

## 1. General Description:

**ID:CN-22020**

**Project resulting from this CN: N/A**

*Note: CNs are developed into project proposals following consultation with donor(s).*

### 1.1 Project Title:

Strengthening good governance and the harvesting techniques of forest concessions and native communities to improve the economic productivity of forests in the Peruvian Amazon Region, ensuring the viability of sustainable forest management

### 1.2 Submitting Country/ies:

Peru

### 1.3 Specific Location & Country/ies/regions/areas benefitting from the project:

Peruvian Amazon Region. Departments of Ucayali (provinces of Coronel Portillo and Padre Abad) and Madre de Dios (provinces of Tahuamanu and Tambopata)

### 1.4 Endorsement from ITTO Focal Point:

CARTA-000019-2022-DE.pdf

### 1.5 Intended Project Duration (in months):

24

### 1.6 Indicative Budget (in US\$):

<b>ITTO</b>	481,634
<b>Counterpart</b>	146,250
<b>Total</b>	627,884

### 1.7 Programme Line Focus

Legal and Sustainable Supply Chains (LSSC)

### 1.8 Project Type

Community/field-based project implementation

#### **Project Type - Other (please explain):**

Capacity building, Implementation of community-based/field project

## 1.9 Proposal Summary:

Peru has the second-largest area of Amazon forests and the ninth-largest forest area worldwide with a total of more than 70 million hectares of forests. Despite being a country with high forestry potential, it has not developed sufficient technologies and capacities to implement sustainable forest management, as well as to meet the needs of forest product markets at the national and international levels. In this context, the main problem identified is that there is a limited use of forests vis-à-vis their productive and economic potential. This is particularly the case in the forests of forest concessions and native communities in Peru, mainly in the departments of Ucayali and Madre de Dios, which compromises the viability of forest management. This proposal, which is in line with ITTO Programme Line No. 1: Legal and Sustainable Supply Chains (LSSC) for the period 2022-2026, will contribute to the sustainable use of tropical forests in forest concession and native community lands, improving forest productivity according to their productive and economic potential under good forest governance so as to ensure the viability of sustainable forest management in Peru's Amazon forests. The project will develop the technical and business skills of native communities and forest concessions by implementing practical forest inventory technologies and dendrological instruments to identify and use species of medium and low commercial value for the efficient and sustainable harvesting of Amazon forests. In addition, producers in the forest product supply chain will be strengthened to improve market access for timber and non-timber products. The ITTO project and support will promote platforms for dialogue and cooperation on legal and sustainable supply chains.

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## 2. Proponent Information:

### 2.1 Executing Agency Information:

**Name of Agency/Organization/Institution:**

CAMARA NACIONAL FORESTAL – CNF (NATIONAL FORESTRY CHAMBER)

**Name of main Contact Person:**

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**2.2 Type of Organization:**

Civil Society Organization

**2.3 Collaborating Agency/ies:****Name of Agency/Organization/Institution:**

- Servicio Nacional Forestal y de Fauna Silvestre (SERFOR) (National Forest and Wildlife Service)
- Asociación para la Investigación y Desarrollo Integral (AIDER) (Integrated Research and Development Association)

**2.4 Relevant experience of EA:**

Not specified

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### 3. Relevance:

### **3.1 Conformity with ITTO objectives (ITTA, 2006) and priorities (current SAP):**

The project proposal is consistent with ITTO's overall objective (Article 1 of the ITTA, 2006) by promoting sustainable forest management. Furthermore, it will contribute to sustainable development and poverty alleviation (objective c), enhance capacity to achieve exports of timber products from sustainably managed forest resources (objective d), promote and support development with a view to improving forest management and efficiency of wood utilization (objective f), promote information for sustainable utilization of timber producing forests while maintaining ecological balance (objective m), strengthen capacity to improve forest law enforcement and governance (objective n), encourage information sharing to improve voluntary mechanisms such as forest certification and chain of custody to promote sustainable tropical forest management (objective o), and encourage recognition of the role of forest-dependent indigenous communities in achieving sustainable forest management and develop strategies to enhance the capacity of these communities to sustainably manage tropical timber producing forests (objective r). It also meets the strategic priorities identified in ITTO's SAP (2022 - 2026), including strategic priority 1 (SP1) by promoting good governance and policy frameworks for sustainable tropical forest management, legal and sustainable forest product supply chains and related trade; SP2 by increasing the contribution of the tropical forest sector to national and local economies and resilient livelihoods; SP4 by improving the quality, availability and timeliness of information on tropical forest product markets, supply chains and international trade; and crosscutting strategy 1 (CS1) by building community capacities.

