

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT PROPOSAL

TITLE:	MARKET SURVEY FOR FOREST PRODUCTS IN PERU
SERIAL NUMBER:	PD 819/16 Rev.3 (M)
COMMITTEE:	ECONOMICS, STATISTICS AND MARKETS
SUBMITTED BY:	GOVERNMENT OF PERU
ORIGINAL LANGUAGE:	SPANISH

SUMMARY:

The objective of this project is to contribute to sustainable forest development in the country through better understanding of the forest market by making updated information available to forest resource users, industry and trade in forest products.

The project focuses on the implementation of a market survey mainly aimed at providing information on national and international supply and demand for timber and non-timber forest products. Furthermore, the project will systematize studies on the technological properties and use of forest species with market potential; provide information on technical characteristics of products with market demand; raise awareness among small producers to encourage their organized market involvement; build leadership skills; and provide technical assistance and support for organizational management.

Direct project beneficiaries will include forest concessionaires, native communities, forest producer rural communities, primary and secondary processing industries, and producers' organizations.

The project will be implemented by the National Forestry Chamber with the active participation of producers, professionals, NGOs, the Ministry of Agriculture and Irrigation, the Ministry for Production, universities and research institutions.

EXECUTING AGENCY	NATIONAL FORESTRY CHAMBER -- CNF	
DURATION	30 MONTHS	
BUDGET AND PROPOSED FUNDING SOURCES	Source	Contribution in US\$
	ITTO	406,459
	CNF	198,813
	TOTAL	605,272

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PROJECT BRIEF

This project is based on the experience gained in previous ITTO-financed projects endorsed by the Forest Authority, in particular, PD 540/09 Rev.2 (I) "Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-Added Products", and PD 621/11 Rev.3 (M) "Traceability of timber produced by forest concessions and native communities in Madre de Dios and Ucayali", which is currently under implementation. These two projects have served as a starting point for the development of this proposal, building on the lessons learned and strengthening the elements to be improved in relation to the market information needs of various forest sector stakeholders.

The key problem identified by the project is the lack of updated information available on the market for timber and non-timber forest products, resulting in limited knowledge of this market at the national and international levels. Because of this, producers are not able to identify or capitalize on existing business opportunities. Furthermore, the variety of the supply of forest products and services is limited as these do not meet the market's technical requirements.

The development objective of the project is to "*Contribute to the sustainable development of the production, processing and marketing of goods and services from tropical forests in Peru through better understanding of the forest market based on updated information available to forest resource users, industry and trade in forest products*". The achievement of this objective will be measured by the increased number of forest species harvested by forest concessions and native communities, improved production of forest products by concessions and native communities, and an increased volume of production from legal sources.

The specific objective established for the project is to "*Collect and disseminate updated information on national and international forest markets so as to promote forest conservation, the marketing of forest products, and forest governance*". The achievement of this objective will be measured through a validated forest market information system that will assist users by providing updated market information and creating forest dialogue platforms.

The project will mainly benefit forest concession holders, native and rural communities, primary and secondary processing industries, and producers' organizations in the cities of Iquitos, Tarapoto, Cajamarca, Pucallpa, Lima, Huancayo, Puerto Maldonado and Arequipa. As a result of the project, it is expected that its beneficiaries will be able to identify business opportunities and will be aware of the characteristics of products with market demand, which will in turn improve the sustainable management of forests.

The project will be implemented according the following intervention strategies: (i) Availability of market information, (ii) Signing of agreements, (iii) Development of an electronic market information system, (iv) Establishment of an information collection and dissemination center, (v) Strengthening of professional associations of the forest production sector.

With regard to sustainability, the project will raise awareness among its beneficiaries about the need to generate products from legally sourced timber and ensure the diversification of products based on improved market information and a wide range of species with the required characteristics and efficient resource utilization, which will allow them to increase their profitability. The population as a whole will demand products that better satisfy their needs and preferences as forest producers will be better guided by the market information generated by the project. Both producers and industrialists will be better equipped to meet market demand, while professional organizations under strong leadership will also support this new market vision.

The main risks that could affect the implementation of the project are that forest resource users, concession holders, native communities and industrialists may become disinterested in the utilization and marketing of forest products of legal origin, that the private forest sector may be reluctant to provide and share updated information on the products required at the national and international levels, that the methodology used for the collection of primary and secondary information may not be the most appropriate and may be difficult to keep updated, that the project may not achieve the desired impact on the target audience, and that there may be limited interested from forest stakeholders in joining professional associations.

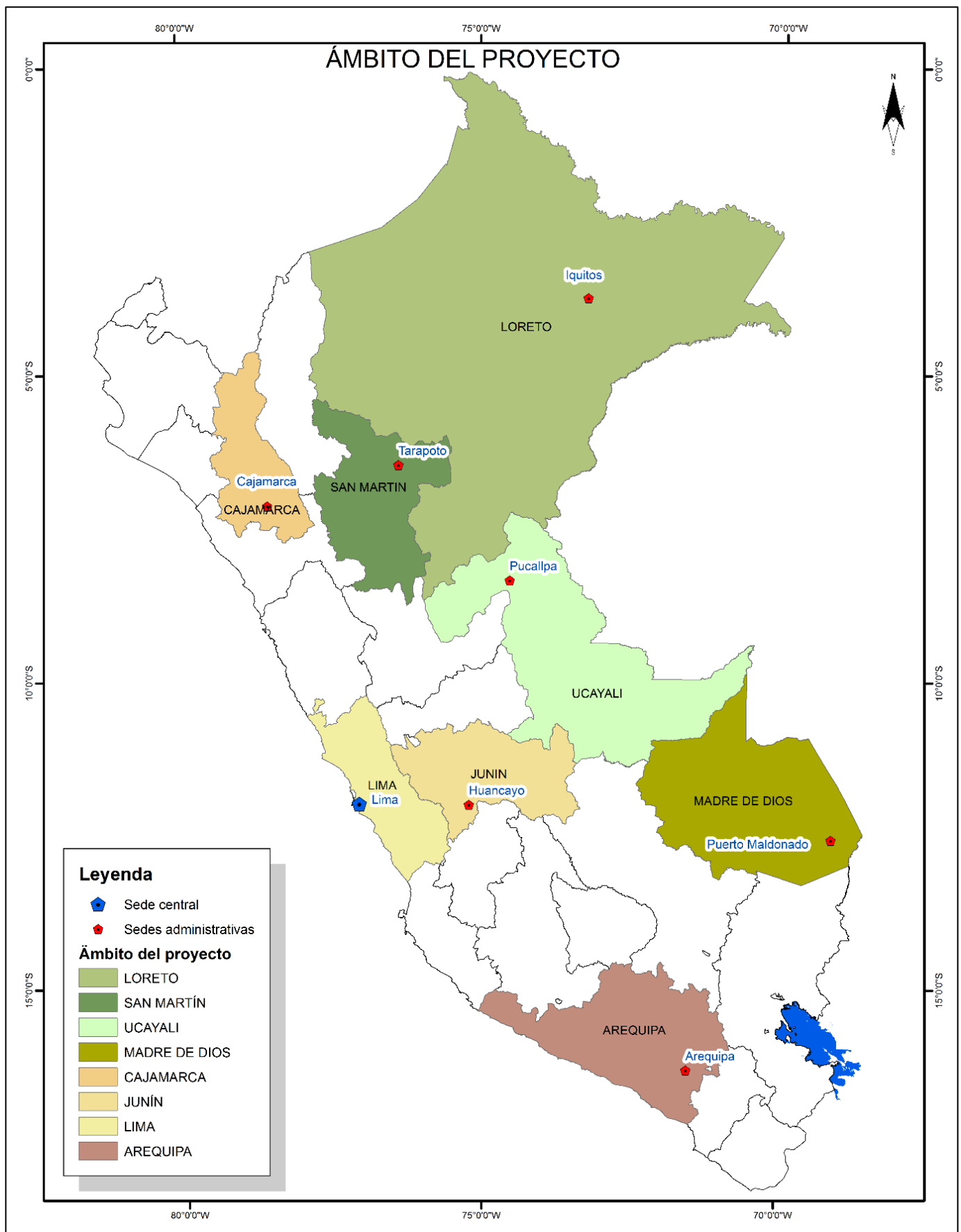
In order to mitigate these risks, the project will motivate users by providing convincing arguments and will convince producers that keeping themselves informed of the latest trends and developments is more beneficial than resisting modern processes, particularly given the dynamics of the national and international markets. In this regard, the project will ensure that the methodology used in the collection of information is efficient and will promote the development of associations as an effective strategy for strengthening product supply and legality.

The project has a total budget of US\$ 605,272. The executing agency will provide a total of US\$ 198,813, with the remaining US\$ 406,459 to be contributed by ITTO.

LIST OF ABBREVIATIONS AND ACRONYMS

ADEX	Asociación de Exportadores (<i>Exporters Association</i>)
AGRORURAL	Programa de Desarrollo Productivo Agrario Rural (<i>Rural Agrarian Production Development Programme</i>)
AIDER	Asociación para la Investigación y el Desarrollo Integral (<i>Association for Integrated Research and Development</i>)
CAPECO	Cámara Peruana de la Construcción (<i>Construction Chamber of Peru</i>)
CNF	Cámara Nacional Forestal (<i>National Forestry Chamber</i>)
GDP	Gross Domestic Product
GORE's	Regional Governments
INEI	Instituto Nacional de Estadística e Informática (<i>National Institute of Statistics and Information Technology</i>)
INIA	Instituto Nacional de Innovación Agraria (<i>National Institute for Agrarian Innovation</i>)
ITTO	International Tropical Timber Organization
MINAGRI	Ministerio de Agricultura y Riego (<i>Ministry of Agriculture and Irrigation</i>)
MINCETUR	Ministerio de Comercio Exterior y Turismo (<i>Ministry of Foreign Trade and Tourism</i>)
NGOs	Non-governmental organizations
PENX	Plan Estratégico Nacional Exportador (<i>National Strategic Export Plan</i>)
PRODUCE	Ministerio de la Producción (<i>Ministry of Production</i>)
PROMPERÚ	Comisión de Promoción del Perú para la Exportación y el Turismo (<i>Export and Tourism Promotion Commission of Peru</i>)
SERFOR	Servicio Nacional Forestal y de Fauna Silvestre (<i>National Forest and Wildlife Service</i>)
SNIFFS	Sistema Nacional de Información Forestal y de Fauna Silvestre (<i>National Forest and Wildlife Information System</i>)
SUNAT	Superintendencia Nacional de Administración Tributaria (<i>National Tax Administration Agency</i>)
UNALM	Universidad Nacional Agraria La Molina (<i>National Agrarian University of La Molina</i>)
YPO	Yearly Plan of Operation

MAP OF PROJECT AREA



PART 1. PROJECT CONTEXT

1.1 Origin

The National Forestry Chamber (CNF) implemented project PD 23/00 Rev.4 (F) “Promotion and transfer of knowledge on sustainable forest management models to timber producers” from 2004 to 2006. Among other things, this project developed and implemented a training program through 12 forest training modules mainly addressed to forest concessionaires that had just started operating under forest management plans required by the newly enforced forest legislation. One of these modules dealt with forest product marketing and markets. In addition, the project promoted market access, particularly for small and medium concessionaires, and strengthened the use of national and international market information, thus further improving market access. Furthermore, project proposal PD 22/00 “Technical and industrial assistance and development of international markets for manufactured timber products in Peru”, which was developed but not submitted for approval, formulated the concept of the international market intelligence system, which has served as the basis for the development of the proposal hereby submitted.

Subsequently, between 2007 and 2010, the CNF implemented ITTO project PD 421/06 (F) “Strengthening of the Production Chain for Timber from Forest Concessions and Other Forests under Management”, whose outputs included the development of business plans in cooperation with industrialists, and the organization of business rounds, which led to a better understanding of production chains and of the need to increase the coordination of business initiatives within these production chains by identifying market requirements and the production potential of managed forests, especially the use of lesser-known species and the importance of producing an increasing number of higher value added products.

As a result of these experiences, CNF formulated two project proposals – PD 540/09 Rev.2 (I) “Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-Added Products”, which has already been completed, and PD 621/11 Rev.3 (M) “Traceability of timber produced by forest concessions and native communities in Madre de Dios and Ucayali”, which is currently being implemented. During the implementation of these projects, it was observed that forest producers, who mainly include forest concession holders, native communities and primary and secondary timber processors, have limited information available on markets for forest products and services, and the information that is available has neither been updated nor systematized for easy access by users.

Considering this background and current market globalization megatrends, such as increasing preference for green products, more demanding consumers concerned about the environment, and the need of users to access updated market information to support sustainable forest management and increased involvement in forest business for the strengthening of the entrepreneurial skills of forest producers and timber industrialists, the technical team of the National Forestry Chamber, with the participation of other forest stakeholders, has developed this project proposal, with a view to providing updated information on national and international markets for forest products that can be easily accessed by forest users, industry and trade.

1.2 Relevance

1.2.1 Conformity with ITTO’s objectives and priorities

This project is consistent with the priorities established in the ITTO Action Plan (2013 – 2018). The main aspects considered in the proposal are as follows:

1. The project will help improve competitiveness in the tropical timber trade and develop proposals to overcome trade barriers and weaknesses in forest law enforcement. Furthermore, the project will promote legal timber trade in domestic and foreign markets (**Strategic priority 1: Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment**).
2. The project will help native and rural communities and forest enterprises to develop leadership, entrepreneurial and business skills while enhancing forest sector production

- (Strategic priority 2: Increase the contribution of tropical forests to national and local economies, including through international trade).**
3. The project will promote the use of a wide range of tropical timber species harvested from managed forests (**Strategic priority 3: Enhance the conservation and sustainable use of biodiversity in tropical timber producing forests).**
 4. The project will improve data and knowledge on environmental services from the country's forests (**Strategic priority 4: Reduce tropical deforestation and forest degradation and enhance the provision of environmental services).**
 5. The project will provide updated information on the characteristics of products of market demand, thus promoting better competitiveness at the national and international levels (**Strategic priority 5: Improve the quality and availability of information on tropical forests, forest product markets and trade).**

Strategic priority 2 of ITTO's Strategic Action Plan 2013 – 2018 states that the contribution of tropical forests to national and local economies should be increased, including through international trade. The Plan further identifies a number of expected outcomes (Table 1 – Expected outcomes and illustrative indicators), including improved access to international markets for small and medium sized enterprises and community enterprises, as well as increased diversity of efficiently produced value-added products from sustainably managed forests. The project will quantify the actual trade in forest products and will promote the diversification of timber forest products and species, while strengthening producers' associations to improve market competitiveness.

