

TECHNICAL NOTE N°6

# RESILIENT AMAZON

FROM EMERGENCY TO  
SUSTAINABLE DEVELOPMENT

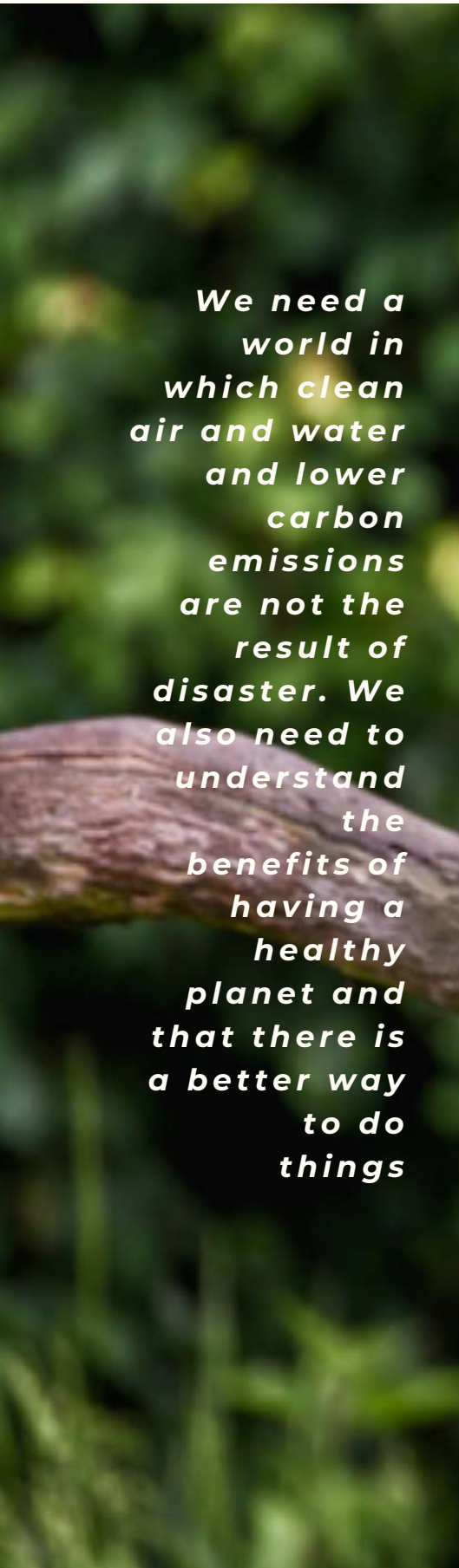
**GCF**  
task force



Picture: Pedro Pablo Orozo

## HOW TO FACE THE GLOBAL HEALTH CRISIS WITH AN AGENDA THAT CONTRIBUTES TO THE CONSOLIDATION OF SUSTAINABLE JURISDICTIONS IN THE AMAZON

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***We need a world in which clean air and water and lower carbon emissions are not the result of disaster. We also need to understand the benefits of having a healthy planet and that there is a better way to do things***

The world and our country have been caught off guard by the scope of the COVID-19 pandemic. What initially appeared to be a health problem in China, then in some developed countries, and subsequently in Lima, has today become a national problem to the point that the somewhat isolated Amazon region of Loreto now presents the second greatest number of infected people in Peru. The rapid spread of the virus and the pressure on our fragile health system has forced the country to take drastic emergency measures through mandatory social distancing. This pandemic is already claiming a significant number of victims and will surely continue to increase before control measures succeed in flattening the curve.

Although it will still take months for the pandemic to be brought under control, there are already voices insisting that the economic damage caused by the containment measures would be greater than that caused by the disease itself, since it is the economy that is important. Today they advocate relaxing the mechanisms of social control, and tomorrow they will be the standard bearers of the "reactivation at all costs" philosophy.

If these voices prevail, the first victim could be the environment, once again ignoring that infectious diseases like COVID-19 are mostly an environmental problem caused by humans[1]. The U.S. Center for Disease Control and Prevention (CDC) estimates that three-quarters of recent epidemic diseases such as Ebola, dengue, zika, and yellow fever originate in wildlife. Their incidence has quadrupled in the last 50 years, largely due to habitat fragmentation, land use change, global warming, and increasing human invasion of wild habitats. New diseases are likely to emerge, both in urban and rural settings, due to the greater proximity between people, wildlife, confined livestock and even domestic animals.