### **3.2 Relevance to the ITTO Programme Lines:**

The project is framed within Programme Line No.1 Legal and Sustainable Supply Chains (LSSC) as it will promote and strengthen networks and collaboration between consumers, producers, trade associations and civil society to help build legal and sustainable supply chains; and will expand and diversify markets for tropical timber from sustainably managed forests. It will also contribute to achieving diversification of the state market based on wood products from sustainably managed forests. Furthermore, the project seeks to improve the productivity of sustainably managed forests in forest concession and native community areas based on the three pillars of sustainability (economic, social and environmental).

### **3.3 Relevance to the Sustainable Development Goals (SDGs) and the Global Forest Goals (GFGs) and other forest related global agenda:**

The implementation of the project will address four Sustainable Development Goals (SDGs), including contributing to poverty reduction for tropical moist forest-dependent communities (SDG 1); gender equality (SDG 5); decent work and economic growth (SDG 8); and responsible production and consumption (SDG 12). Moreover, given that Peru's tropical forests are vulnerable to climate change, the project seeks to increase the sustainable productivity of tropical moist forests (SDG 13). The project will also contribute to the conservation and sustainable management of forests and forest ecosystems, particularly in the departments of Ucayali and Madre de Dios (SDG 15). In addition, the implementation of the project will contribute to the achievement of Global Forest Goals (GFG), including GFG 1 by promoting the sustainable management of forests, particularly the moist tropical forests of the departments of Ucayali and Madre de Dios (1.3); GFG 2 by increasing the industry's contribution based on potentially valuable forest species (2.4); GFG 3 by incorporating wood-based products from sustainably managed forests (3.3); and GFG 5 by strengthening good governance and law enforcement (5.2).

### **3.4 Relevance to submitting country's policies:**

The project complies with the principles and objectives of the National Forest Policy, approved in 2013, and is related to Area 2 on Sustainability, Area 3 on Competitiveness, and Area 4 on Social Inclusion and Intercultural Relations. In relation to Forest and Wildlife Law No. 29763, it is consistent with the following elements: forest and wildlife management committees (CGFFS) as platforms for civil society participation, including forest users, local communities, producers, and local governments, among others (Art. 22); management plans for small-scale harvesting modalities in community lands, private properties and local forests (Art. 47); concessions for timber production purposes (Art. 56); forests in native community areas (Art. 75); capacity building among communities (Art. 77); and commercial or industrial use of forest resources on native community lands (Art. 82). Envisaged activities are related to the chain of custody of forest and wildlife products (Art. 127); diversified and integrated use of forest resources, seeking the optimal use of a greater number of species and their integration into the production chain (item a), and access to technology, training, technical assistance and information, and markets (item d), among others (Art. 131); as well as forest certification (Art. 133).

### **3.5 Linkages to previous/ongoing ITTO and other projects/activities (if any):**

Project PD 540/09 Rev. 2 (I) “Support to improve the productivity of the Peruvian timber industry to produce higher value-added products”, which has contributed to socioeconomic development in the central and southern Peruvian Amazon Region by introducing timber products from managed forests into the market. In this context, the competitiveness of timber products was increased through the development of higher value-added products in order to gain access to national and international markets.

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## **4. Project synopsis:**

### **4.1 Objectives (reflecting reference to elements within all ITTO Guidelines as applicable):**

The overall objective of the project is to contribute to the sustainable use of tropical forests in forest concession and native community lands, increasing the productivity of forests in accordance with their production and economic potential under good forest governance to ensure the viability of sustainable forest management in Peru's Amazon forests. In this regard, the objective is aligned with the goal of ITTO's Programme Line No.1: “Legal and Sustainable Supply Chains for Forest Products (LSSC)”. The specific objective of the project is to strengthen forest management to improve forest productivity through the integrated use of forest resources by means of silvicultural plans in line with the forest's potential, thus ensuring adequate areas under forest management based on the legal harvesting of a diversity of natural forest species. Furthermore, the project will contribute to improving the income levels of forest producers and encouraging the economic recovery of remaining forest areas in the Peruvian Amazon region, which will be reflected in the forest product trade balance in line with the LSSC objectives. The project is also aligned with the Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests and the Criteria and Indicators for the Sustainable Management of Tropical Forests published by ITTO in 2015 and 2016, respectively.

## 4.2 Key problem(s) to be addressed:

Despite being a country with high forestry potential, Peru has not developed sufficient capacity for sustainable forest management and the efficient use of forest resources to meet the demand for forest products in the national and international markets. Over the last ten years, the trade balance of timber products has shown a negative trend while the deficit has been increasing year after year, as reflected in the statistics published by SERFOR in its “2010-2020 Forest Statistical Compendium for Peru (Compendio Estadístico de la Actividad Forestal del Perú de 2010 a 2020). In this context, the key problem identified in this proposal is that there is poor utilization of forests in relation to their productive and economic potential, as is the case with Peru's forest concession and native community forests, mainly in the departments of Ucayali and Madre de Dios, which threatens the viability of forest management. The causes of this problem are that forest assessment is poorly articulated with the requirements of sustainable forest management, mainly due to the limited knowledge of forest inventory technologies and the lack of dendrological information. Furthermore, there is limited technical and business capacity for sustainable forest management based on the production potential of forests, especially due to the limited knowledge available on forest species of high current commercial value as well as the limited technological and business knowledge available for intensive forest harvesting. In addition, there is weak coordination between producers and the forest product market due to the lack of market intelligence, limited market development and access for new forest products, and weak participation in the national public procurement market.