This project proposal is consistent with the overall objective of ITTO (as set out in Article 1 of the ITTA 2006) i.e. to promote the expansion and diversification of international trade and to promote the sustainable management of tropical timber producing forests, as described below:

1. The proposal will promote strategies for achieving exports of tropical timber products from sustainably managed sources (**Objective d: Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources).**
2. Furthermore, the project will promote improved understanding of international market conditions and consumer preferences (**Objective e: Promoting improved understanding of the structural conditions in international markets, including long-term trends in consumption and production, factors affecting market access, consumer preferences and prices, and conditions leading to prices which reflect the costs of sustainable forest management).**
3. The project will promote efficiency of wood utilization by improving the knowledge of its technological properties (**Objective f: Promoting and supporting research and development with a view to improving forest management and efficiency of wood utilization and the competitiveness of wood products relative to other materials, as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests).**
4. The project will improve market intelligence and encourage information sharing on markets and market trends (**Objective h: Improving market intelligence and encouraging information sharing on the international timber market with a view to ensuring greater transparency and better information on markets and market trends, including the gathering, compilation and dissemination of trade related data, including data related to species being traded).**
5. The project will promote increased and further processing of tropical timber with a view to encouraging their industrialization, improving raw material utilization, and increasing employment opportunities and export earnings (**Objective i: Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings).**
6. The proposed project will strengthen Peru's capacity for the collection of timber trade statistics (**Objective j: Strengthening the capacity of members for the collection, processing and dissemination of statistics on their trade in timber and information on the sustainable management of their tropical forests).**
7. The project will improve marketing and distribution of tropical timber and timber product exports from sustainably managed forests (**Objective k: Improving marketing and distribution of tropical timber and timber product exports from sustainably managed and legally harvested sources and which are legally traded, including promoting consumer awareness).**

1.2.2 Relevance to submitting country's policies

The project is consistent with the principles and objectives set out in the National Forest Policy, approved in 2013, and it relates to the following policy guidelines:

- Policy element 1 – “Institutional Framework and Governance”, guidelines 2g and 2h. The project will generate useful information to be shared with users from both the public and private sectors.
- Policy element 2 – “Sustainability”, guidelines 1a and 1e. The project will promote the utilization of an increased number of forest species and the diversification of forest products and services with market potential, in addition to the marketing of forest products from legal and sustainable sources.
- Policy element 3 – “Competitiveness”, guideline f. The project will strengthen the timber and non-timber product value chain by providing updated information on marketing and markets.
- Policy element 4 – “Social inclusion and intercultural relations”, guideline 2a. The project will strengthen regional forest dialogue platforms to agree on sustainable proposals and will promote the strengthening of forest sector associations.
- Policy element 5 – “Knowledge, science and technology”, guidelines 1a and 2d. The project will organize events to develop the capacities of forest stakeholders from both the production and marketing sectors, as well as public servants. Furthermore, the project is consistent with this policy as it will develop a market survey focused on the analysis of the supply and demand of forest products and services along the value chain considering the forest potential of lesser-known species.

The new Forestry and Wildlife Law – Act No. 29763 provides for the diversified and integrated harvesting of forest resources, promoting the optimal use of a greater number of species and their integration into the production chain, as well as access to technology, training, technical assistance and information, and markets. Furthermore, the regulations of this legislation establish the National System for Forest and Wildlife Management, whose role includes coordination, collaboration and cooperation for the adequate management of resources using a concerted, participatory, gender-focused and intercultural approach as the basis for a public information system (SNIFFS), which will operate as a coordinated information network at the national level.

The project is also consistent with MINAGRI's Agrarian Policy, PRODUCE's National Production Diversification Plan and MINCETUR's National Strategic Export Plan; in the areas of forest development, market access and production chains, it will enable producers to diversify their products and services and access previously unidentified markets, thus boosting forest development in the country, and will prioritize exports as a development driver for the Peruvian economy in the long term, going beyond the bounds of individual government administrations through the joint participation of the public and private sectors, the former as a promoter/facilitator and the latter as a driver of development. In addition, by disseminating information on markets for forest products and services, the project will encourage forest exports.

1.3 Target area

1.3.1 Geographic location

The project will be national in scope as it will cover the country's main forest product production and consumption departments, which are described below:

- Lima: This department is located in the central part of the country's coastline. It covers an area of 34,948 km², which is equivalent to 2.7% of the national territory. It is geographically located between 10⁰16' and 13⁰19' latitude south and 75⁰30' and 77⁰53' longitude west. Its capital is the city of Lima.
- Loreto: This department is located in the north-eastern part of the country. It is the largest department of Peru with an area of 368,851 km². Its capital is the city of Iquitos, located on the eastern bank of the Amazon river.
- San Martín. This department is located in the northern region of Peru. It covers an area of 51,253 km² and its capital is the city of Moyobamba; however the largest and most populated city is Tarapoto.

- Cajamarca: This department is located in the north Andean region of Peru. It covers an area of 33,248 km² and its capital is the city of Cajamarca.
- Ucayali: This department is located in the central-eastern Peruvian rainforest. It covers an area of 102,410 km² and it is geographically located between 07°20' and 11°27' latitude south and 70°29' and 75°58' longitude west. Its capital is the city of Pucallpa, situated on the left bank of the Ucayali river.
- Junin: This department is located in the central Andean region of the country. It has an area of 44,197 km², which is equivalent to 3.4% of the national territory. The department is located at altitudes of between 400 and 5,000 m.a.s.l. Its capital is the city of Huancayo.
- Madre de Dios: This department is located in the south-eastern part of the country, between coordinates 9°57' and 13°20' latitude south and 68°39' and 72°31' longitude west. It has an area of 85,183 km², which represents 6.6% of the national territory. Its capital is the city of Puerto Maldonado, located at the confluence of the Tambopata and Madre de Dios rivers.
- Arequipa: This department is located in the south-western region of Peru and covers an area of 63,345 km², which represents 4.9% of the total area of the country. It is located between geographic coordinates 14°36' and 17°16' latitude south and 70°50' and 75°05' longitude west. The capital of the department is the city of Arequipa.

The project will be present in each of these departments with administrative headquarters based in the cities of Lima, Iquitos, Tarapoto, Cajamarca, Pucallpa, Huancayo, Puerto Maldonado and Arequipa. Table 1 shows the geographic location of these cities.

Table 1. Geographic location of major cities in the Project area:

City	Province	Department	Coordinates		Altitude (m.a.s.l.)
			Latitude	Longitude	
Iquitos	Maynas	Loreto	03°44'53"	73°14'50"	104
Tarapoto	San Martín	San Martín	06°30'05"	76°21'56"	333
Cajamarca	Cajamarca	Cajamarca	07°09'26"	78°31'05"	2 750
Pucallpa	Coronel Portillo	Ucayali	08°22'43"	74°31'50"	154
Lima	Lima	Lima	12°03'05"	77°01'54"	154
Huancayo	Huancayo	Junín	12°04'15"	75°12'24"	3 259
Puerto Maldonado	Tambopata	Madre de Dios	12°35'48"	69°11'05"	183
Arequipa	Arequipa	Arequipa	16°22'37"	71°33'40"	2 335

1.3.2 Social, cultural, economic and environmental aspects

Social, cultural and economic aspects

Peru has a population of 31.15 million. Metropolitan Lima is the most populated city in the country with a total of 9,886,647 inhabitants, followed by Arequipa with 869,351, Iquitos with 437,376, Huancayo with 364,725 and Cajamarca with 226,031, among others. Women outnumber men in most cities of the country; however, in Iquitos, Pucallpa, Tarapoto and Puerto Maldonado, there are more men than women, as can be seen in Table 2.

Within the project target area, the departments with the greatest GDP growth were Ucayali (11.6%), Arequipa (8.7%) and San Martín (7.2%). The others had growth rates below the national GDP average, such as Lima (6.0%), Junín (5.8%), Cajamarca (5.2%) and Loreto (4.0%). On the other hand, the department of Madre de Dios had a negative growth rate of -16.9% due to a reduction in gold mining activities.

Table 2. 2015 population estimates and projections by gender

City	Men	Women	Total
Lima	4 808 135	5 078 512	9 886 647
Arequipa	418 773	450 578	869 351
Iquitos	220 352	217 024	437 376
Huancayo	173 733	190 992	364 725
Cajamarca	111 027	115 004	226 031
Pucallpa	108 932	102 719	211 651
Tarapoto	74 883	69 303	144 186
Puerto Maldonado	41 082	33 412	74 494

Source: INEI – 2014

According to data provided by INEI, the poverty rate for the 2012 – 2013 period increased by 1.4% in the department of Madre de Dios, and to a lesser extent in San Martín (by 0.4%) and Ucayali (by 0.2%). Cajamarca is the department with the highest poverty level in Peru as 52.9% of its population falls within this category, followed by Loreto with 37.4%, San Martín with 30%, Junín with 19.5%, Ucayali with 13.4%, Lima with 13.1%, Arequipa with 9.1% and finally Madre de Dios with 3.8%, making it the department with the lowest poverty level in the country.

In 2013, the employed economically active population reached a total of 15.68 million, and 6.88 million of this total were women. In other words, only 50% of the population was employed and out of that total only 44% were women.

Table 3. Gross Domestic Product share of the agricultural, hunting and forestry sectors by department, and forest area covered by each of these sectors

Department	GDP Agriculture, hunting and forestry (‘000 of new soles)	Forest Cover as at 2013 (Km ²)
Arequipa	2 275 920	
Cajamarca	1 883 184	3 628,28
Junín	1 596 653	19 073,71
Lima	6 287 987	
Loreto	853 896	352 401,15
Madre de Dios	138 100	80 165,45
San Martín	1 651 337	34 380,72
Ucayali	540 092	95 252,42

Source: INEI (2003), MINAM - SINIA (2014)

Timber is the most important economic activity in Ucayali. The capital of the department, Pucallpa, which is the central storage and distribution point for all rural products from the area for both the national and international markets, has a timber processing industry that mobilizes resources out of the department.

Arequipa is an important point of destination for timber from forest concessions and native communities in Madre de Dios and for permit holding loggers from Cuzco and Puno. The Matarani port in Arequipa is becoming increasingly important as a potential point of export. Furthermore, the department has the Yura Industrial Park under its jurisdiction, which brings together timber enterprises.

Loreto has sawmills, laminated wood panel industries and other secondary products such as rubber and oils. The department is the main producer of “cumala” wood, which is exported to Mexico, and of other species used for laminated products, and it also has forests that are suitable for providing environmental services.

The central rainforest area supplies tropical timber to Huancayo, while the Mantaro valley, covered by eucalyptus plantations, is the main producer of this species for both primary and secondary processing industries.

The department of Cajamarca has the most important pine and eucalyptus planted forest in the country, covering nearly 15,000 hectares, as well as many “romerillo” forests, which is a native coniferous species

that grows in the north of Cajamarca. Currently, the number of secondary processing industries using pine and eucalyptus timber is increasing in the city of Cajamarca.

The city of Tarapoto is a central storage point for products such as coffee, rice, *sacha inchi*, diesel fuel, yucca, beans and corn, among others. The city is also a transit point for the timber trade from the Amazon and San Martin regions.

Taking into account the official forest statistics obtained from SERFOR and from CNF's own sources, the following can be stated:

In 2013, a total of 45 timber harvesting permits were issued for a harvestable volume of 209,664 m³ of timber. At the national level, a total of 613 forest concession permits were issued in the departments of Loreto, Madre de Dios, San Martin and Ucayali, 554 of these in Ucayali, which accounts for 90% of the total. The project will be mainly implemented in these departments.

In 2003, the production of roundwood at the national level totaled 7 787, 953 m³, but without taking into account firewood, coal, sleepers and posts, the total is only 661,460 m³. In 2011, the volume of timber obtained from the 20 most harvested timber species was 523,117 m³, representing 79.1% of the total roundwood production. According to ministerial resolution No. 0242-2000-AG, there are 122 timber forest species that are commercially valuable. In other words, only 16% of the species being harvested in forests account for 79.1% of the total production. The Project seeks to disseminate technical information that will promote the intensive utilization of a larger number of species, thus increasing the volume of harvestable timber per unit area (hectare) of forest without affecting the sustainability of forest management.

At the forest administration level, it is estimated that there are at least 90 professionals working at SERFOR's headquarters and 20 regional governments involved in forest activities, each having a minimum of 4 professionals as part of their staff, who rely on information on forest markets; this would bring the total to approximately 80 officers for regional governments. Therefore, a total of 170 officers would need to be kept informed on the forest market situation in the country. Another group of potential users of project outputs would be forest engineers, who represent a substantial group of users. Given that there are 8 forest engineering faculties in the country and over the past 30 years each has produced at least 20 graduates each year, there is a total of more than 4,000 graduates in this field. The ongoing dissemination of market information will be implemented through faculty members of these forest engineering faculties. Considering that there are 8 forest engineering faculties in the country and that each has 30 teaching staff members, it is estimated that there is a total of 240 staff members with the ongoing multiplier effect that they would have on students.

The balance of trade for the period 2002 – 2012 and forecasts to 2021 indicate that imports will increase by 13% to 281%, reaching a total of US\$ 3,011 million. Exports, on the other hand, will only grow by 7% to 115%, reaching a total of US\$ 500 million. The project will promote the utilization of more native forest species in the forest trade sector.

Environmental aspects

Up to 2012, 54% of the national territory was covered by forests, which was the equivalent of 69.3 million hectares. Out of this forest area, a total of 7.5 million hectares is under permanent forest production concessions and 12 million hectares are part of the territory of native communities.

As it is aimed at developing a market information system, providing technical assistance and leadership courses to producers' organizations and disseminating information on market studies and on the technological properties and technical characteristics of products with market demand, the project will not generate any negative environmental impact. On the contrary, the very nature of the project is aimed at minimizing the environmental impacts that the timber industry has in each area where it is being implemented, as the project promotes sustainable forest management and the production and marketing of legally sourced timber products with the characteristics required by the market, by efficiently using available resources and minimizing waste.

Timber industrialists are very interested in developing sustainable forest and industrial projects because of the comparative advantage provided by new international trade opportunities using timber sourced from managed forests.

