Concept Note

Project/Programme Title:	**Peru's Natural Legacy** Phase 1: Effective management of the Peruvian Amazon for climate change mitigation and adaptation
Country(ies):	Peru
National Designated Authority(ies) (NDA):	Ministry of Economics and Finance
Accredited Entity(ies) (AE):	WWF
Date of first submission/ version number:	*2018 – 12 – 28 [V.1]*
Date of current submission/ version number	*2018 – 12 – 28 [V.1]*

GREEN CLIMATE FUND

Please submit the completed form to **fundingproposal@gcfund.org**, using the following name convention in the subject line and file name: ***"CN-WWF-20181228"***

Notes

- The maximum number of pages should **not exceed 12 pages**, excluding annexes. Proposals exceeding the prescribed length will not be assessed within the indicative service standard time of 30 days.
- As per the Information Disclosure Policy, the concept note, and additional documents provided to the Secretariat can be disclosed unless marked by the Accredited Entity(ies) (or NDAs) as confidential.
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A. Project/Programme Summary (max. 1 page)			
A.1. Project or programme	☐ Project ☒ Programme	**A.2. Public or private sector**	☒ Public sector ☐ Private sector
A.3. Is the CN submitted in response to an RFP?	Yes ☐ No ☒ If yes, specify the RFP: _____	**A.4. Confidentiality**	☐ Confidential ☒ Not confidential
A.5. Indicate the result areas for the project/programme	Mitigation: Reduced emissions from: ☐ Energy access and power generation ☐ Low emission transport ☐ Buildings, cities and industries and appliances ☒ Forestry and land use Adaptation: Increased resilience of: ☒ Most vulnerable people and communities ☒ Health and well-being, and food and water security ☒ Infrastructure and built environment ☒ Ecosystem and ecosystem services		
A.6. Estimated mitigation impact (tCO2eq over 30 years of project lifespan)	Reduced emissions and carbon sequestration: App. 222 M tCO_2eq Preservation of carbon stocks in standing forests: App. 10,300 M tCO_2eq	**A.7. Estimated adaptation impact (number of direct beneficiaries and % of population)**	App. 66,000 0.2% of country population Infrastructure and ecosystem beneficiaries to be estimated
A.8. Indicative total project cost (GCF + co-finance)	Amount: USD 170 to 210 M	**A.9. Indicative GCF funding requested**	Amount: USD 45 to 65 M
A.10. Mark the type of financial instrument requested for the GCF funding	☒ Grant ☐ Reimbursable grant ☐ Guarantees ☐ Equity ☐ Subordinated loan ☐ Senior Loan ☐ Other: specify_____		
A.11. Estimated duration of project/ programme:	Disbursement period: 10 years	**A.12. Estimated project/ Programme lifespan**	30 years
A.13. Is funding from the Project Preparation Facility requested?	Yes ☐ No ☒ Other support received ☒ If so, by who: Moore Foundation – WWF – SERNANP	**A.14. ESS category**	☐ A or I-1 ☒ B or I-2 ☐ C or I-3
A.15. Is the CN aligned with your accreditation standard?	Yes ☒ No ☐	**A.16. Has the CN been shared with the NDA?**	Yes ☒ No ☐
A.17. AMA signed (if submitted by AE)	Yes ☒ No ☐ If no, specify the status of AMA negotiations and expected date of signing:	**A.18. Is the CN included in the Entity Work Programme?**	Yes ☒ No ☐
A.19. Project/Programme rationale, objectives and approach of programme/project (max 100 words)	Peru's Natural Legacy, aims to achieve the effective management of the country's natural protected areas (PAs), delivering major reductions in greenhouse emissions from deforestation, forest degradation and the sustainable management of existing forests (REDD+) as well as major increases in adaptation to climate change benefitting people, ecosystems, ecosystem services and infrastructure located inside and near Peru's PAs. Peru's Natural Legacy Phase 1, the subject of this proposal, encompasses all 45 National Amazon PAs and 17 million hectares, and follows a "financing for permanence" approach, like Bhutan for Life and Brazil's ARPA. Namely, it combines national scale, transformative goals with the implementation of new financial mechanisms for nature's conservation, so that the country is able take full financial responsibility for the program when the one-time external support ends.		

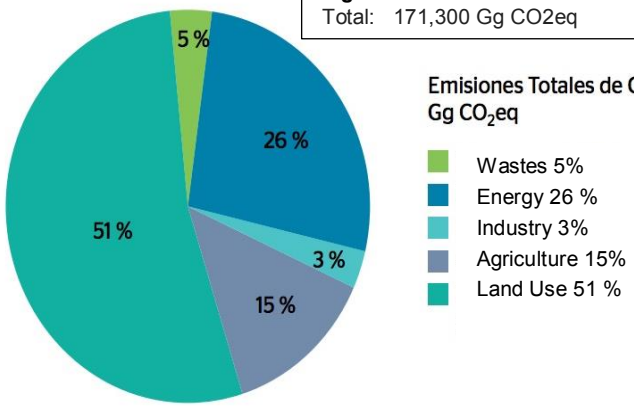
B. Project/Programme Information (max. 8 pages)

B.1. Context and baseline (max. 2 pages)

Peru greenhouse gasses emissions (GHG) and the importance of its Amazon's forest: Overall, Peru is a modest contributor to the world's GHG emissions. Still, the last two decades of strong economic progress saw the growth of new infrastructure projects, large scale mining, the expansion of cattle grazing as well as the growth of small and medium scale agriculture. All this pushed GHG emissions to over 171,300 Gg CO2eq per year in recent years.[1]

As shown in the adjoining figure the main source of emissions, is land use, land use changes and forests (LULUCF), that accounts for 51% of the country's 2012 GHG emissions, with conversion of forests and pastures as its major component (over 90% of the sector emissions and over 45 % of the country total emissions).[2]

Figure 1: Peru's GHG emissions in 2012
Total: 171,300 Gg CO2eq



With 96 million ha, the Amazon is an important part of this picture encompassing 75% of the country territory and 94% of its forests.[3]

The Peruvian Amazon is characterized by its rich biodiversity, extensive forest ecosystems and land coverage that provide global, national and local ecosystem services including carbon capture and storage, climate regulation, water regulation, flood retention, erosion prevention and unique habitat for flora fauna and people. Including 300,000 indigenous people belonging to 51 different ethnic groups.

