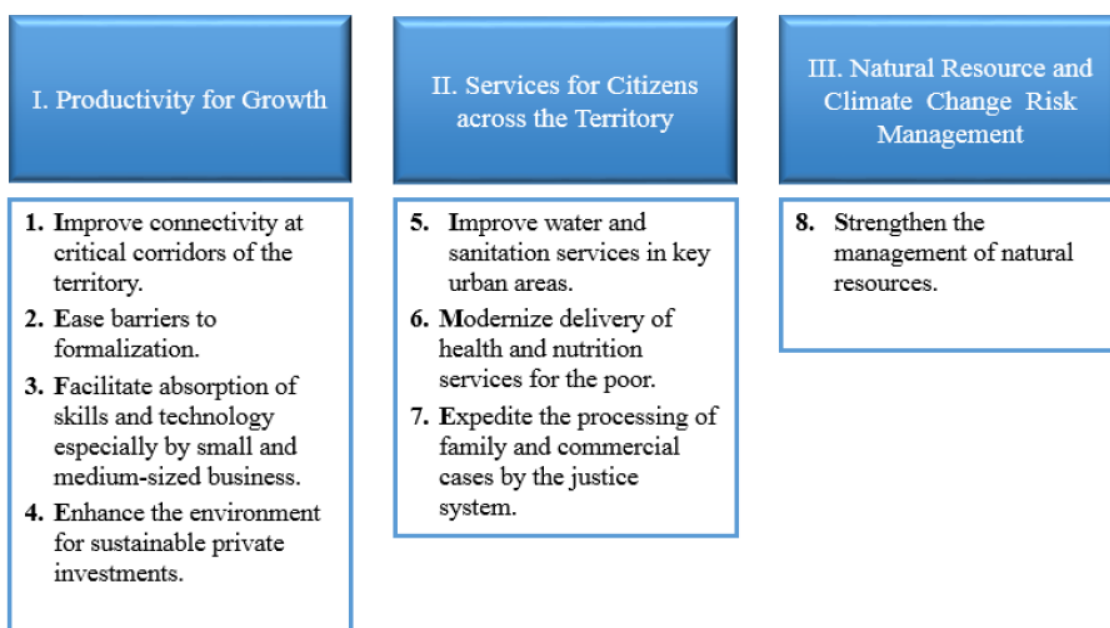


Source: prepared by authors, 2018

As mentioned before, this analysis is based on the Country Partnership Framework (CPF). According to the CPF, the WBG will support Peru under three pillars:<sup>10</sup>

- Productivity for Growth
- Services for Citizens across the Territory
- Natural Resource and Climate Change Risk Management

It also covers eight objectives relevant to these pillars. The third pillar includes only one objective, focused on strengthening the management of natural resources. The CPF specifies the Government's Strategic Priorities in the National Plan 2016-2021, which are: Jobs, Economic Formalization and Growth; Public Safety and Anti-Corruption; Social Investment and Opportunity, and Bringing the State Closer to Citizens.



The Peruvian Government has prioritized actions such as the promotion of fossil fuels, but no priorities have been identified related to the management of natural resources and attention to the impacts that the traditional economic model can have on the environment, on the livelihoods of local communities, and much less to what this means in terms of climate change.

While the Country Partnership Framework includes an objective related to the management of natural resources, the number of interventions<sup>11</sup> focused on this have not kept up with

<sup>10</sup> I) Productivity for Growth, II) Services for Citizens across the Territory, III) Natural Resource and Climate Change Risk Management.

the investments in the promotion of a traditional economy, favoring extractive activities and the construction of infrastructure that does not adhere to the necessary transition towards low-emission sustainable development.

The study “World Bank Development Policy Finance and Climate Change: Is the Bank providing the Right Incentives for Low-Carbon Development in Peru?”<sup>12</sup> highlights the commitment the World Bank has made to support countries to abide by the Paris Agreement, and emphasizes the need to transition to low-carbon development, taking into account that they consider climate change as a factor that can have an impact on economic growth. This same study analyzes the impacts of two current loans for the development of public policies in terms of forests and climate change. According to this analysis, the WB would not necessarily be complying with its own due diligence in regard to the impact analysis of these interventions. It is reported that the two DPF operations would be using subsidies for hydrocarbon projects.

#### Results:

- The operations that **promote sustainable management of forests** are linked to forest management research and development, which includes both natural forests and plantations; sustainable management of natural resources; technical assistance and capacity-building to develop technologies helping small and medium farmers increase their crops’ productivity; strengthening alliances among farmers to help promote their products and improve value chains.

These interventions are related to the **agricultural and forestry sectors**, with funding of \$65.5 million, representing 5% of the total budget of analyzed operations.

Among projects considered to promote sustainable forest management, this study highlights the National Agricultural Innovation Project (P131013), which focuses on researching and advancing innovations in forested areas (natural forests and plantations). It also strengthens development and/or delivery of technological improvements targeted to small and medium-scale farmers. This intervention helps address one of the underlying causes of deforestation: limited technical assistance for agricultural activities. Through its activities, this intervention helps to promote smart forest operations.

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<sup>11</sup> Those that have information published on the WB website.

<sup>12</sup><http://www.bankinformationcenter.org/wp-content/uploads/2017/01/PERU-DPF-FORMATTED-PUB-1.11.17.pdf>

Furthermore, these interventions help mitigate the emissions of the National Inventory of GHG sections: Agricultural and Land Use Change (USCUSS).

