

Joint Declaration of Intent
between the Government of the Republic of Peru,
the Government of the Kingdom of Norway
and the Government of the Federal Republic of Germany

on

“Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+¹) and promote sustainable development in Peru”

I. BACKGROUND

The Government of the Republic of Peru (Peru) and the Government of the Kingdom of Norway (Norway), and the Federal Republic of Germany (Germany) (hereinafter referred to as the “partners”):

- recognize that poverty reduction and economic development are overall goals for human welfare;
- bear in mind that climate change is one of the greatest challenges facing the world today;
- recall that respective partners are Parties to the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, the Convention on Biological Diversity, the International Labour Organization Convention No. 169, Indigenous and Tribal Peoples Convention and the UN Convention on the Elimination of all Forms of Discrimination of Women; and voted in favour of the UN Declaration on the Rights of Indigenous Peoples
- consider that the Preamble to the UNFCCC acknowledges that the global nature of climate change calls for the widest possible cooperation between all countries, and note that the climate change policy of the partners aims to limit the average rise in global temperature to below 2°C compared to the pre-industrial mean temperature;
- recognize the relevance of Peru’s efforts on forest conservation for mitigation of climate change (through the *Programa de Conservación de Bosques para la Mitigación del Cambio Climático* and the *Servicio Nacional Forestal, SERFOR*) and efforts to prepare for REDD+ in Peru to date, including the on-going process of developing and implementing a National Strategy on Forest and Climate Change (*Estrategia Nacional de Bosques y Cambio Climático*), which will include all REDD+ elements, in accordance with relevant UNFCCC decisions;
- have come to the understanding to establish a climate change partnership, focusing on REDD+ (hereinafter known as ‘the Partnership’), open to the affiliation of other partners.

¹ Activities relating to reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

II. PURPOSE AND FOCUS OF THE PARTNERSHIP

The purpose of the Partnership is:

- a) to contribute to significant reductions in greenhouse gas emissions from deforestation and forest degradation in Peru;
- b) to contribute to the achievement of the target of zero net emissions from land use change and forestry in Peru by 2021 and the national target of reducing deforestation by 50% by 2017 and additional reductions thereafter; and
- c) in the context of a) and b) to contribute to the sustainable development of Peru's agricultural, forestry, and mining sectors.

III. GENERAL APPROACH AND PRINCIPLES

The general approach of this partnership is based on the understanding that:

- (a) Peru defines commitments with outcomes relevant to REDD+;
- (b) Donors/partners support the preparation phase and strengthening of forest governance;
- (c) Partners define funding commitments based on those outcomes;
- (d) Funding flows according to delivery of outcomes (contributions-for-delivery).

In their cooperation, the partners intend to:

- a) Ensure that this Partnership be based on, and that nothing in this Partnership should be in conflict with, relevant decisions of the UNFCCC.
- b) Give all relevant stakeholders, including local communities, indigenous peoples, civil society, and women, the opportunity of full and effective participation in REDD+ planning and implementation.
- c) Respect the rights and proposals (as REDD Indígena Amazónico) of indigenous, forest dependent and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal or customary rights, and ensure that those tenure rights are respected.
- d) Seek a proportional and progressive scaling up of financing, actions and results over time, based on the principle of payments for performance.
- e) Deploy a jurisdictional approach when and as appropriate.
- f) Be fully transparent regarding financing, actions and results.
- g) Ensure coordination and active collaboration with all other REDD+ relevant initiatives, including the Forest Carbon Partnership Facility (FCPF), the United Nations collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD) in developing countries (UN-REDD), the Forest Investment Program (FIP), and other bi- and multilateral REDD+ relevant initiatives taking place in Peru.
- h) Encourage the participation of other partners in the partnership.

- i) Ensure the economic, social and environmental sustainability and integrity of all REDD+ efforts.

IV. PHASES OF THE PARTNERSHIP

The Partnership is intended to be structured in three phases – which will have no formal status, and the activities of which may in some cases be overlapping: “Preparation”; “Transformation” and “Contributions for verified emission reductions”. The aim is to enter into phase III by 2017.

V. PHASE 1: PREPARATION

In this phase, the basic structure for the implementation of the partnership should be established and include the following deliverables:

- a) Implementation of measurement, reporting and verification (MRV) for gross deforestation (2014)
 - Publication of gross annual deforestation figures in the Amazon from 2000 to 2013 and the mechanism for annual actualization of data.
 - Publish a Technical Memorandum describing IPCC compliant methodology of at least Tier 2 levels for key carbon pools for determining gross deforestation and associated emission estimates in the Amazon. The Technical Memorandum will include relevant institutional responsibilities for MRV.
 - Promote a public technical seminar with stakeholders to present, debate and, as appropriate, improve the methodology and data.
 - Present a timeline for implementation of the MRV of gross deforestation across the entire Peruvian national territory, incorporating the indigenous MRV approach.
- b) Design and implement a Funding Mechanism (2015):
 - Establish a Financial Instrument that should:
 - Be based on contributions-for-deliverables, adapting over time as deliverables evolve from enabling policies to national level verified emission reductions.
 - Be managed according to established international standards – including fiduciary, governance and social and environmental safeguards.
 - Ensure transparency in all aspects of disbursements and operations.
 - Include a coordination committee with a balanced representation of central government, regional governments, civil society (including the private sector) and indigenous peoples in the governance structure of the funding instrument.
 - Undergo independent annual audits of technical and financial aspects of the fund and its supported projects and initiatives.
 - Be agreed by Partners before it is established.
 - Publish the decision on creation of the funding instrument and assignment of team and responsibilities at the responsible financial institution.