Overall "the Peruvian Amazon is of critical importance for Peru's economy and for the global climate. With 69,380,729 hectares (ha) of mature forest in 2014, the Peruvian Amazon contains some 32,281,231,580 equivalent tons of carbon dioxide (tCO2e) in its living trees alone (above- and below-ground biomass)".[4]

Already deforestation and forest degradation in Peru's Amazon is a significant contributor to the country annual GHG emissions – in 2012 it was the source of 68.2 Gg ofCo2eq emissions. That is more than 78% of the country's land use related emissions, or 40% of the country total emissions[5]. But, even more important is the fact that Peru's Amazon stocks 32.3 billion tons of CO2eq, an amount similar to 8 years of recent emissions of the EU (or 3.5 years of China emissions, or 6 years of USA emissions or 354 years of Peru annual emissions) and a lot of it could go up in smoke if we fail to manage it properly[6].

Peru and the Peruvian Amazon vulnerability to climate change: Peru has 7 of the 9 features recognized by the United Nations Framework Convention on Climate Change (UNFCCC) to describe a country as "particularly vulnerable to climate change" and, as the rest of the country, Peru's Amazon is already exposed to increasing temperatures, changes in precipitation regimes, and more frequent extreme events, including longer dry seasons.[7]

Although droughts and floods are part of the Amazonian inherent climatic variability, extreme drought and flood events in the last decade (droughts of 2005, 2010 and 2015, and floods of 2009 and 2012) have been unusual and may have long-term implications for nature and people. Some of the most dramatic changes that have been envisaged include the savannization of large tracts of the Amazon forest and rivers displacement. The former could result in massive GHG emissions and both processes would seriously disrupt the livelihood of people and biodiversity.[8] While we may not be

[1] MINAM. 2016. Peru and Climate change. Third national communication of Peru to the United Nations Framework Convention on Climate Change. Lima, Page 69 (Http://www.minam.gob.pe/wp-content/uploads/2016/05/Tercera-Comunicaci%C3%B3n.pdf).
[2] Figures from the National GHG Inventory http://infocarbono.minam.gob.pe/
[3] After Brazil Peru's is the second largest part of the Amazon biome.
[4] MINAM 2016. "Peru's submission of a Forest Reference Emission Level (FREL) for reducing emissions from deforestation in the Peruvian Amazon, Lima Peru
[5] The Amazon forest emission figure for 2012 are from MINAM 2016, Annex 4.
[6] All these comparisons use country or regions GHG emissions figures circa 2012 and Amazon's carbon stock figures from MINAM 2016
[7] From MINAM 2016. Contribución Prevista y Determinada a Nivel Nacional http://www.minam.gob.pe/cambioclimatico/wp-content/uploads/sites/11/2015/12/LA-CONTRIBUCI%C3%93N-NACIONAL-DEL-PER%C3%9A1.pdf (http://www4.unfccc.int/ndcregistry/PublishedDocuments/Peru%20First/iNDC%20Per%C3%BA%20castellano.pdf)
[8] Carlos A. Nobre et.al. 2016 "Land-use and climate change risks in the Amazon and the need of a novel sustainable development paradigm." See **www.pnas.org/cgi/doi/10.1073/pnas.1605516113.**

able to reverse some of these trends, the adaptation measures included in this program will increase people and nature's resilience to cope with them.

Peru's Natural Legacy will contribute to achieving Peru's commitments to the UNFCCC included in the nationally determined contributions (NDC) that aims to achieve by 2030 a GHG emission reduction of 30% of the Business as Usual scenario[9].

By reaching effective management of over 17 million ha of Amazon's national PAs, Peru's Natural Legacy phase 1 will deliver major reductions in GHG emissions from deforestation, forest degradation and the sustainable management of existing forests (REDD+) as well as major increases in people, ecosystems and ecosystem services adaptation to climate change, inside and in the vicinity of Amazon's PAs, in line with the country NDC adaptation strategy for forest areas that calls for,

> "… the protection of ecosystem services that provide forests and care for the most vulnerable (native communities and small forest producers). To promote the integral management of the territory with a landscape approach oriented to increase the resilience of the forests against the CC and to reduce the vulnerability of the local populations"[10]

Further to its alignment with the NDC, Peru's Natural Legacy program responds to several other significant steps that the Government of Peru (GoP) has taken in the recent past to conserve its Amazon region, including the development of policies and institutional frameworks for environmental management, land-use planning, forest management, and climate change mainstreaming, among them

- The National Forests and Climate Change Strategy (particularly strategic action number 5)[11]
- The Natural Protected Areas Act
- The National Forest and Wildlife Policy and Plan
- Peru's submission to the UNFCCC of a Forest Reference Emission Level (FREL) for reducing emissions from deforestation in the Peruvian Amazon, (MINAM, 2016)
- Th Forestry and Wildlife Law and its regulations
- The National Strategy for Biological Diversity 2021,
- The National Strategy for Climate Change
- The Payment for Ecosystem Services Act and its regulations
- Peru's forthcoming green growth strategy
- Peru's overall Amazon vision

Regarding the latter -- Peru's overall Amazon vision-- this proposal responds to a regional trend that promotes the conservation of the Amazonian biome's diversity and generates articulations among Amazonian countries as they prioritize the role of PAs in adaptation, mitigation, resilience and sustainable development. In this framework, Peru's Natural Legacy program prioritizes collaborative work under a comprehensive approach that allows collaboration with Brazil, Colombia and Ecuador, as well as incorporating different local and subnational efforts that add to conservation from the public and private sectors.

In a more sectoral perspective, Peru's Natural Legacy is also central to SERNANP Master Plan's dual purpose of achieving the effective management of Peru's PAs and attaining its financial sustainability[12] as recommended by the recent OECD Environmental Performance Review of Peru, that advised to "Strengthen the technical and financial capacities of the national system of protected areas (SINANPE) and develop an integrated vision of the complementary roles of public and private protected areas to establish a coherent and articulate network of core areas, buffer zones and Biological Corridors."[13]

At the root of the barriers that Peru's Natural Legacy aims to address is a paradigm that sees the conservation of Amazon natural environments and forests as marginal to, or even as a hindrance to economic development. A series of barriers are built upon such perception, including

[9] Peru's NDC proposes a 2030 reduction og GHG emissions of 20% below the BAU to be attained with the country's own resources and of 30% if international support is available. See Republica del Perú (2015) Contribución Prevista y Determinada a Nivel Nacional (INDC) de la República del Perú