1.4 Expected outcomes at project completion

At project completion, the National Forestry Chamber (CNF) will have a forest market information system to compile and disseminate updated market information through data from the supply and demand of forest products at the national and international levels, thus providing information services that will ensure more business opportunities for the national forest sector. Producers and industrialists will be able to satisfy market demand in terms of quality and quantity, by better utilizing forest species and producing more diversified and higher value added products.

In addition, the trade routes for forest products will be more clearly defined through a trading system established between production areas and consumption centres, which will improve the trade in legally sourced timber. Furthermore, organizations and dialogue platforms will have been strengthened, thus contributing to better forest sector governance.

PART 2. PROJECT RATIONALE AND OBJECTIVES

2.1 Rationale

2.1.1 Institutional set-up and organizational issues

The economic model developed by the Government stipulates regulatory, promotion and monitoring roles for the public sector, leaving the management of production, employment generation and the creation and distribution of wealth to the private sector.

Taking into account the profile of this project, the institutional set-up for its implementation will be made up of public and private institutions of the timber and export sectors as described below.

National Forestry Chamber -- CNF

The CNF was established in 1989 and it was officially recognized by the Ministry of Agriculture through Ministerial Resolution No. 00321-89-AG of 20 September 1989, as a private organization representing the timber sector before public institutions and agencies of the agricultural, industrial and export sectors. Its membership includes: the National Confederation of Micro and Small Enterprise Associations (*Confederación Nacional de Gremios de la Micro y Pequeña Empresa -- CONAMYPE*); Small and Medium Forest Producers and Industrialists Association of Peru (*Asociación Forestal de Pequeños y Medianos Productores y Empresarios del Perú -- AFORPYME*); Timber Producers Association of the Department of Ucayali (*Asociación de Madereros del Departamento de Ucayali -- AMDU*); Timber Logging and Reforestation Association of the Ucayali Region (*Asociación de Extractores Madereros y Reforestadores de la Región de Ucayali -- AEMRU*); Peruvian Environmental Network (*Red Ambiental Peruana -- RAP*); Association for Integrated Research and Development (*Asociación para la Investigación y el Desarrollo Integral -- AIDER*); Peruvian Foundation for the Conservation of Nature (*Fundación Peruana para la Conservación de la Naturaleza -- PRONATURALEZA*); Peruvian Society of Engineers (*Colegio de Ingenieros del Perú -- CIP*); Peruvian Association of Forest Engineers (*Asociación Peruana de Ingenieros Forestales -- APIF*); National Agrarian University of La Molina (*Universidad Nacional Agraria La Molina -- UNALM*); Civil Association for Forest Development (*Asociación Civil para el Desarrollo Forestal -- FORESTAS*); AIDSEP Regional Organization, Ucayali – ORAU; the consultancy firm PERUFOREST S.A.; and the company *Bosque, Agua, Cultura y Vida SRL*.

The National Forestry Chamber will be the executing agency of this project. The CNF represents the private sector and serves as a platform for the interaction of its members and representative organizations of timber producers in the main regions of the project's area of action. The role of the CNF, as a non-profit civil association, is consistent with its institutional objective of promoting the sustainable development of the forest sector, harmonizing conservation principles with scientific, technological and socioeconomic development. Its specific objectives are:

- Promoting the sustainable use of forest resources, harmonizing the principles of conservation with technology and economic and social development.
- Coordinating national forest activities, and acting as the main interlocutor of the private forest sector before public and private institutions and agencies.
- Proposing and achieving efficient and sound forest policies to encourage forest management, industry, trade and the promotion of exports.
- Building up and disseminating an adequate image of the forest activity at the national level consistent with the magnitude of the resource and its territorial significance.
- Providing feedback/making statements on issues of national interest.
- Designing and implementing research, training and development projects related to forestry.

National Forest and Wildlife Service – SERFOR

SERFOR is the national forest and wildlife authority in Peru. It is a specialized technical agency responsible for coordinating with other stakeholders and institutions of the Peruvian government and civil society to ensure the enforcement of the National Forest and Wildlife Law and Policy. Established under the new Forest and Wildlife Law – Act No. 29763, SERFOR is committed to the sustainable management

of the country's forest and wildlife heritage. It is the regulatory agency for the National Forest and Wildlife System and as such, it is the national technical and policy authority in charge of establishing policies and procedures in this field.

Its functions include planning, supervising, implementing, supporting and monitoring the national forest and wildlife policy; formulating, proposing, coordinating and evaluating strategies, plans and programs for the sustainable management of the country's forest and wildlife heritage; issuing and proposing guidelines and standards related to the sustainable use, management and administration of forest and wildlife resources for their implementation at the national level; and managing and promoting the sustainable use, conservation and protection of forest and wildlife resources, among others.

2.1.2 Stakeholder analysis

Groups of stakeholders	Characteristics	Problems, needs, interests	Potential	Involvement in project
Primary stakeholders				
Forest concession holders	They have been granted concessions over permanent production forest areas with forest management plans	Low volume of forest resources harvested per hectare. Low profitability of forest management operations.	Knowledge and experience in forest management. Forest resources are widely available.	Primary project beneficiaries that will receive technical information to improve productivity and profitability. Will provide information on the marketing and supply of products and will participate in dissemination events. Primary sources of information.
Native communities	They have land title over territories with forest areas; some with forest management plans.	Limited market penetration of forest products. Highly interested in production and marketing.	Ancestral knowledge about the utilization of forest resources. Forest resources are widely available.	Primary project beneficiaries that will receive technical information to improve productivity and market access. Will provide information on product supply and will participate in dissemination events. Primary sources of information.
Rural communities	They have title over extensive areas of land with limited production activities.	Inappropriate use of forest lands. Limited access to financing. Massive increase in forest plantations.	Wide availability of lands with forest plantation establishment potential.	Primary project beneficiaries that will receive technical information to improve productivity and market access. Will provide information on product supply and will participate in dissemination events. . . . Primary sources of information.
Primary processing industries	They have the infrastructure required for sawmilling and timber drying.	Limited knowledge of forest products market. Limited utilization of forest species. Lack of qualified personnel and obsolete machinery.	Interested in increasing production capacity. Willingness to improve industrial competitiveness.	Primary project beneficiaries that will receive technical information and market intelligence to improve efficiency and profitability. Will provide market information on the

				<u>demand, supply and prices of forest products and services and will participate in project dissemination events.</u> Primary sources of information.
Secondary processing industries	They have the infrastructure required for timber re-sawing, treatment and finishing.	Limited knowledge of the forest product market. Lack of qualified personnel and obsolete machinery.	Interested in increasing the supply of higher value added timber products. Willingness to improve industrial competitiveness.	Primary project beneficiaries that will receive technical information and market intelligence to improve efficiency and profitability. Will provide market information on the demand, supply and prices of forest products and services and will participate in project dissemination events. Primary sources of information.
Producers' organizations	The existence of acceptably organized cells keeps open the possibility of promoting the association.	Weak leadership to attract a greater number of members.	The existence of trade associations facilitates dialogue, the dissemination of information and the establishment of mutually beneficial agreements.	Primary project beneficiaries. Will support coordination for the implementation of project activities and will provide market information. Primary sources of information.
SERFOR-MINAGRI*	National Forest Authority. ITTO's focal point in Peru.	To promote the production of timber and non-timber forest products.	Availability of forest production information at the national level.	Main collaborator in the implementation of the project. It will provide and receive information. Will provide secondary information on forest product markets and will promote the production and consumption of forest products of legal origin. It will participate in the monitoring of the project as a member of the Steering and Consultative Committees.
Secondary stakeholders				
ADEX, Chamber of Commerce	Private institutions involved in company development with the increase in the supply of goods available for export.	Knowledge on the export supply of forest products.	Knowledge about and experience in the requirements of the international market.	Secondary information source. Will promote and articulate project results.

PRODUCE, PROMPEX, MINCETUR*	Public institutions that promote value added export products	Knowledge on the export supply of forest products.	Knowledge about international trade negotiations and about the requirements of the international market.	Secondary information source. They will use project outputs to help achieve their objectives. <u>Will promote the use of project outputs.</u>
AGRORURAL*	Promotes and manages rural agricultural models by facilitating the coordination between public and private investment.	Promotes the production of timber products made of plantation timber.	An authority of influence in the timber industry.	Secondary information source. It will use project outputs to help achieve its objectives. <u>Public institution.</u> It will collaborate in different Project activities in the field.
GORE's*	Contributes to integrated sustainable development by promoting public and private investment.	It requires technical support to implement regional forest development policy.	An authority with resources to promote development.	Secondary project beneficiaries. A source of valuable information. <u>Public institutions</u> responsible for forest administration in their departments. Will implement joint activities with the project <u>to promote the supply and demand of legal forest products.</u>
NGO's	They actively participate in the implementation of development plans.	Insufficient financial resources.	Experience in development work and financial management.	Direct participation in project work aimed at developing the capacity of beneficiaries. <u>Will improve courses and workshops by promoting project results.</u>
Private lands with forest harvesting permits.	Privately owned lands with inefficient utilization practices.	Inappropriate use of forest lands.	Availability of lands suitable for forestry.	Secondary beneficiaries.
<i>Tertiary beneficiaries</i>				
INIA*	Improves the valuation of genetic resources as well as the sustainability of agricultural production in Peru.	Promotes the use of genetically improved seedlings in forest plantations.	Experience in genetic technology.	Could collaborate in the attainment of project objectives. <u>Public institution that generates information of interest for the project.</u> Will provide support for workshops <u>organized by the project.</u>
Financial institutions.	Sources of financing for local development.	They lack the means to finance collaborative projects.	Experience in providing loans for local development.	They could participate by providing credit facilities at the local level.
SUNAT*	Promotes compliance with tax and customs requirements.	Lack of engagement with timber industrialists.	An authority of influence in society.	<u>Public institution that</u> could collaborate in the attainment of project objectives by providing training to project beneficiaries on tax matters. It will benefit by improving its database.

Education and research institutions.	They have an education and research role.	They lack the means to finance the support required.	Experience in training.	Could provide thematic specialists to develop training courses and information dissemination events. Multiplier effect of dissemination through their own activities.
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(*) Public sector institutions.

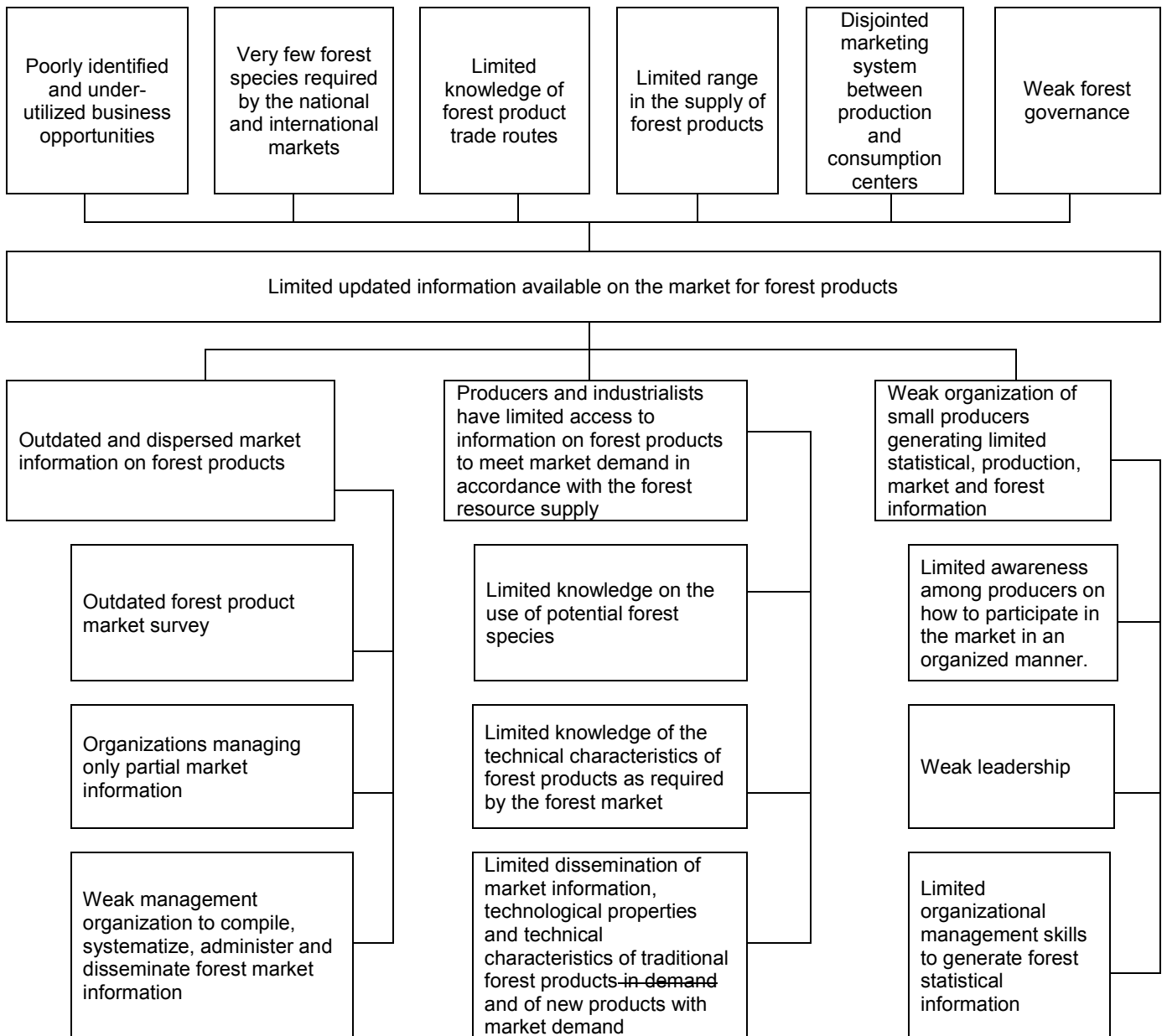
The following table contains a list of the beneficiaries:

No.	Forest Concessions	Department
1	Empresa Forestal David S.A.C.	Madre de Dios
2	Empresa Forestal Espintana S.A.C.	
3	Empresa Forestal Pavayacu	
4	Empresa Forestal Portillo – EMFORPORTILLO S.C.R.L.	
5	Empresa Forestal Pumaquiro S.A.C.	
6	Empresa Maderera Lidia S.R.L.	
7	Maderera Canales Tahuamanu – CATAHUA S.A.C.	
8	Maderera Industrial Isabelita S.A.C.	
9	Maderera Río Acre – MADERACRE S.A.C.	
10	Maderera Río Yaverija - MADERYJA S.A.C.	
11	Maderera Tawarí S.R.L.	
12	Marco Antonio Texi Valencia	
13	Wood Tropical Forest S.A.	
14	Maderera Marañon SRL	
15	Pucallpa Export SRL	
16	Inversiones HST SAC	San Martín
17	Aserradero Tarapoto S.A.C.	
18	Agrupación Maderera Alto Biabo S.A.C.	
19	Consortio Forestal Río Azul	Loreto
20	Nature America S.A.C.	