- Operations that **drive deforestation** are related to the rehabilitation of pre-existing tertiary roads and could imply the expansion of activities that cause deforestation. Also, encouraging the expansion of agricultural production areas could allow increased deforestation, if not accompanied by monitoring activities to avoid these risks.

These interventions are related to the economic sectors of transport and agriculture, with a total of \$70 million in financing, which represents 6% of the total funds allocated to the analyzed operations.

Among the projects considered to be deforestation drivers, this study highlights the Support to the Subnational Transport Program Project (P132515). This intervention seeks to facilitate the rehabilitation of pre-existing tertiary roads. Even if the construction work itself did not increase deforestation, the rehabilitation of tertiary roads could promote the expansion of activities that do drive deforestation, facilitating, for example, road access for heavy machinery for agricultural or mining activities. The total project cost amounts to \$600 million and the WBG's financial commitment is \$50 million.

As for sectors in the national greenhouse gas inventory, these interventions work together to increase emissions of the land use-land use change-forestry (LULUCF) sector. However, in the case of the interventions associated with transport, it is worth mentioning that the goal is to reduce emissions from the energy sector (transport subsector).

This group also includes operations dedicated to development policies (WBG DPF) that amount to \$2.5 billion.<sup>13</sup> Although it is true that they do not specify which government actions they fund, nor the environmental and social consequences that these may entail, the prior actions required for the agreement of these loans include 1) subsidies for public-private partnerships, which means, according to the Government's portfolio, subsidies for infrastructure and fossil energy projects; and 2) the passage of regulations harmful to the environment and forests, such as Law 30230 that placed a moratorium on the oversight functions of the Agency for Environmental Evaluation and Enforcement (OEFA in Spanish).

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<sup>13</sup> Per their titles, these funded: 1. Public expenditure and fiscal risk management, 2. Increase human capital and financing policy for productivity development.

- As for **neutral operations**, they are linked to various topics such as: urban transport, improving the health system and education services, water, sanitation and flood protection and public administration, among others. These interventions receive \$1,118.42 million in funding, which represents 89% of the total amount financed in the analyzed operations.

### ***More about DPFs***

Development Policy Finance (DPF) is recognized as an opportunity to finance public policies in line with the objectives of low-carbon development to reduce the impacts of climate change within national and international frameworks.

However, in the case of the DPFs analyzed as part of the Country Partnership Framework, we see a missed opportunity to help the Peruvian government redirect and consider sustainable development, which encourages the use of renewable energies and values its vast expanses of standing forests.

Although there is an intention to improve the procedures and capacities of institutions such as ProInversión, a more thorough analysis of their environmental and social impact is still needed. This analysis should take into account the contributions to global efforts for the Paris Agreement, as well as to the World Bank's environmental and social management instruments.

In the case of Peru, for example, one of the most notable examples of the impacts of DPFs in the country was the passage of Law 30230, considered to be a pre-condition for financing approval. This standard, aimed at increasing investment, significantly weakens environmental and social regulations, including, *inter alia*, expedited approval of environmental impact assessments, greatly reduced (by 50%) fines for environmental violations, and weakened indigenous peoples' land tenure rights.

Although DPFs differ from WBG's direct investment projects, they provide the most financing, and ultimately determine the country's guidelines for investing millions, resulting in a significant impact on the country.

### ***Regulatory restrictions***

If we conclude that the WB interventions - apart from those specific to projects related to climate change, forests, and Indigenous Peoples - do not analyze the possible individual and

cumulative impact they may have on forests and the livelihoods of the local population, we would expect national regulations to establish relevant restrictions to mitigate and reduce possible impacts on forests and populations, especially those most vulnerable, such as Indigenous Peoples.

The Forestry and Wildlife Law (LFFS), Law No. 29763, came into effect in 2015 with the approval of its four regulations. It is considered the first Peruvian standard in which a process of prior and informed consultation with the Indigenous Peoples was undertaken, even before the approval of the Prior Consultation Law (Law No. 29785). This LFFS creates the National Forestry and Wildlife Service (SERFOR), as the National Authority on these matters..

For the sustainable management of forest and wildlife heritage in Peru, the LFFS seeks to reduce deforestation and forest degradation levels by prohibiting land titling in forests and adapting/applying the Regulation on Land Classification for its Highest and Best Use in order to prevent the conversion of protected productive forests into agricultural lands, in addition to establishing forest conservation as a form of economic development.

However, both examples above are still pending to happen and the loss of forest cover continues to advance in the Amazon, due to a range of activities that take place without regulation or planning. One of them is the granting of permits for land use change in state-owned forested land for farming activities<sup>14</sup>. Currently, land use is being changed for the cultivation of coffee, soybean, cocoa, oil palm, and livestock crops, among other agricultural activities. There are standards and practices that regulate the allocation of state-owned forested land to agricultural activities in the Amazon, but these are not being applied or are unknown by various authorities in different sectors as well as different jurisdictional levels.