[10] Republica del Perú (2015) Contribución Prevista y Determinada a Nivel Nacional (INDC) de la República del Perú, table 2

[11] http://www.bosques.gob.pe/estrategia-nacional

[12] SERNANP is the Spanish acronym of Peru's National Protected Areas Agency. SERNANP is also the leading executing entity (EE) for this program proposal. More information on SERNANP Master Plan can be found at: Http://www.sernanp.gob.pe/plan-director#_48_INSTANCE_Cu9CucRvG9u8_%3Dhttp%253A%252F%252Fwww.sernanp.gob.pe%252Fdocuments%252F10181%252F0%252Fplan_director.pdf%252F6e4c14ec-c623-4dd5-802f-fcb0bcb2da46%253F

[13] https://read.oecd-ilibrary.org/environment/oecd-environmental-performance-reviews-peru_9789264283138-en#page1 SINANPE is the National System of Protected Areas managed by SERNANP

- Public budgets that are is insufficient to cover the costs of effective natural resources management, leaving the national system of protected areas (SINANPE) underbudget and with a significant shortage of personnel, equipment, infrastructure, technical and institutional capacities.
- Limited capacity to address new challenges to the Amazon as is the case of the growing impacts and future risks of climate change;
- Although required by law, current community participation in the management of PAs and buffer zones is neither effective nor efficient both for the communities and for the PAs agency, SERNANP
- Lack of land use planning and/or coordination among stakeholders at the landscape level, leaving PAs vulnerable to the pressure of illegal or informal activities generated in their vicinity

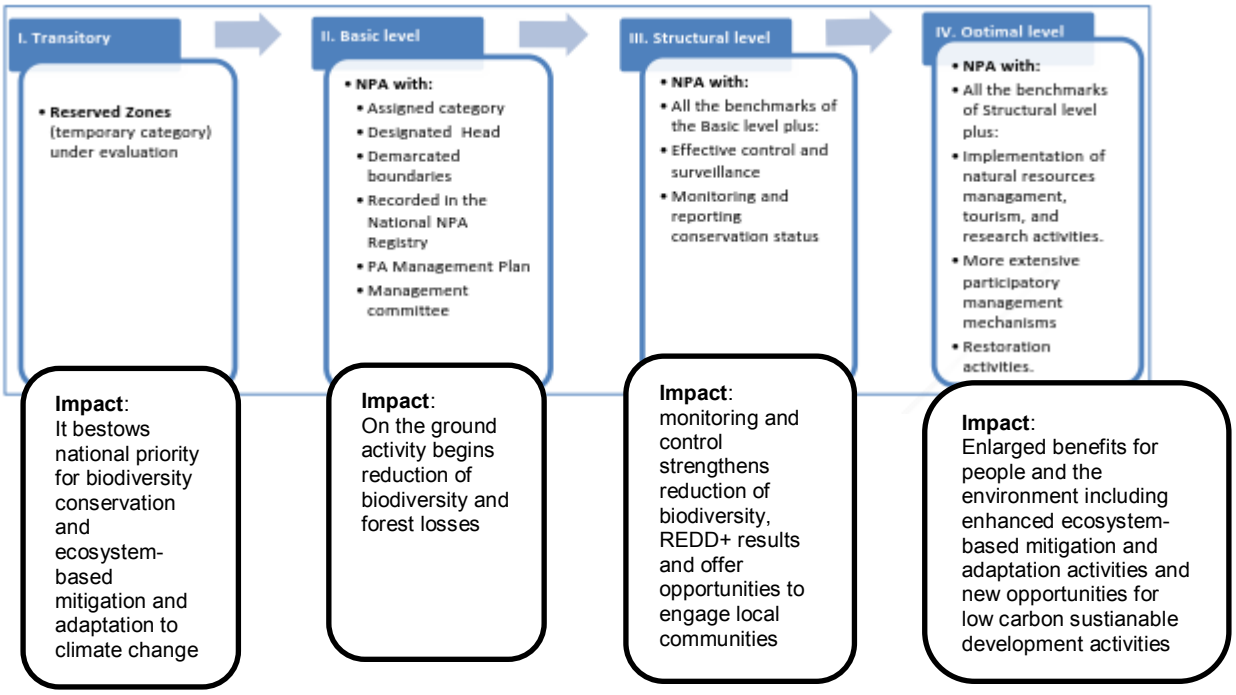
B.2. Project/Programme description (max. 3 pages)

Peru's Natural Legacy phase 1 focuses on significantly upgrading the management of all 45 National PAs in the Peruvian Amazon PAs, over 17 million hectares, that encompasses over 22% of the whole Peruvian Amazon. This will be achieved through four main lines of interventions,

- **Enhancing Amazon PAs effective management, delivering climate change mitigation:** by moving all 45 Amazon PAs at least to "structural level" in SERNANP's management framework described in figure 2 below. Including, (1) Strengthening PAs institutional capacities on climate change issues; (2) Consolidation of the legal status of PA (allocation of definitive categories to the reserved zones); (3) Strategic planning, participatory management and team consolidation (includes providing PAs with adequate staffing and work materials) and (4) Operational control and monitoring system to reduce threats and negative impact on PAs.

  This process aims to deliver the long-term sustainability of PAs' ecosystem, and ecosystem services as well as major reductions in greenhouse emissions from deforestation, forest degradation and the sustainable management of existing forests (REDD+)

Figure 2: Enhancing Amazon PAs effective management, delivering climate change mitigation: SERNANP four levels of PAs Management



As will become clear in the detailed project proposal over 50% of the activities envisaged for component A and summarized in figure 2 above, as well as 70% of component A budget, will directly deliver climate mitigation and will indirectly support climate adaptation -- e.g. demarcation of boundaries, management plans, effective control and surveillance, monitoring and reporting, natural resources management, tourism and research, etc.

- **Improving climate adaptation of communities and ecosystems in Amazon PAs and their buffer zones:** This component will focus on 15 Amazon PAs, selected for their high ecological and human vulnerability to climate change. In these parks and in their buffer zones Peru's Natural Legacy will undertake (1) Improve monitoring, communication and education of local stakeholders at greater risk of climate change negative impacts; (2) Investments in risk reduction and infrastructure for adaptation; (3) Capacity building for local

stakeholders in sustainable resource management (e.g. climate wise agroforestry, coffee, cocoa, and fish farms, prevention of forest fire, etc.); (4) Investment in recovery / reclamation activities in areas in the PAs and its buffer zones to make them more resilient to climate change; and (5). implement ecosystem-based adaptation (EBA) approaches, for the climate proofing of infrastructure (highways, hydro- electric plants, water treatment plants) in areas of influence of the PAs and their buffer zones.