- c) Political endorsement of a national strategy for reducing deforestation (*Estrategia Nacional de Bosques y Cambio Climático*), based on work undertaken with funding and technical support from Germany via the GIZ and KfW and the Forest Carbon Partnership Facility, taking into account all drivers of deforestation (2014).
- d) Establish the key instruments to implement the new forest law (2015) supported by German technical cooperation and other donors.
 - Regulation for the new requirements and conditions for land-use change in areas classified as agricultural land (*capacidad de uso mayor agrícola* - mayor land use capacity for agriculture).
 - Regulation of the assignment of rights of forest land (forest lands zoning and forest rights granting processes) to avoid primary forest conversion.
 - Definitions of roles in the implementation of the forest law among national sectors (ministries and agencies, and government levels – regional governments). This includes the National System for Forest and Wildlife Administration – SINAFOR (*Sistema Nacional de Gestión Forestal y de Fauna Silvestre*) and the National Council for Forest and Wildlife – CONAFOR (*Consejo Nacional Forestal y de Fauna Silvestre*) operation.
- e) Define Forest Reference Emission Level/Forest Reference Level (2015)
 - Submit to UNFCCC the Peru Forest Reference Emission Level/Forest Reference Level proposal based on a participatory process and robust and conservative approach, consistent with relevant UNFCCC decisions.
- f) Establish a system to monitor, report on and guarantee REDD+ safeguards (2015)
 - Publish the first summary report defining the initial state of REDD+ in Peru in relation to the safeguards and measures in place to guarantee that all safeguards will be respected, consistent with UNFCCC decision 12/CP.19.
 - Establish a Safeguards Information System containing updated and consistent information, being transparent, accessible to stakeholders, providing information on all Cancun safeguards, and where relevant building on existing systems - and assign responsible government entities for the reporting and implementation of safeguards, consistent with the relevant UNFCCC decisions.

VI. PHASE 2: TRANSFORMATION

Phase II should be initiated in January 2015, with a shared aspiration to complete it by the end of 2017 and should include the following deliverables:

- a) Cease authorizations of conversion of forest land (under categories of land use – Forests and/or Protective land) to agricultural use (2015)
 - Review regulations and strengthen institutional capacities and mechanisms for transparency, leading to implementation of appropriate measures to prevent the

issuing of authorization for new conversion of permanent forest state into agriculture, and ensure due diligence in the case of legal activities which requires forests cover to be removed.

- Demonstrate the capacity to continually monitor the commitment in the Forest Monitoring and MRV System.
 - Establish a public private coalition with multinational companies committed to ambitious zero deforestation policies², focusing on the design and implementation of Nationally Appropriate Mitigation Action (NAMA) practices for sustainable production of cocoa, coffee, biofuels, agrofuels/agroindustry, and cattle ranching, improving the use of lands already deforested and avoiding new conversion of forest to agriculture. The companies that do not share these goals through publicly announced and independently verified internal policies, cannot be part of this vision.
- b) Produce an assessment of the impact of deforestation and forest degradation on Peruvian Amazon, including logging, mining, agriculture and infrastructure (2015).
- Estimate the impact of this deforestation and forest degradation drivers in terms of area and in terms of greenhouse gas emissions, and propose a long term monitoring methodology for these emissions.
 - Produce recommendations of public policies – through a transparent and inclusive multi stakeholder process, involving all relevant ministries as well as civil society and indigenous and local communities – for the reduction of deforestation and forest degradation caused by mining, agriculture, illegal or non-managed logging, and infrastructure.
- c) Reduce by 50% the area of remaining undesignated forest covered land (2017), in a manner that avoid the conversion of forest lands to plantations:
- Areas assigned to indigenous lands.
 - Areas assigned for protected areas (national or regional).
 - Areas assigned for forest timber and non-timber (permanent production forests, local forests) and agroforestry systems in special use areas.
 - Areas assigned for protection forests (*bosques protectores*) and conservation concessions.
 - Areas assigned for reserved forest.
- d) Increase by at least 5 million hectares the regularization of indigenous lands, specifically native communities (sum of demarcation plus issuing of land right/title) (2017)

² For the purposes of this partnership ‘ambitions zero deforestation commitment’ should be understood to be of a similar level of ambition to those committed to by palm oil trader Wilmar. See <http://www.wilmar-international.com/wp-content/uploads/2012/11/No-Deforestation-No-Peat-No-Exploitation-Policy.pdf> This issue should if considered appropriate by the partners be revisited in light of the forthcoming UN Principles for Responsible Investment in Agriculture and Food Systems.