It is important to mention that Land Use Change (LUC) is the main source of GHG emissions in the country, representing 51% of Peru's total emissions in 2012.<sup>15</sup>

Although this study is focused on the impacts of WBG operations on forests, it recognizes the close relationship between Indigenous Peoples and forests, acknowledging that any impact on forests would directly affect the rights of Indigenous Peoples, causing potential harm to their food security, access and use of forest resources, and territorial security,

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<sup>14</sup> [http://dar.org.pe/archivos/libro\\_CUS\\_2017\\_vf.pdf](http://dar.org.pe/archivos/libro_CUS_2017_vf.pdf)

<sup>15</sup> <http://infocarbono.minam.gob.pe/annios-inventarios-nacionales-gei/ingei-2012/>

among others. This is due to the fact that forest policies and investments view forest territories as uninhabited land, available for traditional economic activities, not considering the economic value of maintaining the standing forest or the importance of these ecosystems for Indigenous and local communities who inhabit them or depend upon the forest for their subsistence.<sup>16</sup>

### 3. Findings and conclusions

One of the main findings of this study is that it seems that the design of the WBG's operations does not include a cross-cutting approach in regard to climate change or forests, which is a requirement, according to its own policies.

Even though the WBG has its own social and environmental standards, in addition to a Forest Action Plan, we determined that they are not applied to all its interventions, minimizing or not considering their potential impacts on forests. For example, one of the interventions<sup>17</sup> related to road infrastructure asserts that it would not have an impact on the forests because it would not generate new roads, but only improve existing ones. According to the analysis of the drivers of deforestation, strengthening and improving rural roads implies better access to forested areas that were previously inaccessible, creating an incentive to increase the agricultural frontier and extractive activities.<sup>18</sup>

It is also important to highlight that although there are WBG operations related to the protection of forests, there is a significant imbalance in the financing dedicated to promoting the construction of infrastructure and the extraction of fossil fuels. It is yet to be clarified how the Bank's promised withdrawal will be monitored to guarantee it terminates funding the exploration of new sources of fossil fuels after 2019.

### 4. Recommendations

#### **To the World Bank Group**

- The WBG has management documents such as the Forest Action Plan and its Forests Policy, OP 4.36, revised in April 2013, that seek to identify and reduce possible negative impacts of the Bank's interventions on the environment, climate, and

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<sup>16</sup> <http://www.un.org/esa/socdev/unpfii/documents/Debate%20y%20los%20BosquesS.pdf> (In Spanish)

<sup>17</sup> Support to the [Subnational Transport Program Project](#) for Peru - P132515

<sup>18</sup> See Arild Angelsen, "Policies for reduced deforestation and their impact on agricultural production," PNAS November 16, 2010. 107 (46) 19639-19644; <https://doi.org/10.1073/pnas.0912014107> Edited by Ruth S. DeFries, Columbia University, New York, NY.

population. These should always be taken into account<sup>19</sup> in the design of the countries' investment projects, technical support, and development policy loans, ensuring that measures are taken to mitigate the risks of negative impacts from the interventions.

- To avoid undermining its own commitments, the WBG must review the social, environmental and climate impacts not only of its investment projects, but also of its loans for the development of public policies, which represent the largest amount of financing for Peru.
- WBG operations are subject to an Implementation Status and Results Report (ISR) every six months. In the case of DPFs, which do not specify the activities for which the Bank's loans will be used, it is important that these reports are able to identify possible borrower government actions that could have negative social and environmental impacts, especially if these impacts are contradictory to the objectives specified in the Country Partnership Framework, or to the WBG commitments regarding forests and climate change.

### **To the Peruvian government**

- In negotiations with multilateral banks for development loans, it is important to take into consideration the national planning and regulatory framework. This should not only be done with the productive sector in question, but also with the tools and standards related to environmental protection and to the country's fight against climate change.
- For example, it is important that in the context of the Country Partnership Framework negotiations, the cumulative social and environmental impact the WBG interventions can cause is evaluated, including an analysis of vulnerability and climate change risk. This could be done with the implementation of the Strategic Environmental Assessment (Ministerial Resolution 175-2016-MINAM). This should even apply to the broader portfolio of investment projects and measures planned by the Government.

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<sup>19</sup> We recognize that in the future, the Bank's new Environmental and Social Standards (ESSs) will be applied to Investment Projects. However, the Bank is committed to not diluting or weakening the protection provided by current policies. We believe that ESS1, Assessment and Management of Environmental and Social Risks and Impacts, and ESS6, Biodiversity Conservation and Sustainable Management of Living Natural Resources, offer protection for forests in accordance with this commitment, if rigorously applied. We also recognize that the Bank has OP 8.60 - Development Policy Lending, for DPLs. While this requires (para. 11) that shortcomings in the borrower's systems "for reducing such adverse effects and enhancing positive effects...be addressed before or during program implementation, as appropriate," this has not been sufficient, or sufficiently applied, to ensure avoidance of such adverse effects in the case of DPLs in Peru.

### **Cross-cutting**

- Both the WBG and the Government must take into account that the impacts on forests have implications for the way of life of local and indigenous communities that depend on the resources and services provided by these ecosystems. Therefore, it is important to bear this in mind when negotiating WBG interventions in the country, as well as when designing the proposed projects and interventions.
- Although there was no analysis carried out regarding the application of Operational Policy (OP) 4.10 on Indigenous Peoples<sup>20</sup> on WB interventions in Peru, it is imperative that this policy is not only applied to investment projects, but also to development policy loans, and that ESS7 be applied when the new WB Environmental and Social Standards go into effect. Likewise, the Peruvian State must ensure the implementation of the Prior Consultation Law in relevant cases, also taking into account the relationship between the protection of rights and territory of indigenous communities and the protection of forests.