- **New long-term financial mechanisms** Following a "Finance for Permanence" approach, Peru's Natural Legacy will support SERNANP efforts to design and implement new financial mechanisms for nature's conservation, so that the country is able take full financial responsibility of the program when the one-time external support ends. Some of the activities included in this component are well known, e.g. investment in expanding ecotourism facilities in selected Amazon PA, others are more innovative and include a fee on tourism (or specific tourism activities) earmarked for PAs, and an environmental compensation paid by extractive industries (e.g. mining canon).

- **Project Coordination and management** Includes management activities (monitoring, evaluation, technical and financial management, reports and others),

Annex 2 "Diagram of the theory of change" gives a graphic view of the expected interactions between inputs, activities and outputs, and then between outcomes objectives and paradigm shift expectations, in line with the GCF investment framework. This issue is further discussed in section B.3. "Expected project results aligned with the GCF investment criteria." In summary,

- Peru's Amazon is the repository of incredible biodiversity, the source of ecosystem service flows of local, national and global importance and, as the climate crisis underlines, it is also the storehouse of 32.3 billion tons of CO2eq, an amount similar to 8 years of emissions of the EU (or 3.5 years of China emissions, or 6 years of USA emissions or 354 years of Peru annual emissions,[14] a lot of which could go up in smoke if we fail to manage it properly.

- Peru's Natural Legacy insight is that, thus far, a lack of human, technical and financial resources have impaired the proper husbandry of Peru's Amazon resources and reduced the benefits that society could expect from the long-term conservation of the Amazon, which, in turn, have increased pressures for short-sighted land conversion that results in serious forest and biodiversity losses.

- Peru's Natural Legacy will harness national and international support to shore up the management of the core of Peru's Amazon, its 45 protected areas and buffer zones (that together encompass more than one third of Peru's Amazon forest), It will also work with local communities inside and in the vicinity of the PAs to increase their resilience to climate change and their ability to sustainably manage their natural resources, and will pioneer ecosystem based adaptation approaches to increase the climate resilience of infrastructure in the area.

- It is expected that the above actions, coupled with Peru's Natural Legacy development of new sources of income for PAs, and capacity building, communication, coordination and education efforts at local and national level, will strengthen the prospects of a low carbon climate resilient future for Peru's Amazon region, a development that could be replicated in other areas of the Amazon and other areas of Peru.

WWF, the accredited entity (AE), has a 50 years history of successful involvement in the conservation of the Amazon region, collaborating with all Amazon countries agencies and local stakeholders. Of special relevance to this proposal, WWF has played a key role in designing and supporting two similar country-wide initiatives:

- In 2014 WWF was one of the partners that develop ARPA for Life, a $215 million fund to permanently protect 60 million hectares of NPAs in the Brazilian Amazon.
- In 2018 WWF was the AE that brought to GCF approval Bhutan for Life (BFL FP050), a $150 Million 14 years project to guarantee the long-term financial sustainability of Bhutan's protected area system that covers 50 percent of the country. To note, the GCF has recently recognized BFL as a "Prototype Project" whose replication in other countries should be encouraged

SERNANP the leading executing entity (EE) is the Peruvian Government agency in charge of SINANPE. Although in its current form the SERNANP has existed only since 2008, it inherited and has further develop the country's long experience managing its PAs' and in the last few years it has, among others, developed and applied the four steps PAs' management framework (see figure 2) that has been instrumental in the steady growth of the PAs budget and management, and has successfully mobilized more than 6,000 actors to perform joint conservation work in the country's PAs.

[14] All these comparisons use country or regions GHG emissions figures circa 2012 and Amazon's carbon stock figures from MINAM 2016.

PROFONANPE, a key executing entities (EE), is a Peruvian not-for-profit private entity of public interest, which is accredited by the GCF as a direct-access entity. PROFONANPE will participate in this proposal by managing and overseeing the use of the funds provided by the GCF through WWF. PROFONANPE brings to this task more than 25 years of experience in efficiently raising and managing national and international financial resources for Peru's biodiversity conservation, and, more recently, for mitigation and adaptation to climate change.

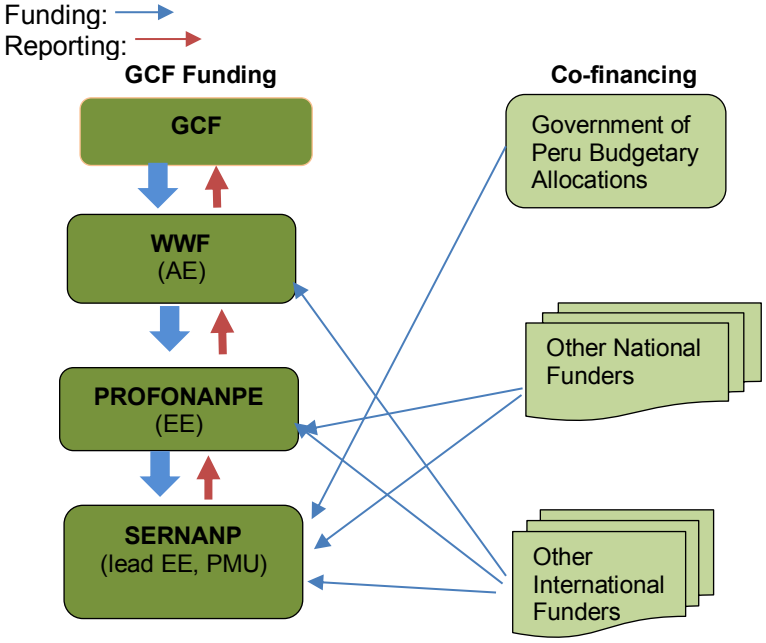
Furthermore, the partnership of PROFONANPE, a direct access AE, and WWF an international AE, will be one of the first collaboration of this type in the GCF portfolio, fulfilling a reiterated request of the GCF for increasing collaboration between international and national AE

WWF Peru, that, at the request of SERNANP, would act as an implementing partner for some of Peru's Natural Legacy activities. WWF Peru was established first in 1994 as a project and four years letter it become a program office. Since then WWF Peru has intensified its efforts to guarantee biodiversity conservation in key coastal ecosystems, the Andes and the Amazon, in collaboration with the government, as well as with indigenous and local communities, strengthening their natural resource management capacities.