No.	Native Communities	Department
1	Bélgica	Madre de Dios
2	Infierno	
3	Buenos Aires	Ucayali
4	Callería	
5	Curiaca	
6	Junín Pablo	
7	Mariscal Cáceres	
8	Roya	
9	Pueblo Nuevo	
10	Puerto Azul	

2.1.3 Problem analysis

Problem tree



At the national level, the forest goods market survey is an efficient instrument for the planning and implementation of forest projects aimed at current and potential business endeavors that the country must develop. The study will provide useful and updated information on the functioning of the current and potential forest market, both at the national and international levels, which is required by business men and women, executives, industrialists, professionals, policy makers, public servants and other stakeholders linked to the forestry sector, so as to contribute to sustainable forest development in the country through businesses based on timber and non-timber products as well as forest services provided by tropical forests.

The market study focuses on analyzing the supply and demand for forest products, providing information on both opportunities and risks related to the forest sector and thus setting the basis for improved forest resource utilization in the country.

The market survey will be used to explain how markets operate and where our forest products and services are currently placed, as well as identifying potential forest-based products that are currently under limited or no utilization.

Much progress has already been made in the Peruvian forest sector. However, further information is required on the status of the forest market as well as the market demand for products sourced from certified forests and the possibility of placing our products in that market, as well as information on total national production.

In this regard, the key problem identified by the project is the lack of updated information available on the market for forest goods, with the resulting consequences of the inability to identify and capitalize on the opportunities for developing forest businesses. Furthermore, despite their abundance and production potential, there are very few forest species that are currently being traded in the market. In addition, the trade routes for forest products are not well known, the variety of the supply of forest products is limited and there is a disjointed marketing system between production and consumption centers. There is also a weak governance framework in place at the national and regional levels, with high levels of illegal trade in timber originating from Amazon forests.

The main causes of this key problem are that the sources that provide forest information are currently dispersed, not sufficiently updated and presented in a disjointed manner. The market survey (at the national level) that is currently available in the country dates back to the 1960's and the organizations that use it are only getting partial market information. Another underlying cause is that producers and industrialists have limited access to information on forest products to meet market demand in accordance with the forest resource supply. Furthermore, the information required by the forest market on the technological characteristics of forest products is also very poor and there is limited dissemination of information on markets, technological properties and technical characteristics of traditional forest products as well as new products provided by forests that may acquire significance in the market. Another cause identified by the project is the weak organizational structure of small forest producers, as no awareness has been raised among them on the importance of participating in the market in an organized manner, there is weak leadership among producers and they have limited organizational management skills to generate forest statistical information.

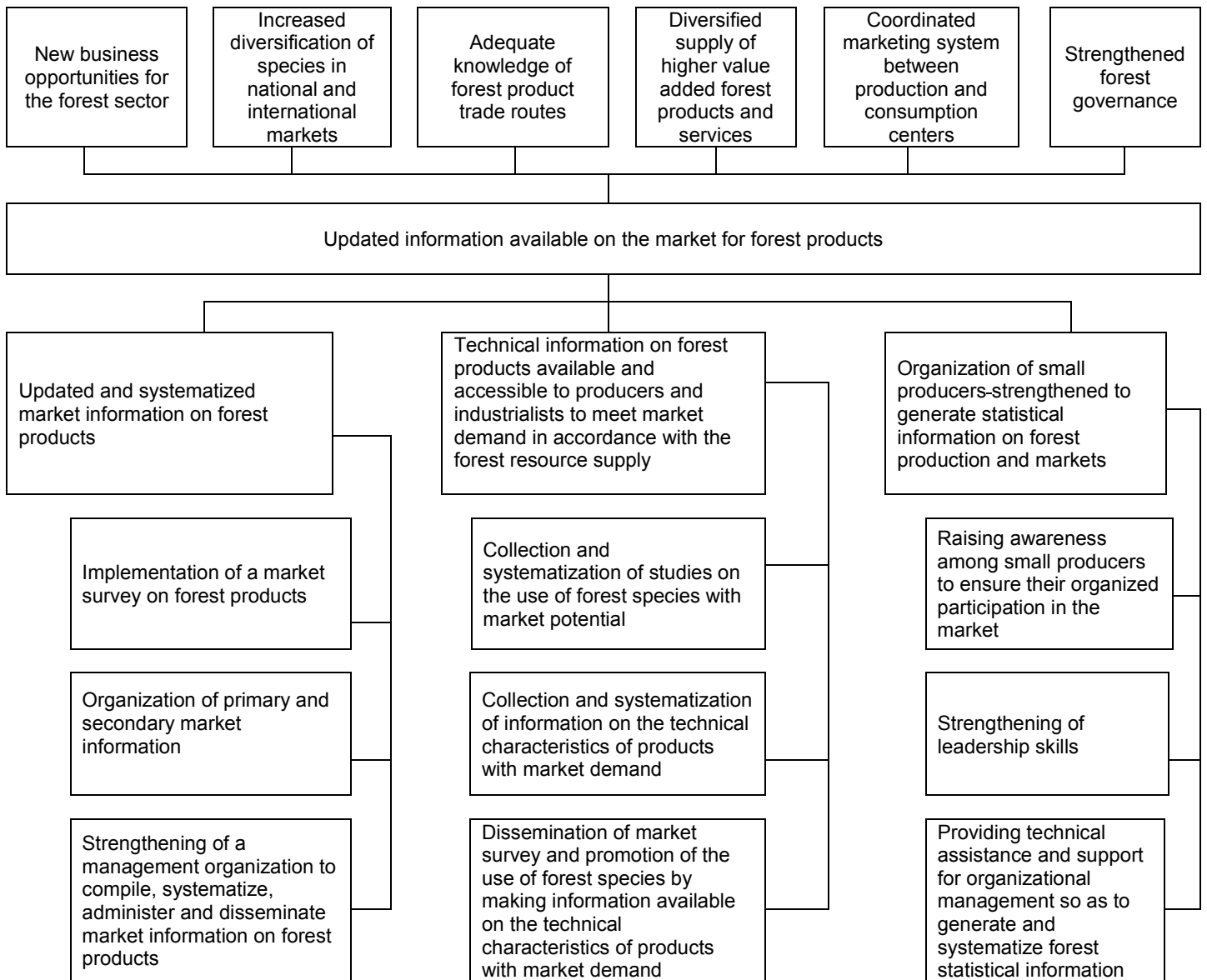
2.1.4 Logical Framework Matrix

PROJECT ELEMENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Development objective: Contribute to the sustainable development of the production, processing and marketing of goods and services from tropical forests in Peru through better understanding of the forest market based on updated information available to forest resource users, industry and trade in forest products and services.</p>	<ul style="list-style-type: none"> • 20 new forest business opportunities identified • 20 concessions harvesting a larger number of forest species • 10 native communities harvesting a larger number of forest species • Increase in the national export supply of forest products and services to US\$500 million in Year 4 • 1 market information system operating on a sustainable basis 	<ul style="list-style-type: none"> • Project reports • Production reports from forest concessions and native communities • Reports from national and regional forest authorities • Traceability system reports • Market information system reports • Forest stakeholder surveys 	<ul style="list-style-type: none"> • The country's macroeconomic and social policies are maintained • The forest administration has an efficient information system • Traceability systems are operational and implemented by both companies and native communities
<p>Specific objective: Collect and disseminate updated information on national and international forest markets so as to promote forest conservation, the marketing of forest products and services, and forest governance.</p>	<ul style="list-style-type: none"> • 1 electronic database with updated information on national and international forest markets • 1 forest market information system validated • 500 market information users assisted by the project • 50 companies marketing certified timber • 3 active forest dialogue platforms • 500 people trained including entrepreneurs, managers, concessionaires, communities, professionals, technicians, public servants, forest students and other users 	<ul style="list-style-type: none"> • Validated market information system • Record of users serviced • Project reports • Project monitoring reports • Photographs • Organizations' reports • Proceedings of forest dialogue roundtables 	<ul style="list-style-type: none"> • Willingness of concessionaires, communities and other forest resource users to provide and share updated information and reach agreements • Project beneficiaries implement and use electronic information systems • Adequate internet service • Consumers from the public and private sectors demand forest products and services

<p>Output 1: Market information on forest products updated and systematized</p>	<ul style="list-style-type: none"> • 1 information management system available in the second year of the project • 20 agreements signed with market information providing organizations • 1 market survey on forest products by the second year of the project • 1 online market information system • 1 information collection and dissemination center • 2,000 online system visits • 150 organizations briefed on the operation of the system • 1 agreement of CNF's Executive Board to assume responsibility for the management of the Forest Market Information System • 9 price sheets for forest products published on a quarterly basis 	<ul style="list-style-type: none"> • Product market software • Record of agreements signed with information providing organizations • Market survey document • Operational web-based information system • Office installed for information collection and storage • Institutional webpage • Event proceedings • Photographs • Record of organizations briefed on system operation • Agreement documents • Price sheets for forest products 	<ul style="list-style-type: none"> • Entrepreneurs and native communities are willing to provide and share information on the main products they demand and supply • Organizations are willing to sign agreements
<p>Output 2: Technical information on forest products available and accessible to producers and industrialists to meet market demand in accordance with the forest resource supply</p>	<ul style="list-style-type: none"> • 1 market survey on forest products published • 1 set of sheets on technological properties and uses of forest species • 1 set of sheets on technical characteristics of forest products • 8 dissemination workshops/courses on forest markets 	<ul style="list-style-type: none"> • Workshop proceedings • Photographs • Attendance lists • Set of sheets on technological properties and uses of forest species • Set of sheets on technical characteristics of forest products 	<ul style="list-style-type: none"> • Good coordination with stakeholders to ensure their participation in project events • Producers' willingness to adjust their production to market requirements • Stakeholders' willingness to share information
<p>Output 3: Organization of small producers strengthened to generate statistical information on forest production and markets</p>	<ul style="list-style-type: none"> • 7 organizations strengthened • 7 leadership courses • 3 events on forest governance • 3 forest dialogue platforms strengthened 	<ul style="list-style-type: none"> • Record of organizations • Event proceedings • Attendance lists • Photographs 	<ul style="list-style-type: none"> • Producers' willingness to integrate forest sector organizations and coordinate their participation in leadership courses

2.2 Objectives

Solutions Tree



2.2.1 Development objective and impact indicators

Contribute to the sustainable development of the production, processing and marketing of goods and services from tropical forests in Peru through better understanding of the forest market based on updated information available to forest resource users, industry and trade in forest products and services.

Indicators:

- 20 new forest business opportunities identified
- 20 concessions harvesting a larger number of forest species
- 10 native communities harvesting a larger number of forest species
- Increase in the national export supply of forest products and services to US\$500 million in Year 4
- 1 market information system operating on a sustainable basis

2.2.2 Specific objective and outcome indicators

Collect and disseminate updated information on national and international forest markets so as to promote forest conservation, the marketing of forest products and services, and forest governance.

Indicators:

- 1 electronic database with updated information on national and international forest markets
- 1 forest market information system validated
- 500 market information users assisted by the project
- 50 companies marketing certified timber
- 3 active forest dialogue platforms
- 500 people trained including entrepreneurs, managers, concessionaires, communities, professionals, technicians, public servants, forest students and other users

PART 3. DESCRIPTION OF PROJECT INTERVENTIONS

3.1 Outputs and Activities

3.3.1 Outputs

Output 1: Market information on forest products updated and systematized

Indicators:

- 1 information management system available in the second year of the project
- 20 agreements signed with market information providing organizations
- 1 market survey on forest products by the second year of the project
- 1 online market information system
- 1 information collection and dissemination center
- 2,000 online system visits
- 150 organizations briefed on the operation of the system
- 1 agreement of CNF's Executive Board to assume responsibility for the management of the Forest Market Information System
- 9 price sheets for forest products published on a quarterly basis

Output 2: Technical information on forest products available and accessible to producers and industrialists to meet market demand in accordance with the forest resource supply

Indicators:

- 1 market survey on forest products published
- 1 set of sheets on technological properties and uses of forest species
- 1 set of sheets on technical characteristics of forest products
- 8 dissemination workshops/courses on forest markets

Output 3: Organization of small producers-strengthened to generate statistical information on forest production and markets

Indicators:

- 7 organizations strengthened
- 7 leadership courses
- 3 events on forest governance
- 3 forest dialogue platforms strengthened

3.3.2 Activities

Activity 1.1: Implement a market survey on forest products. This survey will be based on the collection of primary and secondary information. Primary information will be collected through surveys in main production and/or consumption or secondary processing areas in the field of forest goods and services in the country. Information meetings will be held in eight cities to disseminate the purpose of this study and the methodology to be used. Secondary information will be collected through visits to information centers and web pages, interviews and meetings with key information providers, etc. Output: market survey on forest products and services.

Activity 1.2: Develop a primary and secondary information system on the market for forest products. This system will comprise an electronic database with information collected in the field and from other sources and key information providers. Specialized software will be developed for the management of this information, enabling its storage and distribution to various forest sector users. Outputs: database and electronic system for the management of forest market information.

Activity 1.3: Strengthen the executing agency for the management, systematization, administration and dissemination of forest product market information. A web page will be designed and launched to provide ongoing information on the supply and demand of forest products at the global, national, regional, local and even enterprise levels. Outputs: online market information system and nine price sheets for forest products and services.

Activity 2.1: Collect and systematize information on technological properties and uses of forest species with market potential. Information on technological properties and uses of forest species will be collected through enquiries to information centers such as (physical and virtual) libraries, universities and research centers.