- Issuing the land title or land rights assignment (including new or amendments to increase area). Includes property rights over agricultural lands and forest rights over forest and protection lands.
 - Conduct the delimitation/titling of natives communities in accordance and close cooperation with indigenous peoples' organizations, at all levels.
- e) Include at least 2 million hectares in the payment for conservation performance of indigenous communities (conditional direct transfers under the Forest Conservation Program, and other schemes) – (2016)
- Registry of all communities included in the programme.
 - Inclusion of the monitoring of the areas assigned for conservation in the forest monitoring and MRV system.
- f) Implementation of the FIP Investment Plan projects according to existing project plans by 2016 at the latest, with a view to accelerate implementation if practicable.

PHASE 3: CONTRIBUTIONS FOR VERIFIED EMISSION REDUCTIONS

The shared aspiration of the partners is to initiate the third phase from 2017, based upon 2016 emission reductions.

The payments-for-verified emission reductions mechanism should be implemented as follows:

- a) Peru receives annual contributions for independently and internationally verified national emissions. For the purposes of this partnership, historical average reference levels will be used. However, Peru will also, for the purposes of the UNFCCC, submit to that body a reference level in accordance with relevant UNFCCC decisions, ensuring comparability with the methods and data used for reference level developed for the purposes of this partnership. Then, if the reference level was set above historical in UNFCCC, there would be no penalty (i.e., negative earnings to be deducted from future earnings) imposed if annual deforestation in certain years were between the two levels.
- b) Reporting on how safeguards are being addressed and respected, consistent with the relevant UNFCCC decisions, will be a prerequisite for payments, as well as adherence to the requisites of the relevant UNFCCC decisions.
- c) Based on Peru's emission reductions partners channel financial contributions through the agreed financial instrument.

GERMAN AND NORWEGIAN FINANCIAL CONTRIBUTIONS

Norway has the intention to contribute funds to Peru's REDD+ efforts in the order of magnitude of 300 million USD (given an exchange rate of 6 Norwegian kroner per USD). Of these funds, Phase I and II could generate contributions up to 50 million USD. For phase III (contributions for

verified emission reductions), Norway commits to ensure that Peru would be paid at least USD 250 mill in the period up to and including 2020, if Peru delivers the corresponding level of emission reductions.

All Norwegian contributions are subject to parliamentary approval, and should be triggered by and subject to appropriate verification of agreed deliverables.

Contributions made by Norway under this Lol should be solely used for the implementation of the deliverables of the phases I and II until such deliverables are fully accomplished.

The detailed terms and conditions for such support should be set forth in the contribution agreement to be entered into between Norway and the fund manager. The financial instrument through which contributions will be channelled should be developed during phase I of this agreement.

Germany, already having considerable climate, forest and rural development collaboration with Peru, would consider the magnitude of its future REDD+ funding in light of Peru's progress and verified results and would consider additional cooperation in terms of sustainable forest development and forest governance.

TECHNICAL SUPPORT FROM THE INTER-AMERICAN DEVELOPMENT BANK (IDB)

To support the effective implementation of Peru's REDD+ efforts, the IDB has committed to explore the provision of technical assistance to the Government of Peru to develop the proper fiduciary and financial mechanism for the implementation of the Peru Results Based Initiative for REDD+, including contributions to the design of the financial instrument through which the contribution of Norway and other partners will be channelled. The IDB has also expressed the intention to continue supporting the Government of Peru to align and ensure consistency between the interventions related to reduction of emissions from deforestation and forest degradation, such as the Forest Investment Program (FIP), Forest Carbon Partnership Facility (FCPF) and the Peru Results Based Initiative on REDD+. The IDB has also expressed the intention to support the Government of Peru to set up a permanent coordination platform among the cooperation agencies working on REDD+ in Peru and the international community.

JOINT CONSULTATION GROUP

A Joint Consultation Group should be established to contribute to the effective implementation of this Partnership. The group should consist of points of contacts for the governments of Peru, Germany and Norway, as well as potential other partners after their joining of the Partnership.

INDEPENDENT REVIEW

An independent review group, agreed by the partners as appropriate at regular intervals, should conduct a review of the progress of the partnership and its deliverables.

COMING INTO EFFECT, TERMINATION AND OTHER CONSIDERATIONS

- a) This Joint Declaration of Intent comes into effect upon signature by the partners, and is intended to continue to be in effect until the end of 2020, renewed thereafter upon recommendation by the Joint Consultation Group for a successive five year period unless contrary notification is presented by either of the partners.
- b) This Joint Declaration of Intent is not intended to constitute a treaty or to create any legally binding rights or obligations to the participants.
- c) The cooperation according to this Joint Declaration of Intent may be terminated at any time by either of the partners, by written notification.

This Joint Declaration of Intent was signed in New York City on the 23rd of September 2014.

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