Peru's Ministry of Environment (MINAM) that leads the country climate mitigation and adaptation strategy and has reviewed and advice on this concept note, will participate in the development and implementation of the full proposal. Other relevant stakeholders will also be invited to participate.

The below figure describes the program institutional arrangements to be refined during the full project proposal

Figure 3: Peru's Natural Legacy Institutional arrangements



Financial risks and their mitigation comprise:

- Funders, including the GoP not delivering or not delivering on time on their funding commitments. This is considered a low risk as the high co-financing leverage of the program will act as an incentive to all parties to stay with an initiative that has aroused a high level of support. Also, the Peru's Natural Legacy closing agreement has mechanisms to monitor and react to delays in any funder's contribution.
- Costs overruns. This is considered a medium risk due to the number of the program sites and possible surprises inherent when dealing with natural resources and climate change impacts. Mitigation measures include the very detailed costing exercise that is a building block of the "Finance for Permanence" approach that has been adopted by Peru's Natural Legacy and its medium-term implementation that allows a year to year budgeting flexibility to adapt to previously unforeseen investment constraints.
- Inflation of local prices and foreign exchange fluctuations: Almost all the Peru's Natural Legacy costs will be incurred in local currency and the program budget will include adjustments for the country inflation and for the possible variations in the exchange rate of donors' dollar denominated contributions

Operational risks may include:

- Lack of human or technical capacity, including difficulties in hiring experienced personnel to work in remote areas for the duration of the project. The feasibility study that will be part of the full project proposal will help dimension and reduce this threat.

- Lack of local communities' engagement: This risk will be mitigated by a strong participatory approach and communication strategy built into in the design and implementation of Peru's Natural Legacy.

B.3. Expected project results aligned with the GCF investment criteria (max. 3 pages)

Peru's Natural Legacy phase 1 Amazon project has an implementation period of 10 years (2020–2030) and a lifespan of 30 years (2020-2050). The following impact estimates, aligned with the GCF investment criteria are expected at different times thorough the project lifespan (figures are preliminary, and all estimates will be refined during the full project preparation),

Mitigation impact potential
Mitigation impacts have been estimated by SERNANP based in the statistics and scenarios developed by Peru's for its NDC and the country's REDD+ Forest Reference Emission Level (FREL) submitted to the UNFCCC REDD+ window.[15] [16]

- Mitigation 1: Approximately 222.2 M tCO_2eq of emission reductions will be achieved in PAs and buffer zones in the project's 30 years lifespan through reduced deforestation, reduced degradation, natural re-growth and reforestation (58.4 M tCO2eq during the 10 years of implementation period).
- Mitigation 2: Over 10.3 billion tons of CO2eq – the carbon stock in the standing forests of Peru's 45 PAs and buffer zones -- will be preserved during the project 30 years lifespan (and hopefully in perpetuity). Note that this is not a claim of emission reductions but a claim of "... conservation, sustainable management of forests and enhancement of forest carbon stocks" all of which is part and parcel of REDD+ according to the UNFCCC definition, and has already triggered international financing.

Adaptation impact potential
Peru's Natural Legacy main adaptation potentials are listed below[17].

- Adaptation 1: Local impact inside PAs: Approximately 3,000 people living inside the 15 PAs that will be the focus of Peru's Natural Legacy adaptation work will benefit from an array of ecosystem-based adaptation activities, each of which will explicitly account for risks and impacts of climate change, making them "climate smart" including (a) improved information gathering and capacity building for addressing climate change impacts in natural resources management, (b) biodiversity conservation, (c) integrated water resources and basin management, (d) capacity building on sustainable agriculture, agroforestry and fishery , (e) improved ecosystem services, and (f) new ecotourism jobs.
- Adaptation 2: Local impact beyond PAs: Approximately 63,000 people, living in rural areas in the buffer zones of the 15 PAs that will be the focus of Peru's Natural Legacy adaptation work will benefit from an array of ecosystem-based adaptation activities whose impact goes beyond PA borders, including (a) improved information and capacity building for climate smart natural resources management, (b) investments in integrated, climate resilient water resource and basin management, (c) improved ecosystem services; (d) capacity building on sustainable agriculture, agroforestry and fishery; and (e) new ecotourism jobs.
- Adaptation 3: Infrastructure adaptation: Peru's Natural Legacy will provide ecosystem-based adaptation to valuable infrastructure located in or in the vicinity of the 45 Amazon PAs, including the Villa Rica to Puerto Bermúdez highway, the Oxapampa to Codo de Pozuzo highway, the Pozuzo Hydroelectric and the water sources of Oxapampa.
- Adaptation 4: Ecosystem services: Peru's Natural Legacy ecosystem-based approach to adaptation will boost the resilience of critical Amazonian ecosystem services, including water provision and regulation, erosion control, pollination, natural control of plagues, natural habitat, biodiversity, protection of cultural and spiritual values and more.

Paradigm shift
Peru's Natural Legacy is part of a global strategy to increase the number and improve the management of PAs systems and at the same time to shore up their long-term funding prospects. When completed Peru's Natural Legacy will not only benefit the people and biodiversity of Peru. It will also contribute to the broader global efforts to deal with climate

[15] See República del Perú (2015) Contribución Prevista y Determinada a Nivel Nacional (INDC) de la República del Perú; and MINAM (2016) "Peru's submission of a Forest Reference Emission Level (FREL) for reducing emissions from deforestation in the Peruvian Amazon, Lima Peru. Also available at https://redd.unfccc.int/submissions.html?sortCountry=asc&sortLevel=desc&country=PE and https://www4.unfccc.int/sites/ndcstaging/Pages/Home.aspx

[16] Mitigation estimates 1 and 2 (a) do not include carbon mitigation potential in Amazon Communal Reserves, that encompass approximately 12.5% of PAs and buffer zones and are the subject of a separate climate change initiative currently being developed by ANECAP (the National Association of Communal Reserves Managers under contract with SERNANP); but (b) may include some mitigation already claimed by ongoing REDD+ projects in PA and buffer zones. All of them will be assessed and accounted during the full project preparation to ensure that no double counting is incurred.