[1] See <https://blogs.iadb.org/sostenibilidad/es/cual-es-el-vinculo-entre-covid-19-y-las-emergencias-ecologicas-y-climaticas/>



Picture: AIDSESP

But, just as there is a strong tendency to return to the situation before the pandemic, there are also voices that call for the State to have an almost authoritarian role in public services such as health, education and security. These voices lack understanding of the fiscal and management requirements of these measures and what they mean for how society is governed. The practices of social control imposed in China and other Asian countries, using cutting-edge communication technologies and artificial intelligence, can be effective in resolving an emergency, but not in building a democratic and civically engaged society. When used well, the experience with social confinement has shown that these technologies can be efficiently used to bring people together online, and address problems of communication and first-aid in territories with dispersed populations such as the Amazon.

In Peru, as in other countries that have been implementing measures of social isolation, the interruption of most of its economic activities is expected to result in a serious contraction of the gross domestic product. This contraction will be aggravated by the fact that it cannot be offset from the outside, since we are in the midst of a worldwide recession, comparable to the crash of 1929, whose negative effects on the economy, employment, income, health and education are still uncertain.

The national government has taken strong measures to respond to the emerging impacts of the crisis. It has postponed the payment of taxes and various services, set up funds to compensate the most vulnerable families, provided resources to municipalities for food aid and freed up resources from the CTS and AFP for formal workers. The government has also committed to the payment of part of the MYPES payroll and created a new fund for these same companies in COFIDE. Concurrently, the BCRP has made monetary policy more flexible by reducing the interest rate, the legal reserve of financial entities and increasing the system liquidity with State guarantees for companies.

Fortunately, Peru faces this crisis in reasonable economic condition. The fiscal deficit is low, the country has an important fiscal stabilization fund, its level of debt is not significant, and international reserves represent one year's imports. These resources, well applied, will not prevent decreases in the GDP, but will lessen their impact and enable faster recovery . One of the most important challenges Peru will face is capacity to manage its financial resources efficiently, as demonstrated by the slow recovery of the north after the El Niño event of 2017, or the earthquake in Pisco in 2007.

This poor management capacity and inefficiency is partly due to the corruption that has affected the country as severely as the pandemic, but also to the lack of expertise at all three levels of government - national, regional and local – which makes implementing the investments included in the annual budgets difficult. The reduced spending that results can slow down recovery and cause profound damage. In addition, the implementation of emergency measures to date has revealed the outdated targeting of social programs and the limited use of advances in connectivity, digital learning and financial inclusion. The same can be said of the attempt to implement distance-based education or health care consultations. It is necessary to begin work on improving these shortcomings now, so that they can be rapidly scaled-up once more normal daily activities resume.

## STRATEGIC GOALS

The strategic goal is to identify, formulate and execute plans that promote public and private investment, economic activity and sustainable development in the Amazon, in order to achieve a region that is resilient and inclusive, lowers emissions, and protects the forest by increasing its productivity.

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The resolution of the most pressing problems caused by the emergency should allow us to create opportunities to respond to the immediate impacts of the pandemic while at the same time enhancing development. We can use this crisis as an opportunity to move forward on crucial agenda items that would improve the current situation of health, education, productive infrastructure, financial inclusion, and the digitalization and connectivity of the Amazon.

## IMMEDIATE OBJECTIVES

Immediate objectives of the initiative include the following:

- Generate massive temporary employment that will allow families to regain purchasing power, reactivate local and indigenous economies, contain community displacement, and prevent increased illicit activities such as illegal mining, drug trafficking and the depletion of forests.
- Support the recovery of local business, productive activity, and the local tourism sector by restoring the system of payments and employment while maximizing the changes in demand in national and global markets
- Recover, improve, and extend - with an intercultural focus - basic services to the population (health, education, sanitation and electricity), as well as food security and productive infrastructure.
- Promote reforestation, agroforestry and the establishment of tree farms for timber.
- Create reliable connectivity for all population centers in the Amazon.
- Promote transactions through the financial system as much as possible.

## ACTIONS

The following is a set of actions that could be implemented fairly quickly, for which specialized human resources are not required, and which are in line with the guidelines adopted by the national government and the regulations such as DU 021-2020. These measures demand strong coordination between the Amazon Commonwealth regional governments, but also the commitment and participation of local governments. These actions would allow regional governments to obtain early victories which would facilitate additional steps to promote public investment in development, through the use of financial instruments such as the Amazon Development Funds (FONDESAM).

## TEMPORARY EMPLOYMENT

A temporary employment program could be established via agreements between regional and local governments. Men and women between the ages of 18 and 65 could participate by registering in the municipality where they reside. The municipalities could delegate the responsibility for organizing these initiatives to the native and local communities (Neighborhood Councils, executive committees) to ensure their participation, as well as to provide social control against corruption.

A register would be created for each participant and an account opened for them in the financial system if they do not have one. This account would be used to pay their remuneration. The assumption is that they are unskilled workers and would receive the legal minimum wage.