### **For future research**

- A comparison should be made between how the previous WB Operational Policies and the updated Environmental and Social ones are applied, to identify whether the new policies are in fact more rigorous and include more comprehensive environmental and social risk analyses. A similar exercise should be undertaken for DPF, when the DPF policy is updated.
- In addition, interventions related to urban planning have been considered to be neutral. However, the urbanization of the Amazon and the improvements to its habitability and development, could, on the one hand, reduce deforestation by depopulating rural areas, but on the other, could attract increased population from other areas of Peru to the city and its surroundings, accelerating deforestation in the expansion of the urban area. We recommend carrying out this type of analysis in the expansion and deepening of this study.
- This study should be replicated and expanded for the interventions of other multilateral development banks, and should also include analyses of cumulative impacts, the generation of greenhouse gas emissions, and the ways in which MDBs and the country seek to mitigate these impacts.

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<sup>20</sup> <https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0822f89d5.pdf>

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## **5. Annexes**

### **Classification of WBG interventions:**

The interventions addressed in the CPF were classified according to the types of financing tools of the WBG, to facilitate and organize information searches through the different platforms where the WBG operations/interventions portfolio is consigned.

The types of WBG financing tools found in our analysis of WBG operations in Peru are as follows<sup>21</sup>:

- a) **Investment Project Financing (IPF)**: is used in all sectors, with a concentration in the infrastructure, human development, agriculture, and public administration sectors. IPF is focused on the long-term (5 to 10-year project horizon) and supports a wide range of activities including capital-intensive investments, agricultural development, service delivery, credit and grant delivery (including micro-credit), community-based development, and institution building.

Unlike commercial lending, Bank IPF not only supplies borrowing countries with needed financing, but also serves as a vehicle for sustained, global knowledge transfer and technical assistance. This includes support to analytical and design work in the conceptual stages of project preparation, technical support and expertise (including in the areas of project management and fiduciary and safeguards activities) during implementation, and institution-building throughout the project.

- b) **Development Policy Financing (DPF)**: provides rapidly-disbursing financing to help a borrower address actual or anticipated development financing requirements. DPF aims to support the borrower in achieving sustainable development through a program of policy and institutional actions, for example, strengthening public financial management, improving the investment climate, addressing bottlenecks to improve service delivery, and diversifying the economy. DPF supports such reforms through non-earmarked general budget financing that is subject to the borrower's own implementation processes and systems. The Bank's use of DPF in a country is determined in the context of the Country Partnership Framework (CPF).

The DPF policy emphasizes country ownership and alignment, stakeholder consultation, donor coordination, and results, and requires treatment of fiduciary risks and of the potential environmental and distributional consequences of supported policies. DPF can be extended as loans, credits, or grants. Funds are made available to the client based on: 1) maintenance of an adequate macroeconomic policy framework, as determined by the Bank with inputs from IMF assessments, 2) satisfactory implementation of the overall reform program, and 3) completion of policy and institutional actions agreed between the Bank and the client.

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<sup>21</sup> The material below in this section is based on the World Bank Products and Services web page; see <http://www.worldbank.org/en/projects-operations/products-and-services>.

Development Policy Operations (DPO) Prior Actions are policy and institutional actions deemed critical to achieving the objectives of a program supported by the development policy operation. These present the legal terms defined in the loan agreement that have to be met for each operation before disbursement. A database of prior actions for all development policy operations since 1980 is updated annually at the end of each fiscal year by the Operations Policy and Country Services (OPCS) Vice Presidency.

- c) Technical Assistance (TA): The World Bank Group can provide professional technical advice that supports legal, policy, management, governance and other reforms needed for a country's development goals. WBG knowledge and skills are used to help countries build accountable, efficient public sector institutions to sustain development intended to benefit their citizens over the long term. Bank staff offer advice and support governments in the preparation of documents, such as draft legislation, institutional development plans, country-level strategies, and implementation action plans. The WBG can also assist governments to shape or put new policies and programs in place.
- d) Reimbursable Advisory Services (RAS): Through RAS, the Bank can provide clients access to customized technical assistance on a reimbursable basis, either as a stand-alone or to complement an existing program. This allows us to provide advisory services that the client demands, but that the Bank cannot fund in full within the existing budget envelope. RAS programs have been used in more than 70 countries since the 1970s. World Bank member countries of all income levels can access RAS. Clients can be countries and government entities, but also states and municipalities, state-owned enterprises, civil society organizations, and multilateral agencies.
- e) Sector Wide Approach Project (SWAP) supports a country-led program for a sector in a coherent, comprehensive, and coordinated manner. See for example “Addressing Developing Challenges in Health and Education in Argentina,” March 18, 2015. N.B. A SWAP is neither a lending instrument nor a particular financing modality. Other terminologies are used by some organizations e.g., Sector Approach, Sector Programs, Sector Support.

- a) **International Finance Corporation (IFC)** Products & Services include Loans, Equity, Trade And Supply Chain Finance, Syndications, Solutions, Blended, Venture Capital, Advisory, and Asset Management. In our analysis/chart, we have included the IFC financing as it was listed (investments and micro-finance, presumably equity and loans) and technical assistance or advisory services.
- b) Catastrophe Deferred Drawdown Option ([CAT-DDO](#)) is a contingent credit line that provides immediate liquidity to IBRD member countries in the aftermath of a natural disaster. It is part of a broad spectrum of World Bank Group disaster risk financing instruments available to assist borrowers in planning efficient responses to catastrophic events. The Cat DDO helps develop a country's capacity to manage the risk of natural disasters and should be part of a broader preventive disaster risk management strategy. Governments determine the mix of disaster risk financing instruments based on an assessment of risks, desired coverage, available budget, and cost efficiency.