[17] When preparing this concept note we had to rely on 2007 census figures for the estimation of beneficiaries for adaptation impacts 1 and 2 and had no surveys to estimate the number of potential beneficiaries of adaptation impacts 3 and 4. All these estimates will be provided with the full project proposal, so the number of beneficiaries in this CN can be considered a gross underestimate

change and the loss of biodiversity. As such Peru's Natural Legacy will contribute to major paradigm shifts inside and outside Peru, including

- It will help reverse the currently widespread paradigm that sees the conservation of Amazon natural environments and forests as marginal to, or even as a hindrance to economic development.
- Peru's Natural Legacy will also represent one of the first attempts to incorporate climate change monitoring into the management of a large system of PAs and support the implementation of conservation practices that are resilient to warmer temperatures and more frequent and intense extremes.
- Likewise, it will be one of the first attempts in Peru and in the Amazon region to implement ecosystem-based adaptation (EBA) approaches, among vulnerable rural population (e.g. climate wise agroforestry, coffee, cocoa, and fish farms, prevention of forest fire); and, to implement EBA for the climate proofing of infrastructure (highways, hydro- electric plants, water treatment plants).
- Given the large scale of the project, information collected by Peru's Natural Legacy will enhance our understanding of ecosystem responses to climate change and adaptation measures.
- Moving away from insufficient and unstable sources of funding, towards larger and more stable sources of income for the long-term funding of Peru's SINANPE, this through the financial model "financing for permanence" which the SERNANP has adopted in the development of this program
- Peru's Natural Legacy will also generate information and lessons to be shared with government agencies and civil society organizations. For example, the experience in adapting to climate change in PAs will serve as input to the MINAM for the elaboration of the National Adaptation Plan, and the recently approved Green Growth initiative (MINAM,2016), it will also be an important input to Peruvian regions that are updating or elaborating their strategies to address climate change at the sub-national level.

Sustainable development
We expect Peru's Natural Legacy to deliver substantial co-benefits and help the country achieve its sustianable development (SD) commitments. In the case of Peru's Natural Legacy phase 1 that will be implemented in the Peruvian Amazon the ecosystem and biodiversity co-benefits will be of importance.

Beyond climate mitigation Peru's Natural Legacy phase 1 will help secure habitats for unique biodiversity that includes 806 species of birds, 7,372 species of angiosperms, 262 species of amphibians, 2,500 species of butterflies, and 697 species of river fish. A 2009 study estimated that the annual value of the ecosystem services provided to the whole country by its biodiversity was app. 16.1 billion USD, with the Amazon contributing an important part of it.[18]

Both in its mitigation and adaptation initiatives Peru's Natural Legacy will pay attention to gender mainstreaming. The project will apply the AE gender policies and the MINAM 2015 "Gender and Climate Change Action Plan"[19] so, for example, the component B will have a window to specifically address women's needs providing specifically tailored training, organization, administrative support, and business development support.

Needs of the recipient
Worldwide, revenues of national park systems are not enough to cover their management needs, requiring government support and other sources of grants. Debt financing is not an option for protected areas funding, worldwide as well as in Peru, as they are managed on a not-for profit basis and most of what they deliver to society are common goods of difficult market capture.

Through twenty years of rapid economic growth Peru is now an upper middle-income country and, as such, it has substantially increased its funding for natural resource conservation. Still budgets are way below what is required for effective management, and this realization is at the base of the Peru's Natural Legacy initiative.

Going above and beyond the current level of funding for Peru's Amazon PAs, Peru's Natural Legacy phase 1 has mobilized substantial external co-financing and elicited substantial additional commitments form the Government (see figures in the following section). We have reached the limits of both Peru's Government funding capacity and the international donor community goodwill. We now need the support of the GCF to help fund the remaining GAP for Peru's Natural Legacy phase 1 that will allow Peru to deliver significant mitigation and adaptation benefits of local, national and global significance

Country ownership
Regarding this proposal's alignment with Peru's NDC, relevant national plans indicator, and/or enabling policy and institutional frameworks, in section B.1. above we discussed how Peru's Natural Legacy aligns with and contributes to

[18] MINAM, 2011 'Conversatorio Internacional: Mecanismos de Financiamiento para la Conservación de los Ecosistemas y la Biodiversidad, CARE, CI, CCPWF, GIZ, CIAT, WWF, 133 pp. MINAM, Lima
[19] See http://www.minam.gob.pe/pagcc/plan-de-accion/

Peru's all major climate change strategies, beginning with the country NDC, as well as with relevant natural resources' conservation and development policies.

To summarize, Peru's Natural Legacy follows the country's NDC guidelines on mitigation and will make Peruvian Amazon PAs a fundamental piece in the management of the country's carbon stocks and in the search for and implementation of low carbon development pathways for Peru's rural areas. Peru's Natural Legacy will also make major contributions to the implementation of the Forest and Climate Change National Strategy, the Gender and Climate Change Action Plan, will generate inputs for the future implementation of the National Plan for Adaptation and the future National of Green Growth Strategy.

Regarding how this proposal has and plans to engage with relevant stakeholders, including the national designated authority, we refer readers to section B.4 below where this issue is discussed.

Efficiency and Effectiveness
Regarding Peru's Natural Legacy phase 1 efficiency and effectiveness, consider the following indicators:

Mitigation efficiency and effectiveness indicators: Considering that between 30 and 40 million dollars of GCF funding would go to mitigation activities (see section C.1. below) then the project funding per tonne of CO_2eq will be as follows[20]

Project mitigation funding		
	GCF 10 years funding (US dollars)	Total costs for the project 30 years lifespan (US dollars)
Per ton of CO2eq of emission reductions and sequestration during project's 30 years lifespan (222 MT)	0.14 to 0.18	1.7 to 1.8
Per ton of CO2eq maintained in the forest stock (10,300 MT)	0.003 to 0.004	0.037 to 0.038
Assumptions • GCF mitigation funding will be between 30 and 40 million dollars directed to components A, C and D • For the overall project we consider mitigation funding to be 2/3 of component A and half of component C and D (see values in table C.1. below); therefore, the project total funding related to mitigation would be between 100 and 117 million dollars • GCF funding will end in year 10 when the project is fully implemented. But costs will continue for SERNANP that will thereafter spent an estimated USD 20.7 M per year on the management of the 45 Amazon PAs, of which, for this calculation, we assign 2/3 (13.8 million dollars) to annual mitigation related activities. • Adding the project 10 years mitigation costs to 20 years of SERNANP mitigation related expenditures results in a 30 years total mitigation related costs of USD 376 to 393 M • All figures are at 2018 prices		

Mitigation efficiency and effectiveness indicator: ratio of co-financing. Depending on the final budget each mitigation dollar from the GCF would mobilize between a minimum of 1.75 and a maximum of 2.5 dollars of co-financing during the 10 years implementation. Then, considering Peru's Natural Legacy 30 years lifespan each mitigation dollar from the GCF would mobilize between, a minimum of 8.65 and a maximum of 11.7 dollars of mitigation co-financing[21].