Activity 2.2: Collect and systematize information on the technical characteristics of products with market demand. Key forest products and services with market demand will be identified and characterized through the collection of information and interviews on timber dimensions and characteristics, inputs required for processing, finishes, etc. Output: technical sheet by product and environmental service.

Activity 2.3: Disseminate the results of the market survey, technological properties of species and technical characteristics of products with market demand. Training and dissemination workshops will be organized so as to promote the use of the aforementioned outputs. In addition, outreach materials will be developed for their presentation and distribution at events to be organized in eight cities. Outputs: Market survey documents published and disseminated, set of fact-sheets on technological properties and uses of forest species, set of technical sheets by product, project video, newsletter and information leaflets and brochures.

Activity 3.1: Raise awareness among producers to promote their involvement in producers' associations. Producers' organizations will be identified in major cities and, through their leaders, will be invited to participate in workshops and/or meetings held by the project and their respective organizations, so as to encourage producers to be more actively involved in their own associations by making them aware of the benefits that improved organization can provide both at the enterprise and individual levels.

Activity 3.2: Build leadership skills. Courses-workshops will be implemented in each selected city to strengthen the leadership skills of members of producers' organizations. Outputs: seven courses-workshops organized.

Activity 3.3: Provide technical assistance and support for organizational management so as to generate and systematize forest statistical information. In coordination with regional producers' organizations, the project will provide technical assistance and support to strengthen the management of each organization. Outputs: seven organizations strengthened, three forest dialogue platforms strengthened and three events on forest governance.

Activity 3.4: Establish and maintain project coordination and management. This activity involves the management of the project, including the preparation of monthly, six-monthly and final reports, plans of operation, coordination, monitoring, administration, etc.

Activities	Inputs
1.1 Implement a market survey on forest products and services	18 Ticket – air travel 22 Ticket – land travel 160 M/D – participants in briefing session/meeting 132 Day - DSA 9 M/M – economics assistant 8 M/M – forest assistant 9 M/H – economics consultant 12 Month – fuel & lubricants 12 Month – office supplies 12 Month – local transport 6 Month - computer equipment spare parts/refills 7 Month – data entry services 8 Unit – tablet 1 Unit – multimedia projector 20 Unit – logistical services 1 Service – statistical analysis 9 Unit – computer 8 Service – development of surveys 8 Event – folders 8 Event –refreshments 8 Event – venue rental 8 Event – logistical services
1.2 Develop a primary and secondary information system on the market for forest products and services	10 M/M – system administrator 12 Month – office supplies 12 Month – local transport 12 Month - computer equipment spare parts/refills 8 Month – data entry services 1 Sub-contract – software development 2 Unit – computer
1.3 Strengthen the executing agency for the management, systematization, administration and dissemination of forest market information	12 Ticket – air travel 6 Ticket – land travel 54 Day – DSA 9 M/M – system administrator 9 Month – office supplies 9 Month – local transport 9 Unit – logistical services
2.1 Collect and systematize information on technological properties and uses of forest species with market potential	1 Ticket – air travel 1 Ticket – land travel 6 Day – DSA 6 Month – fuel and lubricants 6 Month – office supplies 10 Month – local transport 1 Service – data systematization on technological properties and uses of species
2.2 Collect and systematize information on the technical characteristics of products with market demand	1 Ticket – air travel 1 Ticket – land travel 6 Day – DSA 6 Month – fuel and lubricants 6 Month – office supplies 6 Month – local transport 4 Month – collection of information

Activities	Inputs
2.3 Disseminate the results of the market survey, technological properties of species and technical characteristics of products with market demand	13 Ticket – air travel 6 Ticket – land travel 57 Day – DSA 8 Event – logistical services 15 Month – fuel and lubricants 15 Month – office supplies 15 Month – local transport 1 Sub-contract – development, editing and reproduction of video 1 Sub-contract - publication: market survey, technological properties and uses of timber species, and technical characteristics of products 6 Unit – photography 8 Event – folders 8 Event – refreshments 8 Event – venue rental 2 Service – event facilitation 4 Sub-contract – newsletter 4 Sub-contract – information leaflet/brochure
3.1 Raise awareness among producers to promote their involvement in producers' associations	1 Ticket – air travel 1 Ticket – land travel 6 Day – DSA 9 Month – fuel and lubricants 9 Month – office supplies 9 Month – local transport
3.2 Build leadership skills	1 Ticket – air travel 1 Ticket – land travel 21 M/D – social expert 140 M/D – participants in leadership course 6 Day – DSA 4 Event – logistical services 9 Month – fuel and lubricants 9 Month – office supplies 9 Month – local transport 1 Sub-contract – manual 7 Event – folders 7 Event - refreshments 7 Event – venue rental
3.3 Provide technical assistance and support for organizational management	14 Ticket – air travel 6 Ticket – land travel 60 Day – DSA 3 Event – logistical services 21 Month – fuel and lubricants 21 Month – office supplies 21 Month – local transport 3 Event – folders 3 Event - refreshments 3 Event – venue rental

Activities	Inputs
3.4 Establish and maintain project coordination and management	32 Ticket – air travel 32 Ticket – land travel 50 M/D – participants in meetings 192 Day – DSA 13 M/M – IT expert 30 M/M – professional assistant 30 M/M – regional technical assistant 30 M/M – project coordinator 30 M/M – project director 10 M/M – monitoring officer 30 Month – office rental 30 Month – bank charges and courier services 30 Month – equipment maintenance 30 Month – office supplies 30 Month – local transport 30 Month – refreshments 30 Month – utilities 3 Unit – financial auditing 18 Month – vehicle spare parts

3.2 Implementation approaches and methods

The project will coordinate its activities with public and private sector organizations and agencies involved in the forest industry. With the public sector it will coordinate with SERFOR, as the National Forest Authority, with forestry related ministries and with regional governments when the responsibility for forestry activities has been transferred to their respective regions, as well as with universities and research, technology transfer and forestry promotion institutions. Within the private sector, the project will coordinate its activities with (both national and regional) production organizations that are representative of the sector, professional associations and NGOs, as well with native and rural communities that are involved in the management of natural forests and forest plantations, the forest industry and trade, and environmental forest services.

At first, the project will focus on the implementation of a market survey mainly aimed at gathering information on the national and international demand for forest products, from national and international markets where there is a current or potential demand for these products, in relation to the current or potential supply of these products found in our tropical forests, both from the Amazon and Andean regions. To this end, meetings and workshops will be organized to introduce the project and the compilation of primary and secondary information required for the market survey will be arranged in a participatory manner. The National Forestry Chamber will take on the responsibility of providing an organized data management and dissemination system to deal with the information derived from the forest market survey. The dissemination of information will include the organization of outreach events, the formulation of outreach documents, participation in meetings, visits to public and private institutions, etc., aimed at the utilization of the market information obtained and systematized by the project, through an electronic market information system that will be established by the project and managed by the National Forestry Chamber. Furthermore, the producers' organization will be strengthened so that its member companies can take advantage of the opportunities provided by the markets.

The implementation of the Project will provide users with information on national and international markets, so as to contribute, through the use of this information, to sustainable forest development in the country. To this end, the project will be implemented in accordance with the following intervention strategies:

- (i) **Availability of market information.** A market survey will be implemented so as to obtain general information on the supply and demand for forest products and services, both at the national and international levels, so that producers and other forest resource users may have access to updated information in order to make appropriate business decisions with the required technical and economic support, take advantage of new business opportunities and promote the improved utilization of the enormous forest potential of the country. Primary and secondary

information will be collected through national and international data centers, interviews, surveys, workshops, meetings and the identification of key stakeholders in different cities of the country who can provide the data and information required for the study. In order to facilitate access to the information and arrange meetings with key stakeholders, the project will coordinate with regional authorities and local leaders involved in forest activities.

- (ii) **Signing of agreements.** The project will identify organizations of interest that can provide the required information and agreements will be signed with them for the exchange of forest product market information.
- (iii) **Development of an electronic market information system.** The project will develop an online market information system that will be implemented through the CNF-managed web page. The system will provide information on forest products and environmental services at the global, national, regional and even company levels, with the participation of companies that wish to publicize their product supply and/or demand needs, so as to link consumers to the suppliers of products and services. In contrast to the system being developed by SERFOR (SNIFFS), the CNF system will be a smaller private system, mainly targeted at small and medium producers. The project will develop a database that will draw directly on the results of the project's market survey and from other sources of information, which will be regularly updated. To this end, a software package will be developed as the basis of the system so as to ensure the speedy management of information such as data on the supply and demand of goods (timber and non-timber) and primary and secondary processed timber products, high value-added products and finished products, among others, produced from sustainable sources (legal origin).
- (iv) **Establishment of an information collection and dissemination center.** This center will fall under the responsibility of the National Forestry Chamber. To this end, a forest market information system will be established and the project will strengthen this institution so as to ensure it will have the administrative and management capacity to run the electronic market information system established by the project, regularly update the agreements established with information providers and satisfy the needs of the forest sector in terms of market information requirements.
- (v) **Strengthening of professional associations of the forest production sector.** The project will work with the leaders of production organizations and, through workshops and meetings organized by the project and professional associations, will raise awareness among producers on the advantages of being organized. Furthermore, courses-workshops will be organized on leadership skills, support and technical assistance to strengthen organizations and participation in dialogue and consultation roundtables throughout the country. In addition, the project will ensure the engagement of the forest production sector and the authorities and employees of the public forest sector, through the organization of different events, meetings and visits, thus contributing to the formalization and legalization of forest activities.

3.3 Work Plan

Outputs & activities	Responsible party	Schedule (in months)																													
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Output 1: Market information compiled, updated, systematized and supplied by the National Forestry Chamber (NFC)																															
1.1 Implement a market survey on forest products	Marketing consultant																														
1.2 Develop a primary and secondary information system on the market for forest products	Project director																														
1.3 Strengthen the executing agency for the management, systematization, administration and dissemination of forest product market information	Project director																														
Output 2: Information on forest products available and accessible to producers and industrialists to meet market demand in accordance with the forest resource supply																															
2.1 Collect and systematize information on technological properties and uses of forest species with market potential	Project director																														
2.2 Collect and systematize information on the technical characteristics of products with market demand	Marketing consultant																														
2.3 Disseminate the results of the market survey, technological properties of species and technical characteristics of products with market demand	Project director																														
Output 3: Organization of small producers strengthened to generate statistical information on forest production and markets																															
3.1 Raise awareness among producers to promote their involvement in producers' associations	Regional technical assistant																														
3.2 Build leadership skills	Social consultant																														
3.3 Provide technical assistance and support for organizational management to generate and systematize forest statistical information	Regional technical assistant																														
3.4 Establish and maintain project coordination and management	Project director																														

3.4 Budget

3.4.1 Master budget

Outputs /activities	Description	Budget component	ITTO budget			Unit	Unit Cost US\$	Total ITTO cost US\$	ITTO			National Forestry Chamber	Total Cost US\$
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3		
Output 1	Market information compiled, updated, systematized and supplied by the National Forestry Chamber (NFC)												
A1.1	Implement a market survey on forest products												
	Event – venue rental	61.4				Event	100					800	800
	Statistical analysis	61.2	1			Service	1,000	1,000	1,000				1,000
	Economist assistant	12.3	9			M/M	1,200	10,800	10,800				10,800
	Forest assistant	12.4	6	2		M/M	1,200	9,600	7,200	2,400			9,600
	Folder	54		6		Event	50	300		300		100	400
	Fuel & lubricants	54	9			Month	50	450	450			150	600
	Computer	44.1	3			Unit	600	1,800	1,800			3,600	5,400
	Economics consultant	13.1	9			M/M	2,000	18,000	18,000				18,000
	Development of surveys	6.7	8			Service	1,100	8,800	8,800				8,800
	Office supplies	54	9			Month	50	450	450			150	600
	Local transport	33.3	9			Month	40	360	360			120	480
	Participants in briefing session/meeting	12.7				M/D	50					8,000	8,000
	Air travel	33.1	14			Ticket	180	2,520	2,520			720	3,240
	Land travel	33.3	14			Ticket	40	560	560			320	880
	Multimedia projector	44.1	1			Unit	800	800	800				800
	Computer equipment spare parts/refills	52		6		Month	40	240		240			240
	Data entry services	61.1	4			Month	300	1,200	1,200			900	2,100
	Logistical services	61.3		8		Event	250	2,000		2,000			2,000
	Logistical services	61.3	20			Service	250	5,000	5,000				5,000
	Refreshments	61.3		8		Event	100	800		800			800
	Tablet	44.1	8			Unit	150	1,200	1,200				1,200
	DSA	31.1	96			Day	50	4,800	4,800			1,800	6,600
A1.2	Develop a primary and secondary information system on the market for forest products												
	System administrator	12.6	3	7		M/M	600	6,000	1,800	4,200			6,000
	Computer	44.1	2			Unit	600	1,200	1,200				1,200
	Software development	24	1			Sub-contract	8,000	8,000	8,000				8,000
	Office supplies	54	3	3		Month	50	300	150	150		300	600
	Local transport	33.3	3	3		Month	40	240	120	120		240	480
	Computer equipment spare parts/refills	52	3	9		Month	40	480	120	360			480
	Data entry services	61.1	2	6		Month	300	2,400	600	1,800			2,400
1.3	Strengthen the executing agency for the management, systematization, administration and dissemination of forest product market information												
	System administrator	12,6		3	6	M/M	600	5,400		1,800	3,600		5,400
	Office supplies	54		3	6	Month	50	450		150	300		450
	Local transport	33.3		2	3	Month	40	200		80	120	160	360

Outputs /activities	Description	Budget component	ITTO budget			Unit	Unit Cost US\$	Total ITTO cost US\$	ITTO			National Forestry Chamber	Total Cost US\$
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3		
	Air travel	33.1		6	2	Ticket	180	1,440		1,080	360	720	2,160
	Land travel	33.3		2	2	Ticket	40	160		80	80	80	240
	Logistical services	61.3		3	6	Service	250	2,250		750	1,500		2,250
	DSA	31.1		24	12	Day	50	1,800		1,200	600	900	2,700
Output 2	Information on forest products available and accessible to producers and industrialists to meet market demand in accordance with the forest resource supply												
A2.1	Collect and systematize information on technological properties and uses of forest species with market potential												
	Fuel & lubricants	54	3			Month	50	150	150			150	300
	Office supplies	54	3			Month	50	150	150			150	300
	Local transport	33.3	7			Month	40	280	280			120	400
	Air travel	33.1	1			Ticket	180	180	180				180
	Land travel	33.3	1			Ticket	40	40	40				40
	Data systematization on technological properties of species	61.6	1			Service	2,000	2,000	2,000				2,000
	DSA	31.1	6			Day	50	300	300				300
A2.2	Collect and systematize information on the technical characteristics of products with market demand												
	Collection of information	61.1	4			Month	300	1,200	1,200				1,200
	Fuel & lubricants	54	3	3		Month	50	300	150	150			300
	Office supplies	54	3			Month	50	150	150			150	300
	Local transport	33.3	3			Month	40	120	120			120	240
	Air travel	33.1	1			Ticket	180	180	180				180
	Land travel	33.3	1			Ticket	40	40	40				40
	DSA	31.1	6			Day	50	300	300				300