The Cat DDO complements existing market-based disaster risk financing instruments such as insurance, catastrophe bonds, reserve funds, etc. In order to gain access to financing, the borrower must implement a disaster risk management program, which the Bank will monitor on a periodic basis.

- c) Recipient-executed trust funds (RETF) are funds contributed by donors for specified purposes and held by the Bank and issued as grants or loans to the Bank's client(s).<sup>22</sup> Per OP 14.40, "RETFs are funds that the Bank passes on to a third party and for which the Bank plays an operational role—i.e., the Bank normally appraises and supervises activities financed by these funds. Activities under RETFs are normally financed through grants and executed<sup>23</sup> or implemented by grant recipients."

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<sup>22</sup> The Bank defines and explains "trust funds" in the relevant Operational Policy (OP 14.40) as follows: "A trust fund is a financing arrangement set up with contributions from one or more donors.... The Bank establishes and administers trust funds as a complement to IDA and IBRD financing to promote development and aid effectiveness by leveraging its capacity and development knowledge."

<sup>23</sup> Per OP 14.40, footnote 7: Execution includes, inter alia, procurement of goods and services, negotiating contracts, making payments, submitting progress and financial reports, and performing other implementation activities as under a Bank-financed project. The Bank does not execute activities financed by trust funds that cofinance projects which also receive IBRD loans or IDA credits or grants. However, the Bank may consider executing activities under an RETF grant on behalf of the grant recipient in exceptional circumstances—for example, if the recipient is a new member country or inactive borrower, or its administrative capacity has been adversely affected by civil strife, crises or other emergencies – or for start-up activities referred to in OP 8.00, Rapid Response to Crises and Emergencies, or in Board-approved resolutions for trust funds that specifically permit Bank execution of such activities. In all such cases, and to the extent practicable, the Bank avoids execution of activities where such execution may undermine country ownership or pose undue conflicts of interest, liability issues or reputational risk for the Bank. Also in all such cases, administration of the funds (and execution of activities) is subject to the Planning, Budgeting and Performance Management Manual, the Administrative Manual, and relevant Bank Operational Policies.

- d) Global Environment Facility (GEF) was established in the International Bank for Reconstruction and Development (IBRD or World Bank) as a pilot program to assist in protecting the global environment and thereby promote environmentally sound and sustainable economic development, by resolution of the Executive Directors of the World Bank and related interagency arrangements between the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank. The GEF operates as a mechanism for providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in (a) biological diversity; (b) climate change; (c) international waters; (d) land degradation, primarily desertification and deforestation; and (e) chemicals and wastes. The Bank may serve as Implementing Agency for projects as well as GEF Trustee.

**Description of intervention analysis criteria:**

The criteria used to evaluate whether the WBG interventions/operations cause deforestation were adopted based on those established in the Peru National Strategy on Forests and Climate Change (MINAM, 2016):

Direct criteria		Description
Agricultural expansion	Small and medium scale agriculture	The small-scale farmer works in areas of up to 5 ha, and the medium-scale farmer, from 5 to 50 ha. These farmers usually clear more forest area than they can actually farm, but they do so in order to acquire larger areas. Small and medium scale agriculture is characterized as a traditional activity, inadequate agricultural practices and low productivity, and weak ties with the market. In this activity, the value of forest species is unknown, as evidenced by non-selective clear-cutting. (MINAM, 2016)
	Large-scale agriculture	This is characterized by intensive agriculture that is more profitable since productivity is greater and market responsiveness is fluid. It consists of industrial agriculture (agro-export, oil seeds, and biofuels). Farmers work mainly with monocultures (for example, oil palm) in relation to international markets. (MINAM, 2016)
	Cattle raising	Deforestation caused by livestock is due to the conversion of forest to grasslands in order to raise cattle in mass numbers, mostly by alliances of small farmers and associations of producers or companies.

		Regional and local governments promote this type of activity. There are figures showing that 80% are small-scale farmers, 18% are medium-scale and 2% are large cattle ranchers. (MINAM, 2016)
	Coca crops	The production of coca leaf is useful for small farmers or ranchers to obtain substantial capital quickly that they can invest in developing other productive activities, usually agriculture and livestock. (MINAM, 2016)
Illegal and illicit extractive activities	Illegal mining	Illegal mining is the activity that most greatly affects the Amazon, causing negative environmental impacts to ecosystems along with adverse social and economic impacts. This activity causes the increase of sedimentation in riverbanks and negatively affects flooded forests, swamps and other wetlands, with palm swamps being the most susceptible. Because it is an illicit and illegal activity, it engenders permanent conflicts with native communities, problems with land tenure, with forest rights and with the State. (MINAM, 2016)
	Illegal logging	Illegal logging is prone to cause corruption and conflicts, and to threaten the security of the population. It is estimated that 22% of Amazonian forests do not possess legal status or official rights, so it is difficult to secure approval for their legal use, exposing them to deforestation and illegal logging. (MINAM, 2016)
Infrastructure expansion in transportation	Roads	On the national level, the extent of deforestation due to roadway construction itself is not significant. However, the roads' infrastructure is a significant cause of deforestation, since it promotes the expansion of other agents of deforestation in low governance environments.