Mitigation and adaptation indicator: application of best practices: Peru's Natural Legacy follows the "Financing for Permanence / Earth for Life design, that is the design of Bhutan for Life (FP 050), that the GCF recently recognized as a "prototype" project. This approach pioneered by WWF (Peru's Natural Legacy AE) has also been adopted by Brazil's Amazon Regional Protected Area Program (ARPA) that since its inception in 2012 has been a world leader in Amazon conservation. Also, SERNANP (Peru's Natural Legacy leading EE) is positioned as an efficient and reliable agency before the Ministry of Economy and Finance (MEF), due to its exemplary budget execution and management.

B.4. Engagement among the NDA, AE, and/or other relevant stakeholders in the country (max ½ page)

Developing Peru's Natural Legacy initiative has been aa three-year process based in extensive consultations between Peru main agencies, local PA authorities, NGOs, and major international stakeholders and donors. The below table summarize only the recent months consultations undertaken as part of the preparation of this concept note.

Main consultations undertaken in the development of the GCF proposal (up to October 2018)

Date	Participants	Purpose of the engagement
July 2018	ANECAP (National Association of Community Managed PAs) CI (Conservation International) and SERNANP	Coordination of actions, potentially financed by the GCF, that will be part of a project or program related to natural protected areas.

[20] We purposefully use the wording "project funding per tonne of CO2eq" because these figures probably under-estimate true total costs of emission reductions in the Peruvian Amazon, since they do not account for other public and private, direct and indirect costs outside the project budget.
[21] Estimates are based in the assumptions of the table above.

August 2018	ANECAP, CI and SERNANP	Consolidation of activities that will be part of the proposals to the GCF.
August 2018	PROFONANPE, WWF and SERNANP	Design of the project to be presented to the GCF.
August 2018	Ministry of Economy and Finance and SERNANP	Share information on the activities, results and goals of the project to be presented to the GCF.
August 2018	Ministry of Environment and SERNANP	Share information on the activities, results and goals of the project to be presented to the GCF.
September 2018	PROFONANPE, WWF and SERNANP	Design of the project to be presented to the GCF.
October 2018	PROFONANPE, WWF and SERNANP	Design of the project to be presented to the GCF.

The design of the full program proposal will include a robust process of consultations and engagement at the national regional and local level. Consultations with local communities and stakeholders will be of relevance to develop Peru's Natural Legacy environmental and social assessment and action plan, and the gender assessment and mainstreaming plan, as well as the feasibility study and the whole design of the component "B. Improving climate adaptation of communities and ecosystems in Amazon PAs and their buffer zones."

This project will also coordinate with a related initiative, currently being developed by ANECAP (the National Association of Communal Reserves Managers under contract with SERNANP) and Conservation International, that would shore up the management of Amazon Communal Reserves, that encompass approximately 12.5% of PAs and buffer zones in Peru's Amazon.

C. Indicative Financing/Cost Information (max. 3 pages)

C.1. Financing by components 10 years project

Component/ Output	Indicative costs (USD Millions)	GCF financing		Co-financing		
		Amount (USD Millions)	Financial Instrument	Amount (USD Millions)	Financial Instrument	Name of Institutions
A. Amazon PAs effective management / Delivering climate change mitigation*	120 - 135	25 – 30	Grant	55 40 - 50	Budget Grants	Peru Gov. Int. Donors
B. Climate adaptation of communities and ecosystems in Amazon PAs and their buffer zones	20 - 35	10 – 20	Grant	5 5 – 10	Budget Grants	Peru Gov. Int. Donors
C. Developing new financial mechanisms	20 - 30	5 – 10	Grant	10 5 – 10	Budget Grants	Peru Gov. Int. Donors
D. Project management	10	5	Grant	5	Budget	Peru Gov.
Indicative total cost (USD Millions)	170 to 210	45 – 65	Grant	75 50 – 70	Budget Grants	Peru Gov. Int. Donors

* As it will be detailed in the full project proposal, over 50% of the activities and over 70% of the costs of Component A (as well as half of component C and D) directly deliver climate mitigation and will indirectly support climate change adaptation.

C.2. Justification of GCF funding request (max. 1 page)

Worldwide, PAs are public goods and part of the global commons, providing ecosystem services to local, national and international communities. Although entrance and other user fees are collected in many national parks, particularly in those that have high tourism potential, no country in the world has been able to manage its PAs as a financially self-sufficient business. In all cases, PAs systems depend on public budgets and grant financing for most of their expenses. This is also the case in Peru.

In the last ten years Peru has significantly increased its budget for PAs conservation, and through this program it has further agreed that by the end of Peru's Natural Legacy it will have increased the national budget for Amazon PAs by 2/3 in real terms. That is, if Peru's Natural Legacy succeeds in bringing external funding to fill Peru's Natural Legacy one-time 10-year funding gap.

Fund raising for this gap, Peru's Natural Legacy partners have already obtained commitments from other international sources, in the order of 40 to 60 million dollars. Hence, the grant requested from the GCF would have a high leverage ratio. Each dollar of GCF grant financing, will be matched by between a minimum of USD 2.9 and a maximum of USD 422 from the Peru government and other donors (see table in section C.1)

C.3. Sustainability and replicability of the project (exit strategy) (max. 1 page)

Regarding the program financial sustainability and replicability, Peru's Natural Legacy design follows (with adjustments to consider Peru's specific circumstances) the approach of the recently GCF approved Bhutan for Life (BFL, GCF FP 050). This model – also utilized to shore-up the funding and management of Brazil's network of Amazon protected areas, ARPA, sometimes called "Funding for Permanence" or "Earth for Life" combines a natural resources conservation goal of national scale with

- A one-time, medium-term (10 to 20 years) injection of international funding
- The commitment of the national authorities, beginning in year 1, to increase, year after year, the revenues devoted to the program from either national budget allocations or other income-generating mechanisms so that, by the end of the program, the country is in conditions to sustain the level of budget and management achieved
- To facilitate this country's financial commitments, the program also includes a line of work to develop, test and implement new and additional sources of in-country funding for long-term sustainable financing (e.g. eco-tourism, payment for ecosystem services, carbon payments, biodiversity offsets, etc.)
- Peru's Natural Legacy will also contribute to financial sustainability through enhanced institutional and technical capacities and by communication strategies aimed at raising awareness of the values and benefits provided by PAs, helping increase stakeholders support for the adoption of new income-generating mechanisms.