Outputs /activities	Description	Budget component	ITTO budget			Unit	Unit Cost US\$	Total ITTO cost US\$	ITTO			National Forestry Chamber	Total Cost US\$
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3		
A2.3	Disseminate the results of the market survey, technological properties of species and technical characteristics of products with market demand												
	Venue rental	61.4				Event	100					800	800
	Newsletter	25		3	1	Sub-contract	950	3,800		2,850	950		3,800
	Folder	54		6		Event	50	300		300		100	400
	Fuel & lubricants	54		6	3	Month	50	450		300	150	300	750
	Development, editing and reproduction of video	22		1		Sub-contract	5,000	5,000		5,000			5,000
	Event facilitation	61.5		2		Event	250	500		500			500
	Banner	54				Unit	50					200	200
	Office supplies	54		6	3	Month	50	450		300	150	300	750
	Local transport	33.3		6	3	Month	40	360		240	120	240	600
	Air travel	33.1		9		Ticket	180	1,620		1,620		720	2,340
	Land travel	33.3			3	Ticket	40	120			120	120	240
	Publication of three documents...	21		1		Sub-contract	10,000	10,000		10,000			10,000
	Photography	61.3		4	2	Service	100	600		400	200		600
	Logistical services	61.3		6	2	Event	250	2,000		1,500	500		2,000
	Refreshments	61.3		6	2	Event	100	800		600	200		800
	Information leaflet/brochure	26		3	1	Sub-contract	280	1,120		840	280		1,120
	DSA	31.1		27	9	Day	50	1,800		1,350	450	1,050	2,850
Output 3	Organization of small producers strengthened to generate statistical information on forest production and markets												
A3.1	Raise awareness among producers to promote their involvement in producers' associations												
	Fuel & lubricants	54		6		Month	50	300		300		150	450
	Office supplies	54		6		Month	50	300		300		150	450
	Local transport	33.3		6		Month	40	240		240		120	360
	Air travel	33.1		1		Ticket	180	180		180			180
	Land travel	33.3		1		Ticket	40	40		40			40
	DSA	31.1		6		Day	50	300		300			300

Outputs /activities	Description	Budget component	ITTO budget			Unit	Unit Cost US\$	Total ITTO cost US\$	ITTO			National Forestry Chamber	Total Cost US\$
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3		
A3.2	Build leadership skills												
	Publication of manual	23		1		Sub-contract	800	800		800		800	
	Venue rental	61.4				Event	100				700	700	
	Folder	54				Event	50				350	350	
	Fuel & lubricants	54		6		Month	50	300		300	150	450	
	Social expert	13.3		21		M/D	200	4,200		4,200		4,200	
	Office supplies	54		6		Month	50	300		300	150	450	
	Local transport	33.3		6		Month	40	240		240	120	360	
	Participants in leadership course	12.7				M/D	50				7,000	7,000	
	Air travel	33.1		1		Ticket	180	180		180		180	
	Land travel	33.3		1		Ticket	40	40		40		40	
	Logistical services	61.3		4		Event	250	1,000		1,000		1,000	
	Refreshments	61.3		7		Event	100	700		700		700	
	DSA	31.1		6		Day	50	300		300		300	
A3.3	Provide technical assistance and support for organizational management to generate and systematize forest statistical information												
	Venue rental	61.4				Event	100				300	300	
	Folder	54				Event	50				150	150	
	Fuel & lubricants	54		10	6	Month	50	800		500	300	1,050	
	Office supplies	54		10	6	Month	50	800		500	300	1,050	
	Local transport	33.3		10	6	Month	40	640		400	240	840	
	Air travel	33.1		12	2	Ticket	180	2,520		2,160	360	2,520	
	Land travel	33.3		4		Ticket	40	160		160	80	240	
	Logistical services	61.3		2	1	Event	250	750		500	250	750	
	Refreshments	61.3		2	1	Event	100	300		200	100	300	
	DSA	31.1		42	6	Day	50	2,400		2,100	300	3,000	

Outputs /activities	Description	Budget component	ITTO budget			Unit	Unit Cost US\$	Total ITTO cost US\$	ITTO			National Forestry Chamber	Total Cost US\$
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3		
A3.4	Establish and maintain project coordination and management												
	Office rental	41				Month	1,30					39,00	39,000
	Professional assistant	12.	1	1	6	M/M	1,00	30,00	12,00	12,00	6,000		30,000
	Regional technical assistant	12.	1	1	6	M/M	900	27,00	10,80	10,80	5,400		27,000
	Financial auditing	62				Unit	800					2,400	2,400
	Project coordinator	11.				M/M	1,20					36,00	36,000
	Project director	11.	1	1	6	M/M	2,70	81,00	32,40	32,40	16,20		81,000
	Bank charges and courier services	61.	1	1	6	Month	50	1,500	600	600	300		1,500
	IT expert	12.	5	6	2	M/M	600	7,800	3,000	3,600	1,200		7,800
	Equipment maintenance	61.	8	8	4	Month	20	400	160	160	80	200	600
	Office supplies	54	9	9	3	Month	50	1,050	450	450	150	450	1,500
	Local transport	33.	6	6	3	Month	40	600	240	240		600	1,200
	Participants in meetings	12.				M/D	50				120	2,500	2,500
	Air travel	33.	1	1	4	Ticket	180	4,320	1,800	1,800	720	1,440	5,760
	Land travel	33.	1	1	4	Ticket	40	960	400	400	160	320	1,280
	Refreshments	61.	1	1	4	Month	100	2,400	1,000	1,000	400	600	3,000
	Vehicle spare parts	52	5	5	2	Month	40	480	200	200	80	240	720
	Monitoring officer	11.				M/M	900					9,000	9,000
	Utilities	53	1	1	4	Month	300	7,200	3,000	3,000	1,200	1,800	9,000
	DSA	31.	7	6	2	Day	50	8,100	3,900	3,000	1,200	1,500	9,600

3.4.2 Consolidated budget by component (US\$)

Budget item	Budget components	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Project personnel				
	11 National experts				
	11.1 Project director	81,000	32,400	32,400	16,200
	11.2 Project coordinator	36,000	14,400	14,400	7,200
	11.3 Monitoring officer	9,000	3,600	3,600	1,800
	12 Other labour				
	12.1 Professional assistant	30,000	12,000	12,000	6,000
	12.2 Regional technical assistant	27,000	10,800	10,800	5,400
	12.3 Economics assistant	10,800	10,800		
	12.4 Forest assistant	9,600	7,200	2,400	
	12.5 IT expert	7,800	3,000	3,600	1,200
	12.6 System administrator	11,400	1,800	6,000	3,600
	12.7 Participants in events	17,500	1,000	16,000	500
	13 National consultants				
	13.1 Economics and marketing consultant	18,000	18,000		
	13.3 Social consultant	4,200		4,200	
	19 Component Total	262,300	115,000	105,400	41,900
20	Sub-contracts				
	21 Sub-contract – publications	10,000		10,000	
	22 Sub-contract – production of video	5,000		5,000	
	23 Sub-contract – manual	800		800	
	24 Sub-contract – software development	8,000	8,000		
	25 Sub-contract – newsletter	3,800		2,850	950
	26 Sub-contract – information leaflet/brochure	1,120		840	280
	29 Component Total	28,720	8,000	19,490	1,230
30	Travel				
	31 DSA				
	31.1 National experts /consultants	25,950	11,100	10,950	3,900
	33 Local transport costs				
	33.1 National experts /consultants	16,740	5,940	8,640	2,160
	33.3 Others	8,360	3,200	3,640	1,520
	39 Component Total	51,050	20,240	23,230	7,580
40	Capital Items				
	41 Office rental	39,000	15,600	15,600	7,800
	44 Capital equipment				
	44.1.1 Tablet	1,200	1,200		
	44.1.2 Computer	6,600	6,600		
	44.1.3 Multimedia projector	800	800		
	49 Component Total	47,600	24,200	15,600	7,800
50	Consumable items				
	52 Spares	1,440	400	880	160
	53 Utilities	9,000	3,600	3,600	1,800
	54 Office supplies	11,850	3,000	6,850	2,000
	59 Component Total	22,290	7,000	11,330	3,960
60	Miscellaneous				
	61 Sundry				
	61.1 Collection of information and data-entry services	5,700	3,900	1,800	
	61.2 Statistical analysis	1,000	1,000		
	61.3 Refreshments, logistics and photography	19,200	6,200	9,650	3,350
	61.4 Venues, bank charges and equipment maintenance	4,700	840	3,140	720
	61.5 Facilitation of events	500		500	
	61.6 Data systematization services on technological properties	2,000	2,000		
	61.7 Development of surveys	8,800	8,800		
	62 Auditing	2,400	800	800	800
	69 Component Total	44,300	23,540	15,890	4,870

Budget item	Budget components	TOTAL	YEAR 1	YEAR 2	YEAR 3
70	National management costs				
	71 Executing agency management costs	45,642			
	72 Contact point monitoring	22,821			
	79 Component Total	68,463			
80	Project monitoring and administration				
	81 ITTO monitoring and review	25,000			
	82 ITTO mid-term, final, ex-post evaluation	12,000			
	SUBTOTAL	561,723			
	83 ITTO program support costs (12%)	43,549			
	89 Component Total	80,549			
100	GRAND TOTAL	605,272			

3.4.3 Yearly project budget – ITTO (US\$)

Budget item	Budget components	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Project personnel				
	11 National experts				
	11.1 Project director	81,000	32,400	32,400	16,200
	12 Other labour				
	12.1 Professional assistant	30,000	12,000	12,000	6,000
	12.2 Regional technical assistant	27,000	10,800	10,800	5,400
	12.3 Economics assistant	10,800	10,800		
	12.4 Forest assistant	9,600	7,200	2,400	
	12.5 IT expert	7,800	3,000	3,600	1,200
	12.6 System administrator	11,400	1,800	6,000	3,600
	13 National consultants				
	13.1 Economics and marketing consultant	18,000	18,000		
	13.3 Social consultant	4,200		4,200	
	19 Component Total	199,800	96,000	71,400	32,400
20	Sub-contracts				
	21 Sub-contract – publications	10,000		10,000	
	22 Sub-contract – production of video	5,000		5,000	
	23 Sub-contract – manual	800		800	
	24 Sub-contract – software development	8,000	8,000		
	25 Sub-contract – newsletter	3,800		2,850	950
	26 Sub-contract – information leaflet/brochure	1,120		840	280
	29 Component Total	28,720	8,000	19,490	1,230
30	Travel				
	31 DSA				
	31.1 National experts /consultants	20,100	9,300	8,250	2,550
	33 Local transport costs				
	33.1 National experts /consultants	13,140	4,680	7,020	1,440
	33.3 Others	5,400	2,160	2,280	960
	39 Component Total	38,640	16,140	17,550	4,950
40	Capital Items				
	44 Capital equipment				
	44.1.1 Tablet	1,200	1,200		
	44.1.2 Computer	3,000	3,000		
	44.1.3 Multimedia projector	800	800		
	49 Component Total	5,000	5,000	-	-
50	Consumable items				
	52 Spares	1,200	320	800	80
	53 Utilities	7,200	3,000	3,000	1,200
	54 Office supplies	7,750	2,100	4,300	1,350
	59 Component Total	16,150	5,420	8,100	2,630
60	Miscellaneous				
	61 Sundry				
	61.1 Collection of information and data-entry services	4,800	3,000	1,800	
	61.2 Statistical analysis	1,000	1,000		
	61.3 Refreshments, logistics and photography	18,600	6,000	9,450	3,150
	61.4 Venues, bank charges and equipment maintenance	1,900	760	760	380
	61.5 Facilitation of events	500		500	
	61.6 Data systematization services on techn.properties	2,000	2,000		
	61.7 Development of surveys	8,800	8,800		
	69 Component Total	37,600	21,560	12,510	3,530
80	Project monitoring and administration				
	81 ITTO monitoring and review	25,000			
	82 ITTO mid-term, final, ex-post evaluation	12,000			
	SUBTOTAL	362,910			
	83 ITTO program support costs (12%)	43,549			
	89 Component Total	80,549			
100	GRAND TOTAL	406,459			

3.4.4 Yearly project budget – Executing Agency (US\$)

Budget item	Budget components	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Project personnel				
	11.2 Project coordinator	36,000	14,400	14,400	7,200
	11.3 Monitoring officer	9,000	3,600	3,600	1,800
	12 Other labour				
	12.7 Participants in events	17,500	1,000	16,000	500
	19 Component Total	62,500	19,000	34,000	9,500
30	Travel				
	31 DSA	5,850	1,800	2,700	1,350
	31.1 National experts /consultants				
	33 Local transport costs				
	33.1 National experts /consultants	3,600	1,260	1,620	720
	33.3 Others	2,960	1,040	1,360	560
	39 Component Total	12,410	4,100	5,680	2,630
40	Capital Items				
	41 Office rental	39,000	15,600	15,600	7,800
	44 Capital equipment				
	44.1.2 Computer	3,600	3,600		
	49 Component Total	42,600	19,200	15,600	7,800
50	Consumable items				
	52 Spares	240	80	80	80
	53 Utilities	1,800	600	600	600
	54 Office supplies	4,100	900	2,550	650
	59 Component Total	6,140	1,580	3,230	1,330
60	Miscellaneous				
	61 Sundry				
	61.1 Collection of information and data-entry services	900	900		
	61.3 Refreshments, logistics and photography	600	200	200	200
	61.4 Venues, bank charges and equipment maintenance	2,800	80	2,380	340
	62 Auditing	2,400	800	800	800
	69 Component Total	6,700	1,980	3,380	1,340
70	National management costs				
	71 Executing agency management costs	45,642			
	72 Contact point monitoring	22,821			
	79 Component Total	68,463			
100	GRAND TOTAL	198,813			