and extractive industries		Without adequate planning and management, it can lead to large deforestation processes. (MINAM, 2016)
	Hydropower	Large areas of land are permanently flooded by dams created for hydroelectric operations. The forests that are covered by floodwaters decompose slowly, making them a source of carbon dioxide, nitrous oxide and methane emissions. In addition, trees are cleared for the erection of camps, road construction, and the installation of transmission lines. The flooding also leads to the relocation of people who had settled in these areas to more distant places, causing greater deforestation. (MINAM, 2016)
	Hydrocarbon	Of the hydrocarbon extraction phases, drilling of exploratory and productive wells is the biggest driver of deforestation, since each one requires an area of approximately 2 ha cleared of vegetation. There are, however, cases in the northern jungle and in <a href="#">Camisea</a> where the direct and indirect impact of this type of activity is reduced. (MINAM, 2016)
Indirect criteria		Description
Demographic factors	Population growth	Population growth is considered the main underlying cause of deforestation due to pressure on the areas resulting from situations of poverty, social exclusion, and migration. (MINAM, 2016) Population growth, together with urbanization and changes in consumption patterns, has caused an increase in the demand for food, fiber, energy, and minerals, which leads to large-scale changes in land use. As a result, a significant amount of forest cover is lost. (WBG, 2016)

	Migration dynamics	The colonization of the Amazon has been driven by the economic and social crisis in the Andean areas of Peru. The Amazon has been attracting migrants because of its great abundance of natural resources, productive soil, and easily accessible land. (MINAM, 2016)
Economic factors*	Poverty	It is possible that low-income families are more likely to cause deforestation because they have minimal skills and minimal agricultural economic opportunities, and given their need to cover basic necessities, they have less inclination to exploit the forest other than using it for agricultural expansion.  In Peru, the highest levels of poverty are found in the Amazon and the Andes. This is how the migration of the population with the fewest resources to the Amazon occurred. They perceive it as a solution to Andean poverty and as a place where they can develop activities such as raising cattle or agriculture, which cause deforestation. (MINAM, 2016)
	Variable pricing for agricultural products	The increase in the price of products drives the investment towards higher production, which requires more areas to cultivate, favoring these over wooded areas. The increase in demand and the price increases of products such as palm oil, cocoa paste and coffee, leads to the development of plantations in wooded areas.  Deforestation <a href="#">fronts</a> : provinces of Federico Basadre-Marginal, Iquitos, Ramón Castilla, Requena and Tahuamanu. (MINAM, 2016)
	International demand for agricultural products	The international demand for palm oil has been steadily growing. Consequently, the development of and investment in plantations of this product is increasing. The producing corporations are in search of new land for expansion, so they invest in different countries. One of them is Peru. (MINAM, 2016)

	GDP and Gross Value Added (GVA)	It would be expected that, with economic growth and increasing national income, the pressure on the forests would decrease, but that is not the case. The pressure has been increased by the demand for agricultural products, increased access to the forest and market forces. It is important to recognize the dynamics of the Regional GDPs and to identify the current productive activities that are, primarily, those that trigger deforestation processes. A direct relationship between agricultural GVA and deforestation has been observed. (MINAM, 2016)
	Economically active population (EAP)	Agriculture and the use of land resources is the main source of income for rural populations. In urban areas, the high cost of living and low wages encourage the population to move to the countryside and look for new areas to cultivate, even if this implies deforestation. When the agricultural and/or livestock activities do not cover basic needs, the population is driven to engage in illegal activities such as illegal logging or coca cultivation. The increase of the EAP and deforestation has been directly proportional. (MINAM, 2016)
	Gold prices	The influence of the price of gold on deforestation is significant. The price of gold rose from \$271/Oz in 2001 to \$1410/Oz in 2013, and artisanal mining increased dramatically in areas where previously it was minimally developed, expanding to new areas. In the Tambopata-Manu front, the price of gold, together with other factors, has led to an increase in deforested areas for mining: 62% of deforestation during the 2000 – 2013 period in the Tambopata - Manu front was caused by mining. (MINAM, 2016)
Technological factors	Low performance/ profitability/production sustainability	The development of agriculture without investment other than labor or seeds has been practiced by generations. But if there are no periods of rest and recovery for the forest, it is not adequate for the sustainability of agricultural activities because of the rapidity with which

		soil nutrients are lost as well as the uncontrolled appearance of weeds, leading to more expenditure for field maintenance. (MINAM, 2016)
	Limited technical assistance/inadequate technology	The methods that most farmers use are not sustainable. After two years of farming, they face the loss of fertility and growth of weeds, which leads them to look for a new place to farm. Currently, there is technology that would allow them to maintain crop production in a sustainable manner. This way, the need to abandon farming areas for new areas would be reduced. In other words, if the right technologies were used, the pressure on forests in indigenous agricultural systems would be reduced. The use of these technologies should be promoted by the State. (MINAM, 2016)
Institutional/ policy factors	Legal framework for land title policies	One of the incentives for colonization in the Amazon is, for example, the exemption of the value-added sales tax (VAT) in this area, where there are reduced rates for the payment of income taxes and a “special tax credit” of 50% for sales outside this region. The legal framework for land in Peru is determined by Law N°653 Law for the promotion of investment in the agricultural sector, and Law N°26505 Law for private investment in the development of economic activities in the lands of the national territory and the peasant and native communities. These standards establish the procedures for the adjudication of lands in low jungle and forest jungle where the capacity of greater land use is established as a norm of agricultural production. Furthermore, the forest cover can be legally withdrawn to develop perennial or annual crops in these adjudicated areas. (MINAM, 2016)
	Land tenure	In terms of their influence on the processes associated with deforestation, property rights laws are one of the most important factors. There are legal incentives for the population to