Also, the sustainability of project outcomes and benefits beyond the project implementation will be ensured by Peru's Natural Legacy conformity with national priorities, policies and plans including the National Biodiversity Strategy (2021), the National Strategy on Forests and Climate Change (which includes the consolidation of the national system of protected areas among its strategic actions), the National Development Plan 2021 (Plan Bicentenario), the National Environmental Action Plan 2001-2021 (PLANAA), and SERNANP's Institutional Strategic Plan (PEI).

Regarding long term monitoring of the Peru's Natural Legacy results, after the program is implemented with support from the GCF and other sources, it should be pointed out that the management of Peru's Amazon Protected Areas is not a one-shot action but a country open-ended commitment and SERNANP has already in place annual monitoring and reporting protocols that are part of its Institutional Strategic Plan (PEI). And, beyond the official responsibilities of the PA authorities, a good number of national and international stakeholders, among them PROFONANPE and WWF Peru regularly track the state of the country PAs and participate in discussions and activities to improve them (e.g. introducing new monitoring tools, training PAs' staff, etc.).

Finally, the approach used in this program has a high potential for replication, as it is part of a global strategy that is being successfully implemented around the world (e.g. Bhutna for Life) and is currently being extended in the Amazon basin, from Brazil, which pioneered it in 2003 now Peru and soon Colombia.

D. Supporting documents submitted (OPTIONAL)

☒ Annex 1: Map indicating the location of the project/programme

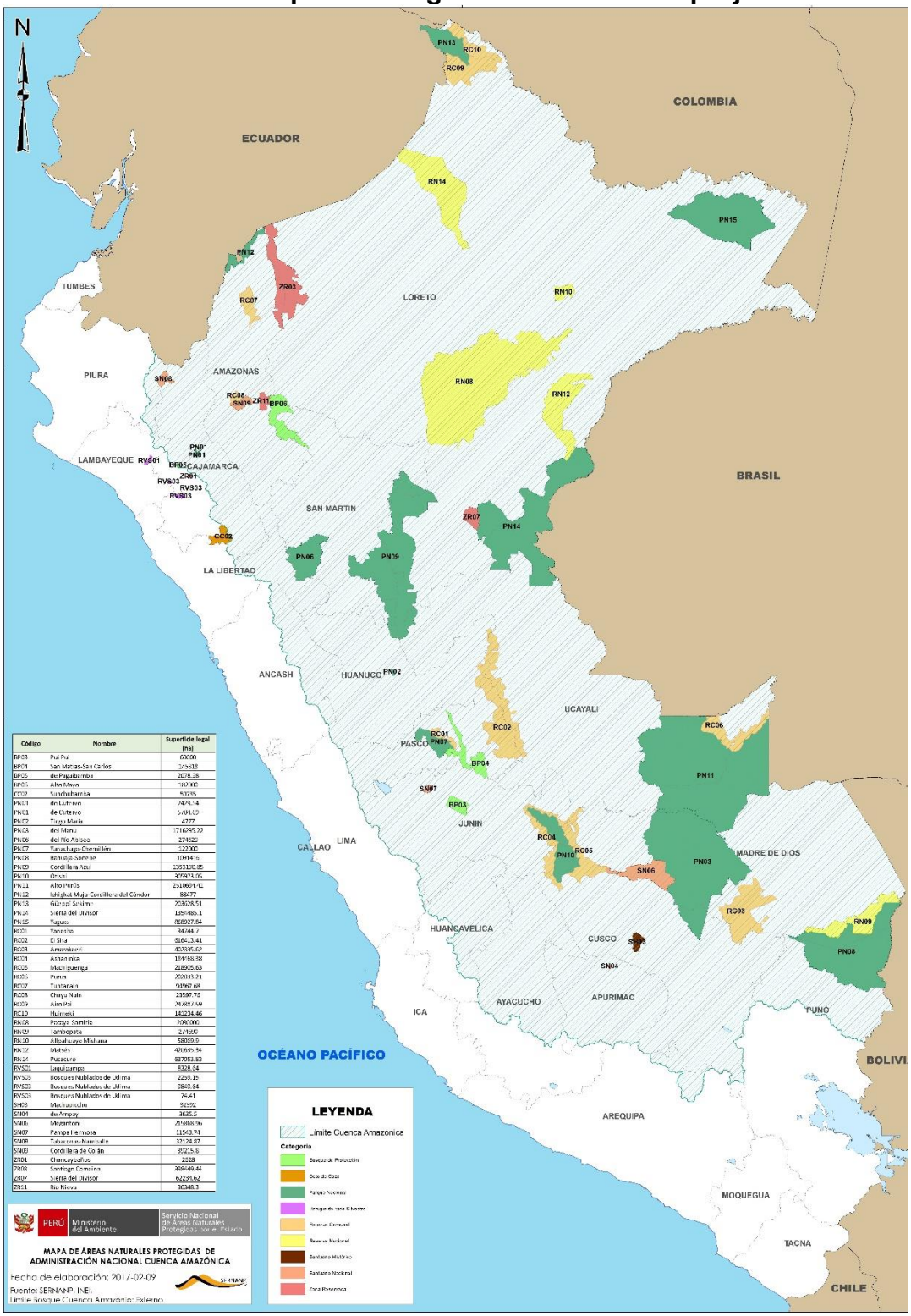
☒ Annex 2: Diagram of the theory of change

Are you aware that the full Funding Proposal and Annexes will require these documents? Yes ☒ No ☐

- Feasibility Study
- Environmental and social impact assessment or environmental and social management framework
- Stakeholder consultations at national and project level implementation including with indigenous people if relevant
- Gender assessment and action plan
- Operations and maintenance plan if relevant
- Loan or grant operation manual as appropriate
- Co-financing commitment letters

Are you aware that a funding proposal from an accredited entity without a signed AMA will be reviewed but not sent to the Board for consideration? Yes ☒ No ☐

Annex 1: Map indicating the location of the project



Annex 2: Diagram of the theory of change (also available in an Excel file)