3.4.5 Budget by activity and component (US\$)

OUTPUTS / ACTIVITIES +	10. Project personnel	20. Sub-contracts	30. Duty travel	40. Capital items	50. Consumable items	60. Miscellaneous	YEAR	Total
Output 1: Market information compiled, updated, systematized and supplied by the National Forestry Chamber (NFC) The National Forestry Chamber is the focal point of information and provides updated data on the market for forest products								
1.1 Implement a market survey on forest products	<u>38,400</u> i 8,000 e	- i - e	<u>8,240</u> i 2,960 e	3,800 i 3,600 e	1,440 i 400 e	<u>18,800</u> i <u>1,700</u> e	1,2	<u>70,680</u> i 16,660 e
1.2 Develop a primary and secondary information system on the market for forest products	<u>6,000</u> i - e	8,000 i - e	240 i 240 e	1,200 i - e	780 i 300 e	<u>2,400</u> i - e	1,2	<u>18,620</u> i 540 e
1.3 Strengthen the executing agency for the management, systematization, administration and dissemination of forest product market information	5,400 i - e	- i - e	3,600 i 1,860 e	- i - e	450 i - e	2,250 i - e	2,3	11,700 i 1,860 e
Sub-total - Output 1:	<u>49,800</u> i 8,000 e	<u>8,000</u> i - e	<u>12,080</u> i 5,060 e	<u>5,000</u> i 3,600 e	<u>2,670</u> i 700 e	<u>23,450</u> i <u>1,700</u> e		<u>101,000</u> i <u>19,060</u> e
Output 2: Information on forest products available and accessible to producers and industrialists to meet market demand in accordance with the forest resource supply								
2.1 Collect and systematize information on technological properties and uses of forest species with market potential	- i - e	- i - e	<u>800</u> i 120 e	- i - e	300 i 300 e	<u>2,000</u> i - e	1	<u>3,100</u> i 420 e
2.2 Collect and systematize information on the technical characteristics of products with market demand	- i - e	- i - e	640 i 120 e	- i - e	450 i 150 e	1,200 i - e	1,2	<u>2,290</u> i 270 e
2.3 Disseminate the results of the market survey, technological properties of species and technical characteristics of products with market demand	- i - e	19,920 i - e	3,900 i 2,130 e	- i - e	1,200 i 900 e	<u>3,900</u> i 800 e	2,3	<u>28,920</u> i 3,830 e
Sub-total - Output 2:	- i - e	<u>19,920</u> i - e	<u>5,340</u> i 2,370 e	- i - e	<u>1,950</u> i 1,350 e	<u>7,100</u> i 800 e		<u>34,310</u> i <u>4,520</u> e
Output 3: Organization of small producers strengthened to generate statistical information on forest production and markets								
3.1 Raise awareness among producers to promote their involvement in producers' associations	- i - e	- i - e	760 i 120 e	- i - e	600 i 300 e	- i - e	2	<u>1,360</u> i 420 e
3.2 Build leadership skills	4,200 i 7,000 e	800 i - e	760 i 120 e	- i - e	600 i 650 e	<u>1,700</u> i 700 e	2	<u>8,060</u> i 8,470 e
3.3 Provide technical assistance and support for organizational management to generate and systematize forest statistical information	- i - e	- i - e	5,720 i 880 e	- i - e	1,600 i 650 e	1,050 i 300 e	2,3	8,370 i 1,830 e
3.4 Establish and maintain project coordination and management	<u>145,800</u> i 47,500 e	- i - e	<u>13,980</u> i 3,860 e	- i 39,000 e	8,730 i 2,490 e	4,300 i 3,200 e	1,2,3	<u>172,810</u> i 96,050 e
Sub-total - Output 3	<u>150,000</u> i 54,500 e	<u>800</u> i - e	<u>21,220</u> i 4,980 e	- i 39,000 e	<u>11,530</u> i 4,090 e	<u>7,050</u> i 4,200 e		<u>190,600</u> i <u>106,770</u> e
Total (i)	<u>199,800</u> i	<u>28,720</u> i	<u>38,640</u> i	<u>5,000</u> i	<u>16,150</u> i	<u>37,600</u> i		<u>325,910</u> i
Total (e)	<u>62,500</u> e	- e	<u>12,410</u> e	<u>42,600</u> e	<u>6,140</u> e	<u>6,700</u> e		<u>130,350</u> e
TOTAL	<u>262,300</u>	<u>28,720</u>	<u>51,050</u>	<u>47,600</u>	<u>22,290</u>	<u>44,300</u>		<u>456,260</u>

3.5 Assumptions, risks and sustainability

3.5.1 Assumptions and risks

The main assumptions that will guarantee the success of the project are that the macro-economic and social policies of the country are maintained, that there is stability in the forest policy, that the willingness of forest concession holders, native communities, entrepreneurs and other social stakeholders, to actively participate in the project, accept change and provide and share information in a timely manner will be maintained and that consumers will become more interested in consuming forest products of legal origin.

The Project is an important tool to increase the information available about the products required by the market and to promote forest conservation and the marketing of legally sourced forest products.

The main risks that could affect the implementation of the Project are:

- In relation to the development objective, the most important risk would be that forest resource users, concession holders, native communities and industrialists may become disinterested in the utilization and marketing of forest products of legal origin.
- In relation to the project's specific objective, the risk would be that part of the private forest sector may be reluctant to provide and share updated information on the products they supply and need.
- In relation to forest products, the most important risks to consider would be that the methodology used for the collection of primary and secondary information may not be the most appropriate and may be difficult to keep updated. Furthermore, another risk would be that the project may not achieve the desired impact on the target audience with the market information system and that there may be resistance from forest stakeholders to the idea of joining professional associations.

3.5.2 Sustainability

The market information system to be developed will allow forest users, concession holders, native communities and forest industrialists to have quick and easy access to the information service, thus strengthening the capacities and profitability of their businesses by adjusting production to market requirements. The National Forestry Chamber will conclude agreements to keep in contact with project beneficiary companies and local, public and private forest organizations through its offices, located in Ucayali, Madre de Dios, Arequipa and Lima. These offices will provide information to ensure the ongoing updating of the market information system, and this information will also be available in the institutional webpage and other electronic communication media managed by the National Forestry Chamber.

The support and technical assistance provided by the National Forestry Chamber to the professional associations will develop the capacity of producers to make better use of their resources and to process products with the characteristics required by the national and international markets.

After project completion, the National Forestry Chamber will continue with the administration and management responsibilities for the Forest Market Information System, providing updated information services, mainly in digital format, through their webpage. The information will be fed into the system through the agreements established with the relevant, information-providing institutions and enterprises that have contributed during the project implementation period. Furthermore, the CNF will regularly publish an electronic newsletter on prices of forest products and services.

PART 4. IMPLEMENTATION ARRANGEMENTS

4.1 Organization structure and stakeholder involvement mechanisms

4.1.1 Executing agency and partners

The National Forestry Chamber (*Cámara Nacional Forestal – CNF*) will be responsible for the implementation of the project through a steering committee made up of representatives of the government, the private sector and organized civil society. To this end, the participation of various forest-related organizations will be ensured, including public agencies, NGOs, and timber industry management committees, among others. All of these interested parties will be involved in work meetings, training, technical assistance, and national and international trade promotion, with a view to improving the productivity of the timber industry for the production of products that meet market requirements.

The main objectives of the National Forestry Chamber are to promote the sustainable use of forest resources, harmonizing the principles of conservation with technology and economic and social development, and to achieve efficient and sound forest policies to encourage the development of forest management, industry and trade and the promotion of exports. The CNF has been working with forest sector stakeholders for 25 years. Recent initiatives undertaken by the CNF in coordination with ITTO and SERFOR include ITTO projects PD 540/09 “Support to improve the productivity of the Peruvian timber industry for the production of higher value-added products” and PD 621/11 Rev.3 (M) “Traceability of timber produced by forest concessions and native communities in Madre de Dios and Ucayali”, currently under implementation.

4.1.2 Project management team

The project management team will be set up by the executing agency and will include a project director, a project coordinator, a monitoring officer, a professional assistant, a regional technical assistant and an IT expert.

In addition, roving administrative offices will be set up in various cities of the project area, with the main project office to be established within CNF headquarters in Lima. The Project Director will regularly travel to the project offices while the Coordinator, based in Lima, will provide administrative, accounting and technical support to each of the project offices.

4.1.3 Project Steering Committee

A Steering Committee will be established at the highest level of the project organizational structure. This Committee will be responsible for supervising the project, reviewing and approving budget expenditures, and reviewing the implementation of activities. The Committee will be made up of a representative of each of the following institutions that will sign the project implementation agreement: National Forestry Chamber (CNF) as chairperson, International Tropical Timber Organization (ITTO) and the National Forest and Wildlife Service (SERFOR). The Project Director will act only as the Secretary of this Committee.

4.1.4 Stakeholder involvement mechanisms

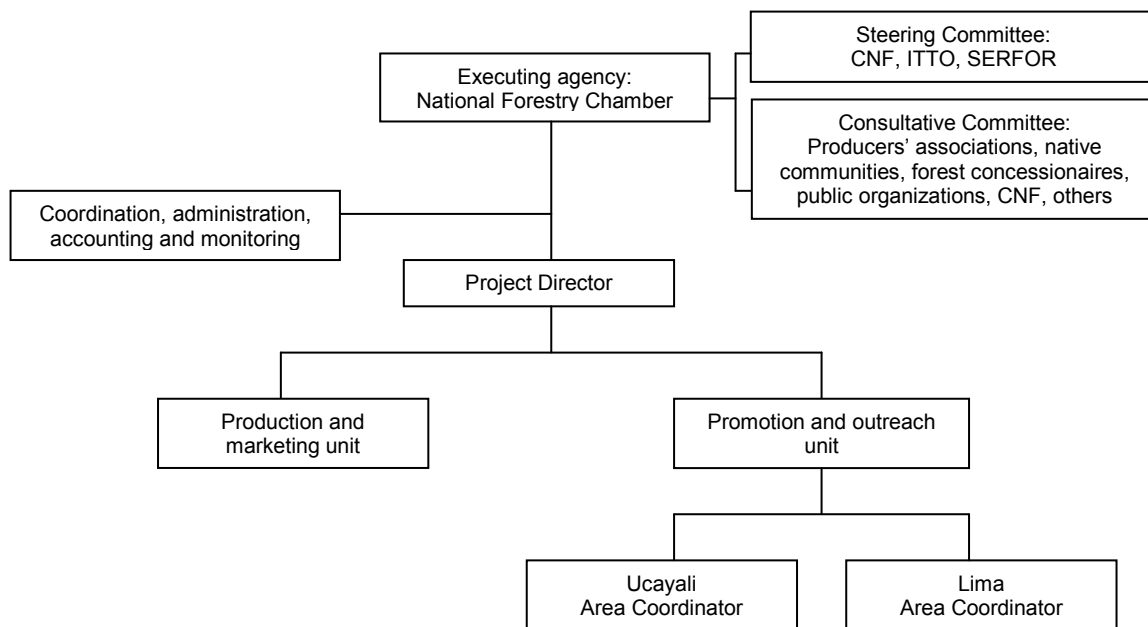
The primary project stakeholders, including native and rural communities, forest concessionaires and primary and secondary timber processors, will actively participate in project activities through their elected representatives. Project interactions with these stakeholders will mainly take place through coordination meetings and their participation in the consultative committee. These mechanisms will help primary beneficiaries to acquire more knowledge on the characteristics of forest products with market demand at the national and international levels, and on how this knowledge can contribute to the development of their enterprises and organizations.

Secondary project stakeholders (ADEX and chambers of commerce) are private institutions interested in the development of forest enterprises, public institutions (PRODUCE, PROMPERU, MINCETUR) in charge of sustainable forest management, and relevant authorities in the forest sector that will be

directly and indirectly involved in accordance with the requirements of the different project activities. Furthermore, they will acquire in-depth knowledge about the forest market information system developed by the project.

Tertiary stakeholders will include education and research institutions responsible for the transfer of knowledge, public organizations (INIA, SUNAT, INEI) and financial institutions. They will contribute with proposals to assist the forest industry in generating sustainable socioeconomic development.

The project organizational chart is shown below:



4.2 Reporting, review, monitoring and evaluation

The following reports will be submitted:

- Inception report (upon project approval)
- Yearly plan of operation (together with the inception report)
- Monthly reports
- Progress report (by 28 February and 31 August of each year and/or 4 weeks before the date of a review and monitoring mission)
- Technical report (every six months during project implementation)
- Financial reports (on an annual basis and upon project completion)
- Project completion reports (upon project completion)

A basic monitoring system will be applied that will include internal and external monitoring procedures as described below.

Internal monitoring: The system will ensure the successful implementation of the Project including adjustments to the work plan and/or YPO and the implementation of defined corrective actions. Internal monitoring will include the following aspects:

- Follow up of commitments resulting from the agreement between ITTO and the Executing Agency;
- Progress and adequate execution of work;
- Timely delivery and quality of outputs;
- The extent to which the specific objective has been achieved;

- Social, economic and environmental impacts and the effect of mitigating measures.

External monitoring: external monitoring actions will be undertaken by ITTO, in cooperation with donors as appropriate, to supervise project implementation. The purposes of this process will be as follows:

- assess whether the project is proceeding according to the agreed work schedules, so that the necessary ITTO actions (e.g. disbursements to the Executing Agency) may be taken;
- propose and participate in any necessary reviews of the Project as a result of these assessments; and
- report to the Committees and the Council on the implementation status and completion prospects for the project.

The evaluation of the project will be based on the systematic and objective collection of information, on the spot assessment and analysis of the validity, design, appropriateness, performance and the impact of the project.

The project mid-term evaluation will include the systematic and objective collection of information, field checks and analysis of the appropriateness, design, effectiveness, performance and impact of the project during its implementation stage. Mid-term evaluations will be carried out in circumstances when:

- there are problems in project implementation, upon request from the ITTO Secretariat, donors or the Project Steering Committee (PSC), as appropriate;
- the need for a mid-term evaluation was foreseen at an early stage of project development or implementation.

The ex-post evaluation will include the collection of information, field checks and an in-depth analysis of the performance and impact of the project after its completion, in order to assess the extent to which it achieved its purpose, determine its degree of effectiveness and efficiency, and evaluate its sustainability.