		access or take possession of land and then clear it: DL 667 “Law of registration of rural properties” and article 27 “economic exploitation of rural property;” in this way one can prove possession and access the property. (MINAM, 2016)
	Forest governance	All forested areas, as public resources, fall under the responsibility and protection of the State. Currently, we observe the limited capacity of responsible entities to exercise control and authority over these areas; especially in areas where they do not have any type of rights assigned. The decentralization of forest management is limited. It is true that the regions with the greatest forest cover have received the transfer of forest authorities, but there are not enough resources to exert control over the areas, given their magnitude. In addition, the Forestry and Wildlife Management Committees, provided for in Law 29763, make it difficult for society at-large to participate and for forestry officials to confront the illegal occupation of lands and other activities that cause deforestation. (MINAM, 2016)
Sociopolitical factors	Educational standards/ environmental culture	The lack of farmers’ education influences the decisions they make about how to carry out activities that lead to deforestation, lacking information or knowledge that would allow them to apply currently appropriate technologies. Most have not developed and/or strengthened their abilities relating to the management of natural resources. (MINAM, 2016)
	Limited knowledge of the use of forest resources	There is limited knowledge or skill regarding the location of forest resources, their extraction, growing seasons, among others. Therefore, the use of forest resources is limited where migrant farmers instead focus on agricultural activities. As they do not receive direct benefits from the forest, they find no reason to protect it. (MINAM, 2016)

Source: MINAM. 2016. Peru National Strategy on Forests and Climate Change (ENBCC)

The criteria used to consider whether WBG interventions/operations promote sustainable forest management were described based on what is established in WBG Forest Action Plan (World Bank, 2016):

Direct Criteria		Description
Sustainable Forestry	Management of Natural Forests	<p>Forests have the potential to support job and wealth creation for forest dwellers in many different ways: products extracted from forests (timber and non-timber) can be used or sold and sustain profitable value chains; unique forest biodiversity can attract nature-based tourism; and investors/corporations that carry out sustainable activities can be rewarded through tax cuts, etc. Activities to be carried out as part of a sustainable management of natural forests:</p> <ul style="list-style-type: none"> <li>· Participatory Forest Management</li> <li>· Sustainable Management of Production Forests</li> <li>· Sustainable Production of Non-Wood Forest Products</li> <li>· Forest Biodiversity Protection</li> <li>· Nature-Based Tourism</li> </ul> <p>(WBG, 2016)</p>
	Plantations	<p>Economic development, coupled with population growth, increases the demand for forest products. Natural forests alone will never meet these demands. When carefully designed and managed, planted forests can produce far more timber per year and per hectare compared with natural forests, and this can relieve pressure on natural forests/woodlands and preserve their capacity to deliver ecosystem services. Planted forests can also represent major opportunities for job creation and sustainable economic growth in rural areas. There is an urgent need to mainstream good plantation practices.</p>

		<ul style="list-style-type: none"> <li>· Responsible Investments in Large-Scale Commercial Reforestation</li> <li>· Smallholder Plantations and Tree Planting</li> </ul> <p>(WBG, 2016)</p>
	Forest Value Chains	<p>To respond to the growing demand for timber, diversification of supply is necessary but not sufficient. Developing and securing access to markets is another key element. Taking value chains as an entry point focuses the attention on links to markets, which in turn can help create enterprises and contribute to growth. This strategy creates opportunities for different types of enterprises to respond to different types of markets through different models.</p> <ul style="list-style-type: none"> <li>· Small and Medium-Size Forest Enterprises</li> <li>· Private Investments in Forest Value Chains</li> </ul> <p>(WBG, 2016)</p>
Forest-Smart Interventions in other Economic Sectors	Informed land use decision-making	<p>Land Use Planning</p> <p>Land use planning is a key activity in maximizing economic and environmental outcomes and reducing conflicts arising from overlapping usage. Trade-offs among different sectors and within sectors need to be carefully assessed and clearly understood by stakeholders. This understanding will help in defining management strategies at the territorial level through a continuum of various land uses that support productive activities while preserving the long-term capacity of natural capital to deliver goods and services. Land use planning calls for a geographic and socioeconomic approach to managing land, water, and forest resources in a sustainable manner. The approach requires long-term collaboration among land managers, land users, and other stakeholders to achieve the objectives of economic growth. (WBG, 2016)</p>

	<p>Forest-smart Operations</p>	<p>Cross-Global Practice (GP) collaboration will support forest-smart interventions that offer solutions to complex challenges related to potentially competing land uses, helping the GPs to define operational responses to the various dimensions of rural development. Particular focus will be on:</p> <ul style="list-style-type: none"> <li>· Ensuring that interventions in land-based sectors (such as agriculture, hydroelectric energy, extractive industries and transport) are undertaken in a forest-smart way – that is, they consider avoiding or minimizing their potential adverse impact on forests.</li> <li>· Proactively seeking win-win solutions where forests and trees are fully integrated in the design of the operation and contribute to its development objectives, along with identifying opportunities for additional development co-benefits.</li> </ul> <p>(WBG, 2016)</p>
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Source: World Bank. 2016. "World Bank Group Forest Action Plan FY16–20." World Bank, Washington DC. USA.