### 4.3 Main stakeholders and beneficiaries:

Direct project beneficiaries comprise 30 companies, including forest concessions and native communities, with a total of 1,280 producers, including entrepreneurs, community members, forest regents, professionals and technicians trained in sustainable forest management, business strategies and low-impact forest harvesting technologies. Other beneficiaries are native community members and technical, management and administrative personnel of forest companies, as well as timber forest product consumers, research institutions and academia, among others. In addition, the project will benefit, and serve as a model for, other forest companies in the Amazon region, including communities, concessions and primary processing centers, through the implementation of the methodologies proposed by the project, which will contribute to improving forest harvesting rates and integrating forest management with sustainable production activities. The project's main stakeholders are represented by forest concession holders, native communities, forest regents and other professionals and technicians involved in forest production activities. Other stakeholders include representatives of public forest agencies, such as the National Forest and Wildlife Service (Servicio Nacional Forestal y de Fauna Silvestre – SERFOR), which is the national forest authority; regional forest authorities (regional governments); and the Forest and Wildlife Resources Supervisory Agency (Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre – OSINFOR).

#### **4.4 Key activities:**

Key activities include: i) Selecting practical forest inventory technologies for sustainable forest management purposes, ii) Training in the application of selected techniques to strengthen sustainable forest management, iii) Promoting the use of low-commercial-value forest species by developing product prototypes based on technical data sheets approved by relevant institutions to facilitate their introduction into the market, iv) Developing technological and entrepreneurial capacities for increased forest harvesting, maintaining the long-term economic-ecological value of forests, v) Developing forest producers' capacities for increased market access for timber and non-timber forest products and environmental services by disseminating technical product standards and market quality requirements, among others, vi) Promoting increased commercial use of both timber and non-timber forest products by involving public institutions related to the demand for timber forest products, vii) Promoting and strengthening partnership and forestry dialogue spaces for good governance, ensuring the functioning of coordination platforms that guarantee the legal origin of timber products that are traded on the domestic and international markets, viii) Strengthening the internal organization of participating native communities so that they have adequate capacities for the use of forest resources in their lands, and ix) Promoting the training of indigenous trainers to develop training schemes in the use of forest resources for other native communities.

#### **4.5 Expected outcomes and impacts, including innovation/transformation:**

i) Two (2) new selected inventory technologies with dendrological instruments, such as identification keys and technological apps, for the identification of species for forest management purposes; ii) 30 companies applying selected evaluation technologies developed by the project; iii) 10 new forest species with potential value are in market demand; iv) 30 companies sustainably managing forest resources; v) 30 companies applying appropriate low-impact technologies for Amazon forest harvesting; vi) Improved export trade balance for Peru; vii) 20% increase in the harvestable volume of forests; viii) Increased annual income for 30 forest companies; ix) 10 companies are marketing timber products with the Peruvian government; x) 5 timber-based products incorporated in standardization fact-sheets; and xi) 2 forest dialogue spaces strengthened for better governance.

#### 4.8 Risk mitigation measures:

In view of the health crisis caused by COVID-19, and taking into account that no activity is risk free, the project considers a risk management approach to comprehensively contemplate a system that allows for the adequate treatment of risks, mitigating them in order to meet the goals set within the established deadlines. In this respect, field work will be partly carried out virtually with key trips to the departments within the project target area. Likewise, due to the Russia-Ukraine conflict, fuel and food costs have been significantly affected, and project management is considering the possibility of carrying out activities virtually with the support of training and teaching materials to achieve the project's objectives.

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#### 5. Indicative Budget (in US\$):

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Description	ITTO	Counterpart	Total
<b>Personnel</b>	222,990	62,460	285,450
<b>Sub-contracts</b>	66,500	8,000	74,500
<b>Travel and DSA</b>	29,790	7,380	37,170
<b>Capital Items</b>	25,100	28,400	53,500
<b>Consumables</b>	29,140	8,760	37,900
<b>Publication / Dissemination</b>	17,000	0	17,000
<b>Miscellaneous</b>	5,510	31,250	36,760
<b>Total</b>	396,030	146,250	542,280

<b>ITTO Project Monitoring &amp; Review</b>	14,000	-	14,000
<b>Annual/Final Audit</b>	10,000	-	10,000
<b>ITTO Programme Support</b>	51,604	-	51,604
<b>ITTO Ex-post Evaluation</b>	10,000	-	10,000
<b>GRAND TOTAL</b>	481,634	146,250	627,884