4.3 Dissemination and mainstreaming of project learning

4.3.1 Dissemination of project results

Project results will be disseminated through the organization of events, in particular, courses and workshops, as well as documents in printed and/or digital formats to be published by the project and other information to be posted on existing electronic platforms such as CNF and SERFOR websites, so as to ensure widespread dissemination at the national and international levels. In addition, the project's professional staff will be available to users, both in person and through the internet, for additional enquiries and consultations.

4.3.2 Mainstreaming of project learning

The project will be implemented with the active participation of forest concessions, native and rural communities and industrialists. Timber producers are extremely keen on receiving technical assistance and training as required for the development of timber products of verified origin to reach expanded and more demanding markets, as well as on enhancing their negotiation skills at the national and international levels. Thus, the project stems from the need of many producers to improve their entrepreneurial skills and promote new investments to achieve a timber industry that better utilizes forest resources, undertaking a commitment for sustainability in compliance with forest management plans, ensuring timber traceability, and generating wealth and employment for sustainable social and economic development.

Project experiences will be systematized in a publication that will be disseminated among project beneficiaries and all interested stakeholders related to the forestry field.

ANNEX 1. Profiles of the executing and collaborating agencies

NATIONAL FORESTRY CHAMBER

Address: Ramón Dagnino N° 369. Jesús María, Lima 11, Perú.

Telephone: (511) 6516197

Fax: (511) 6288869

E-mail: cnf@cnf.org.pe

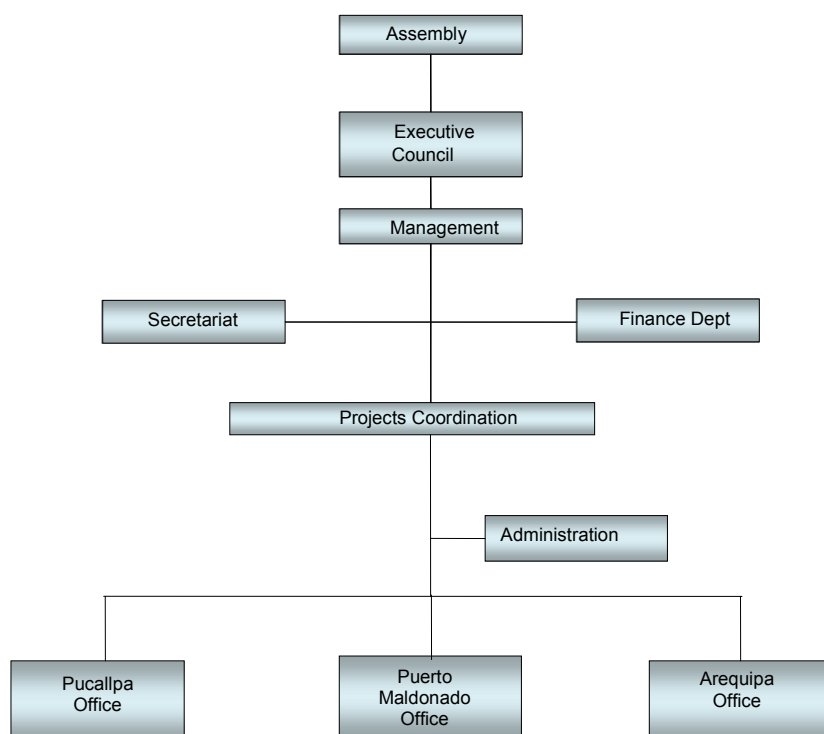
Website: www.cnf.org.pe

The National Forestry Chamber (*Cámara Nacional Forestal* – CNF) is a non-profit civil association established on 16 August 1989 after a consensus-building process between the most representative institutions at the national level in the fields of forest production and conservation as well as forest and conservation professionals.

The objectives of the CNF are as follows:

- Promoting the sustainable use of forest resources, harmonizing the principles of conservation with technology and economic and social development;
- Coordinating national forest activities, and acting as the main interlocutor of the private forest sector before public and private institutions and agencies;
- Proposing and achieving efficient and sound forest policies to encourage forest management, industry, trade and the promotion of exports;
- Protecting the national forest production;
- Building up and disseminating an adequate image of the forest sector at the national level consistent with the magnitude of the resource and its territorial significance;
- Providing feedback/making statements on issues of national interest;
- Designing and implementing research, training and development projects related to forestry.

Organizational chart



The National Forestry Chamber is headquartered in the city of Lima, where it has an office that is conveniently equipped for ongoing communication via the internet and mobile telephones with its administrative offices in Pucallpa, Puerto Maldonado and Arequipa.

List of projects under implementation and completed over the last three years

Period	Project Title	Funding source	Contribution			
			External funding		National funding	
			National US\$	International US\$	Government US\$	Counterpart US\$
Projects under implementation						
Feb. 2015 - Ago. 2016	Improving the capacities of Cacataibo indigenous producers for diversified use of forest and agroforestry products from community forests	Fondo de las Américas – FONDAM	29 372	196 580		
Completed projects						
Nov 2013- May 2015	Strengthening the community management of Shiringa forests to alleviate poverty among Santa Martha Native Communities in Huanuco	Fund of the Americas – FONDAM	128 264	196 000		
Mar 2013 - Aug 2014	Strengthening the community management of Shiringa forests to alleviate poverty among Cacataibo Native Communities in Ucayali	Fund of the Americas – FONDAM	24 634	194 327		
Nov 2010- Nov 2012	Valuation of Shiringa forests for the production of jebe with the participation of rural hamlets and native communities in the Ucayali Region	FONDOEMPLEO			359 712	1 233 820
Completed ITTO projects						
Oct 2012- Mar 2015	Support to improve the productivity of the Peruvian timber industry for the production of higher value-added products	ITTO	425 078	448 362		
Mar – Nov 2011	Support to convene the V Latin American Forestry Congress	ITTO	116 129	50 000		
Nov 2007 - Sep 2010	Strengthening of the production chain for timber from forest concessions and other forests under management	ITTO	405 693	580 532		
Oct 2004 - Dec 2006	Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers	ITTO	392 565	420 212		
ITTO project under implementation						
Oct 2013- Mar 2016	Traceability of timber produced by forest concessions and native communities in Madre de Dios and Ucayali	ITTO	278 125	349 032		

ANNEX 2. Tasks and responsibilities of key experts provided by CNF

TERMS OF REFERENCE FOR THE PROJECT COORDINATOR

Qualifications

- Chartered Forest Engineer
- A minimum of 5 years experience in the management of forest development projects
- Experience in the management of international cooperation funds
- A minimum of 2 years experience in the forest and timber business
- Knowledge of forest governance and forest management

Duties

- Coordinating the technical and financial execution of the project
- Facilitating project planning, monitoring and evaluation
- Establishing coordination mechanisms with the project collaborating agencies

TERMS OF REFERENCE FOR THE MONITORING OFFICER

Qualifications

- Forest engineer
- A minimum of 2 years experience in the management of forest development projects
- Verbal and written communication skills

Duties

- Monitoring the implementation of the project's scheduled activities
- Coordinating with the project director for the implementation of activities

ANNEX 3. Terms of reference of personnel and consultants and sub-contracts funded by ITTO

TERMS OF REFERENCE FOR THE PROJECT DIRECTOR

Qualifications

- Chartered Forest Engineer
- A minimum of 15 years professional experience
- Experience in the formulation, implementation and management of forest projects with the participation of local communities, forest concessions and timber processing industries
- Verbal and written communication skills
- Experience and leadership skills for the coordination of international cooperation projects

Duties

- Managing the technical aspects of the project and the implementation of activities
- Managing the technical team for project implementation
- Preparing project reports and proposing plans of operation for the project in accordance with the provisions of the ITTO Project Manual
- Promoting and organizing meetings between authorities and timber industrialists at the national and regional levels for the signing of agreements

TERMS OF REFERENCE FOR THE PROFESSIONAL ASSISTANT

Qualifications

- Forest engineer or degree in forestry
- A minimum of 2 years experience in forest development projects
- Ability to relate to local communities

Duties

- Supporting the management of the project
- Assisting the project coordinator and director for the organization and implementation of project activities and the administration of the information collection and database compilation processes
- Coordinating with the project staff for the implementation of duties or roles

TERMS OF REFERENCE FOR THE REGIONAL TECHNICAL ASSISTANT

Qualifications

- Forest engineer or degree in forestry
- A minimum of 3 years experience in forest management and/or industry projects
- Ability to relate to local communities

Duties

- Implementing scheduled project activities in his/her respective field
- Assisting forest concessionaires, communities and industrialists in their respective areas as required for the project
- Supporting field logistics

TERMS OF REFERENCE FOR THE ECONOMICS ASSISTANT

Qualifications

- Economist
- A minimum of 5 years professional experience
- Experience in developing forest market surveys
- Verbal and written communication skills

Duties

- Supporting the development of a market survey
- Coordinating the technical team in charge of surveys

TERMS OF REFERENCE FOR THE FOREST ASSISTANT

Qualifications

- Forest engineer or degree in forestry
- A minimum of 2 years experience in sustainable forest management projects
- Experience in timber production and marketing
- Ability to relate to local communities

Duties

- Collecting secondary information
- Carrying out visits to information centers and web pages, interviews and meetings with information providers
- Supporting the design of the forest market information system through the development of an electronic database
- Promoting the involvement of forest enterprises to share information on supply and demand needs

TERMS OF REFERENCE FOR THE IT EXPERT

Qualifications

- Engineer or technician specialized in information technology
- A minimum of 2 years experience in software development
- Verbal and written communication skills

Duties

- Participating in the development of the Forest Market Information System
- Collecting systematized information on timber products and technological properties
- Meeting the project's IT requirements

TERMS OF REFERENCE FOR THE SYSTEM ADMINISTRATOR

Qualifications

- Forest engineer or technician or expert in a related field with a knowledge of IT systems
- A minimum of 2 years experience in the administration of digital information systems
- Verbal and written communication skills

Duties

- Developing an electronic database and software for the management of forest market information
- Operating the Forest Market Information System

- Designing a web page to provide information on the supply and demand of forest products and services at the global, national, regional, local and even enterprise levels

TERMS OF REFERENCE FOR THE ECONOMICS CONSULTANT

Qualifications

- ~~Economist or expert in a related field~~
- ~~A minimum of 10 years professional experience~~
- ~~Knowledge of the forest sector~~
- ~~Experience in the development and implementation of forest market surveys~~
- ~~Verbal and written communication skills~~

Duties

- ~~Coordinating, processing, analyzing and systematizing the information derived from the market survey~~
- ~~Developing a field guide~~
- ~~Coordinating with the director for the development of a work methodology to implement project activities in his/her field of expertise~~

TERMS OF REFERENCE FOR THE ECONOMICS AND MARKETING CONSULTANT

Qualifications

- **Economist**, economics engineer or expert in a related field
- A minimum of 5 years experience in the marketing of forest products
- Verbal and written communication skills
- **Knowledge of the forest sector**

Duties

- Identifying and characterizing major forest products in national and international markets
- Implementing interviews with producers and consumers on the characteristics of products and inputs required for their production
- Coordinating with the director for the development of a work methodology to implement project activities in his/her field of expertise
- **Coordinating, processing, analyzing and systematizing the information derived from the market survey**
- **Developing a field guide**

TERMS OF REFERENCE FOR THE SOCIAL CONSULTANT

Qualifications

- Social science professional
- A minimum of 4 years experience in development projects
- Knowledge of the social and cultural context of forest communities
- Ability to use and manage communication techniques
- Ability to relate to production sector stakeholders and government officers and convening capacity

Duties

- Developing leadership courses
- Assisting producers' associations by providing technical assistance and support
- Establishing communication links between the public and private forest sectors
- Coordinating with the director for the development of a work methodology to implement project activities in his/her field of expertise

ANNEX 4. Modifications made in response to the recommendations of the ITTO Expert Panel

PD 819/16 Rev.1 (M): “Market Survey for Forest Products in Peru” (Peru)

Assessment by the Fifty-second Panel

A) Overall Assessment	
<p>The Panel recognized that the aim of this project is to collect and disseminate updated information on national and international forest markets so as to promote forest conservation, the marketing of forest products and services, and forest governance in Peru.</p> <p>The Panel noted that the revised project proposal was significantly improved and most issues were addressed in accordance with the assessment and specific recommendation of the previous EP meeting. The revised proposal was clearly structured and well formulated in conformity with ITTO's objectives and priorities.</p> <p>However, the Panel further noted that the project proposal could be further improved in some sections and sub-sections and suggested the specific recommendations mentioned below for that purpose, such as conformity with ITTO's objectives and priorities, the stakeholders analysis, the project budget, and terms of reference.</p>	<p>The project has been improved following the Expert Panel's recommendations regarding aspects such as conformity with ITTO's objectives and priorities, stakeholder analysis, project budget and terms of reference.</p>
B) Specific Recommendations	
1. Quote and list the related ITTA objectives (Objective d, e, f, h, i, l, k) and ITTO Strategic Priorities (Priority 1, 2, 3, 4, 5)	Relevant ITTO objectives and strategic priorities have been quoted and listed under item 1.2.1 (page 7)
2. Move the paragraph for ITTO Strategic Priorities under 1.2.1 to the Strategic Priorities part of this sub-section	The paragraph on ITTO strategic priorities under item 1.2.1 has been moved to the relevant part of this sub-section (pages 7 & 8)
3. Further refining stakeholder analysis by including government stakeholders and trade associations and developing how they will participate in the project, based on the specific recommendation provided by the last session of the Group	The stakeholder analysis has been refined and the description of their involvement in the project has been improved (pages 15 – 18)
4. Delete the words “Consolidated” from the title of 3.4.3 and 3.4.4	The word “Consolidated” has been removed from the title of tables 3.4.3 and 3.4.4 (pages 39 & 40)
5. Delete “3.4.5 Budget by activity and component”	Table 3.4.5 “Budget by activity and component” has been deleted
6. Combine the terms of reference of the economics consultant and the marketing consultant in Annex 3, as two posts were merged	The terms of reference for the economics consultant in Annex 3 have been combined with the terms of reference for the marketing consultant by merging the two posts into one as “economics and marketing consultant” (page 41)
	All recommendations have been addressed and incorporated in this revised project document. All modifications have been highlighted in bold and underlined