### List of analyzed interventions/operations

WBG financing tool	# of interventions	Project ID, Period	Project name	Economic sector	Project's total amount (US\$)	WBG Funding (US\$)	WBG Risk Category <sup>24</sup>	Forest Impact Category <sup>25</sup>
WB Development Policy Financing (DPF)	2	P156858, 2016-2019	Boosting productivity for Human Capital	Development policies	1250.00	1250.00	N/A <sup>26</sup>	N/A
		P154981, 2016-2019	Public Exp. And Fiscal Management	Development policies	1250.00	1250.00	N/A	N/A
WB Investment Project Financing (IPF)	10	P145610, 2016 - 2021	Proyecto Línea 2 Metro de Lima	Urban Transport	5836.00	300.00	A	-N
		P132505, 2014 - 2019	Cusco Transport Improvement Project	Urban Transport, General transportation sector	152.60	120.00	B	-N
		P132515, 2015 - 2021	Support to the Subnational Transport Program Project	Rural and Interurban transportation	600.00	50.00	B	-D
		P131013, 2013 -	National Agricultural Innovation	Agriculture	128.70	40.00	B	-F

<sup>24</sup> Category A: high risk; Category B: medium risk; Category C: minimal or no adverse impact. See: <https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0822f7384.pdf>

<sup>25</sup> D: actions that promote deforestation; F: actions that promote the sustainable management of forests; N: neutral.

<sup>26</sup> It does not go through a risk analysis under World Bank Operational Policy (OP) 4.01 - Environmental Assessment.

		2019					
		P122194, 2013 - 2017	Higher Education Quality Improvement Project	Education	52.17	25.00	C -N
		P117293, 2011 - 2016	PE Optimization of Lima Water and Sewerage Systems	Health and Sanitation	64.90	54.50	B -N
		P131029, 2013 - 2018	Social Inclusion Technical Assistance Project for Peru	Public Administration, Development and Social Inclusion	14.30	10.00	C -N
		P079165, 2007 - 2012 2013 - 2017	PE Sierra Rural Development Project	Agri-business	34.93 34.93	20.00 20.00	B -F; D
		P147342, 2017 - 2022	Enhancement of Environmental Quality Services	Energy and Industry	70.41	40.00	B -N
		P117318, 2013 - 2019	Cuzco Regional Development	Waste Management and Flood Protection	52.10	35.00	A -N
WB Sector- Wide Approach Project	1	P117310, 2012 - 2017	Results in Nutrition for Juntos Sector Wide Approach	Health	54.00	25.00	C -N

(SWAP)								
WB Catastrophe Deferred Draw-down Option (CAT-DDO)	2	P120860, 2010 - 2019	Peru - Catastrophe Development Policy Loan DDO	Health, Water, Sanitation and Flood Protection	100.00	100.00	B	-N
		P149831, 2015 - 2018	Second Disaster Risk Management Development Policy Loan	Public Administration, Water, Sanitation and Flood Protection	400.00	400.00	B	-N
WB Recipient-executed trust funds (RETF)	1	P148499, 2015 - 2021	Saweto Dedicated Grant Mechanism in Peru	Public Administration, Forestry	5.50	0	B	-F
WB Global Environment Facility (GEF)	1	P129647, 2013 - 2019	Strengthening Sustainable Management Guano Islands GE	Public Administration, Forestry	15.92	0	B	-N
IFC Technical Assis-	6	581547, 2013 - 2015	Cuzco Tourism Advisory (Swiss Trust Fund)	Tourism	0.66	0.66	-	--

tance (TA)		600268, 2015 - 2017	Apurimac Revenue Management	Public Finances	4.70	4.70	-	--	
		600639, 2015 - 2017	Apurimac Mining Agriculture Collective Action	Mining, Agriculture	3.27	3.27	-	--	
		52292, 2005-2008	Laredo		43.00	18.00	-	-	
		600870	Water Resource Group (WRG) 2030 intervention		No access to information				
		600516	CG for Municipal Credit Unions in Peru (Swiss TF)						
IFC Advisory Services (AS)	1		Security Inspection for Business Entry		No access to information				
IFC Invest- ments	4		UPC (Universidad Peruana de Ciencias Aplicadas) and PEIP (Proyectos Educativos Integrales del Perú) education investments, Enfoca investimento to Instituto de Información Bancaria	Education	25.00	25.00		-	
			APMTC Port Investment	Marine transport	362.70	75.00	B	-	
		2006 - 2008	Lima JCI Airport	Aviation	115.00	20.00	B	--	
		35932	Telecom investment VMP	Telecommunica- tions	125.00	12.50	B	-	

IFC Micro Finance	8	600443 2014 - 2015	Caja Arequipa Micro Rural Agri- finance	Microfinance	154.36		-	
		29399	Mibanco Peru	Microfinance	60.00	15.00	-	
		25360	Continental	Microfinance	130.00	130.00	-	
		32273	Confianza	Microfinance	18.10	17.75	-	
		31778	BanBif	Microfinance	65.00	15.00	-	
		31778	Banco Financiero		No access to information			
		579128	Rural Finance Peru					
			Mibanco Group Lending					
579128	Diagnostic							
WBG Reimbursable Advisory Services (RAS)	2	P158618	Public Expenditure Review		No access to information			
			Compliance Cost Surveys					
WB Technical Assistance (TA)	6		Peru SME Taxation TA		No access to information			
		P157577	Capital Markets and Infrastructure Financing (Swiss Trust Fund)					
			Extractive Industry Transparency Initiative (EITI) (Multidonor)					
		P150824	Support to the Water Sector modernization					
		P162483	Support to Peru's Nutrition Strategy to Reduce High Anemia					

			and Stunting in Children under 36 Months	
		P161496	Peru Health System Reform	