This work would be carried out by contractors or by direct government administration. Remuneration would be paid by the regional or local government directly to the worker who has completed his or her tasks. These people would be hired for at least one month and up to a maximum of six months.

Participants would be involved in the following types of work: opening trenches, hauling materials, basic masonry, painting, cleaning, transplanting seedlings, pruning and thinning, harvesting, among other tasks. The people who participate in this program would spend at least one hour per day to be trained in the tasks they perform and other skills to help them to reintegrate into the economy at the end of the program.

## **BUSINESS AND PRODUCTIVE RECOVERY**

In order to promote the recovery of businesses and production, the first line of action is to establish a financial assistance program for companies, associations, or independent producers. This would allow institutions to reschedule or refinance their obligations with the financial system and suppliers and make the best use of incentives created by financial entities, such as the Crecer Fund and the new Business Support Fund for MYPE (FAE-MYPE), both managed by COFIDE .

The second line of action is to create guaranteed funds based on regional governments' trusts which will facilitate access to new financial resources in the short-term or allow for the conversion of short-term resources into long-term resources by leveraging the resources of national emergency funds, financing from input providers, and factoring operations.

Another line of government assistance is to provide work via temporary employment programs. Under one program, workers paid for by the government would be lent out to business and producers who would subsequently reimburse the government using an interest rate equivalent to the social discount rate established by InviertePerú. In the other, the businesses or producers would hire and pay the workers of these employment programs, which would trigger a tax credit in favor of the companies in an amount similar to the costs of their temporary payrolls.



In general, the recovery will take into account variations in markets and post-pandemic demand in order to inject sufficient financial resources for strengthening food security and local markets for basic necessities.

## **BASIC SERVICES FOR THE POPULATION**

The present crisis has multiplied peoples' concern for health and public health in general. Therefore, a public investment (grey infrastructure) priority will be the establishment of basic hygiene in public service facilities. To assist in this effort, a portfolio of small, high-impact investments could be assembled, focused on the health of the population. These would include:

- Rehabilitation, improvement or construction of decent sanitary facilities in health centres (hospitals, health centres, posts), educational centres (schools, colleges, CEPROS, high schools and universities), and other public service facilities.
- Small construction projects for the collection, processing, storage and disposal of water for human consumption in population centres without services or with deficient and temporary services, as well as the massive construction of latrines.

Additional programs can include extensive tree-planting in cities, towns, and neighborhoods, maintenance, improvement and extension of roads, ditch cleaning along highways and roads, and planting trees and shrubs to protect riverbanks (see below).

## COMMERCIAL REFORESTATION AND AGROFORESTRY PROJECTS

Forest production employs labor, captures carbon, compensates some forest losses due to deforestation, recovers degraded areas and at the same time creates wealth. As part of the temporary employment program for green infrastructure, nurseries can be established and plants can be provided at a very low, subsidized cost to private parties interested in reforesting conservation areas or recovering degraded areas, especially protected areas. This temporary, publicly financed work program, would pay minimum wage to workers. The plants produced can be used in an aggressive program of planting various tree species in agricultural and livestock areas (agroforestry) in order to improve ecosystems, create living barriers and wind breaks, and improve soil fertility.

The regional governments could also promote the partial conversion of underutilized agricultural or degraded areas into commercial forests. Regional governments would contribute seedlings, wages and issue property titles. In addition their public infrastructure plans would include constructing or improving communication networks and other logistical facilities which adds value to the wood or other resources, without affecting standing forests. Financial assistance could also be provided to private participants in these initiatives so that they can access low-cost, long-term resources. This would enable the development of an investment portfolio that could be discounted with green funds.



Picture: Students for the Living Amazon



## **CONNECTIVITY AND DIGITIZATION**

The Amazon must improve its connectivity and wireless capacity by completing the extension of fiber optics and repeater antennas. This high priority investment aims to solve two serious problems highlighted by the current crisis: the availability of immediate, two-way health information and education.

These investments would make it possible to implement a basic tele-health system that supports health workers and health promoters, especially in remote communities. At the same time, they would enable tele-education as a tool to solve confinement in cities and to bring education to remote areas by allowing teachers to convert Amazonian children and young people into digital learners.

In order to complement and enable these efforts, solar panels could be installed in each population center to provide its inhabitants with electricity and facilitate access to various digital platforms.

## **FINANCIAL INCLUSION**

The current crisis has shown the importance of access to digital financial transactions and the national banking system for people in remote areas. Access would enable electronic payments for workers participating in the temporary employment programs.

Together with the Banco de la Nación and its private bank associates, the initiative would also sponsor intense training on electronic financial transactions, aimed at local populations and businesses, so that they can receive and make payments without the need for cash.

