



**Promoting adoption of sustainable forest management in
the Brazilian Amazon**

ITTO Project's Completion report

ITTO - PD 432/06 Rev.1 (F)
Project Initiation Date: April 2008
Duration 24 months

Project costs (US\$):	ITTO:	499,990
	IFT:	1,547,167
	TOTAL:	2,047,157

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Executive Summary

The **project PD 432/06 Rev. 1(F)** was elaborated to support Brazil's National Forest Management Center (CENAFLO) and the newly created Brazilian Forest Service (henceforth, SFB) in their efforts to operationalize Brazilian government's new forest policy, reinforcing government's national priorities related to improving technical capacity in the Brazilian Amazon. Specifically, the project aimed to ensure that ongoing and planned policy initiatives have a training component that provides the necessary knowledge and skills needed for forest management implementation.

More specifically, the project aimed to promote sustainable multiple-use forest management on public and private forests in the Brazilian Amazon while increasing the socioeconomic and conservation benefits of forest management activities by **1) strengthening the capacity of government agencies and other key stakeholders to promote, implement, supervise, regulate, and monitor good forest management in the Brazilian Amazon through practical training** and **2) raising awareness about the role of forest management (FM) in the sustainable development of the Brazilian Amazon and promote good FM practices through educational outreach that targets forest sector stakeholders with a particular emphasis in the newly created federal Forestry Districts and state forests.**

The project was successful, exceeding both initial and revised targets (see Table 1 under Project Performance). All target stakeholders were reached in the priority areas established by the Project. One slight change had to be made in the component of training trainers, with agreement from the Project Steering Committee: rather than train instructors to work in regional training centers run by the Brazilian government (which were not running throughout the project duration), IFT trained 16 university professors from several parts of the country. The result was so successful, that IFT is planning on carrying out another similar course at the end of 2010.

Since the beginning of this project, significant gains have been made in training, extension and relationship-building in priority regions of the Amazon frontier, highlighting Calha Norte, BR319, BR163 and the Transamazon. In most of these regions there has been little prior exposure to forest management principles and practices, meaning IFT extension efforts are key to developing social acceptance of and interest in forest management. Interest in forest management in the priority regions also is directly tied to government progress in creating public forest concessions. Without a working concession system (and law enforcement system) there is little incentive for most operations on new frontiers (i.e., as the priority targets elected by IFT in this project) to invest in forest management, since there is abundance of perverse incentives towards illegality.

IFT has trained under this scope of this project, supported by ITTO and other donors, 1/5 of the total audience trained by FFT/IFT since 1996 (800/4000). This is a significant achievement considering that IFT is the one of the two initiatives in FM-RIL capacity building in the Amazon, as well as the only independent center for FM promotion and improvement across the region. Without such project and without IFT's work, punctual, incomplete and pulverized initiatives related to capacity building would eventually have being executed in the Brazilian Amazon by government and other organizations, but probably not concentrated in the main forest districts and remote areas, in which marginal benefits from conservation initiatives and foment tend to be greater.

Situation by the completion of the project is that, despite the fact that the Amazonian forest sector still needs thousands of new professionals and workers well trained in FM-RIL, priority areas from the project have been able to train some of the professionals responsible for forest management in the field. Communities and companies could also be clarified in relation to the benefits of forest management, being willing to look for assistance in direction to improved forest management. These are the most relevant outcome of this project, since the **beneficiaries of this project** will have an important role in planning, controlling, auditing or implementing forest management in the priority regions. Government agents will have a decisive role in planning concessions and the sustainable use of conservation units as extractive reserves and monitoring the implementation of forest management practices. Workers from communities and companies will execute practices in the field (harvesting of timber and NTFPs) and will be directly benefited from increasing productivities from planned forestry work, safer working conditions and eventually increasing income from more qualified jobs. Students from technical schools will be exactly held responsible in the near future for supervising operations of such workers. Finally, government and society are increased aware of the need for capacity building and training initiatives for the sake of a successful concession system, which re-established a debate raised by IFT in the end of the 1990's related to establishing a permanent training center in the Amazon.

IFT's experience in aspects of capacity building, training and extension decreased the risks and the problems related to the project design and stakeholder identification. As the matter of fact, the demand for services offered by IFT under the scope of this project has frequently increased, without clear signs that it will be met in the next few years. In a given extent, project impacts, synergism, and cooperation among different audiences could have been larger in a scenario of clear expansion of forest management practices, which would be the case if the forest concession policy and the national plan for community forest management were implemented satisfactorily during the project duration.

From an operational view, despite the existence of two sources of devaluation of financial resources since the project's inception, a satisfactory flow of financial funds for the completion of this project could be guaranteed through ITTO support and also funding from other organizations as counterpart. Also from an operational view, very few aspects deserve special attention regarding the project implementation, in large part due to IFT's experience in some of these aspects.

At the long run, sustainability of this project depends on the perpetuation of IFT's mission. Several actions have been taken with support from several IFT's institutional donors to strengthen its administrative/managerial structure, and negotiations have been executed with federal and state government towards finding a definitive solution for long-term stability of IFT's training center. In other words, IFT's model on disseminating and improving forest management needs to be replicated, not only within Brazil, but to some other pan-Amazonian countries. IFT is discussing with federal and state government in an attempt of convincing agencies that it is necessary to support the establishment of a permanent training center in the Brazilian Amazon through some type of special concession for producing goods (i.e., timber) and services (i.e., training). This would make possible for an organization to run this Forest Management Center and, at the same time, finding a permanent source of income (i.e., wood) to fund part of its activities in capacity building and training. This central training center would serve as a reference for other organizations and companies interested in offering services in training, but also as a school to properly train forest instructors to become trainers in other organizations.

1. Project Identification

1.1. Context

The Brazilian Amazon forest ecosystem covers an area of about 400,000 km². Even after recent improvements in command and control systems, deforestation is considered undesirably high, at around 10,000 km² per year. The region's populations can be considered marginalized within Brazil as indicated by a relatively low Human Development Index. A significant proportion of tropical timber historically comes from illegal sources. Forest management is poorly established as a viable alternative land use. Few government staff has an up-to-date understanding of forest management practices or how to assess them in the field, thus weakening incentives for forest owners to invest in capacity building. Forest resources are perceived as abundant due to the large area of tropical forest, so economic incentives to improve efficiency are also weak. New public policies which focus on giving legal access to forest lands (e.g. through concessions in public forests, the establishment of different categories of conservation units with usage rights and through land reform programs) run the risk that they will be unsustainably managed due to limited technical know-how.

1.2. Origin and problem

Government priority has been on resolving land access through legal reform and detection and control of illegal practices. There has been comparatively little investment in establishing training capacity or supporting capacity building programs for the sector. However, the very success of these more immediate priorities dictates that capacity development will become the new priority. If good practices are not widely disseminated, to both government agencies and the producing sector, the increased access to resources will lead to increased destruction of forest resources.

As government inspection and control has been limited and economic efficiency incentives are also weak, the private sector has followed low investment strategies and not invested in training. Until recently, most communities did not have access to harvesting technology or marketing expertise, and have either not managed their forests commercially or have sold rights to timber companies at unfavorable terms. Thus, the adoption of sound forest management practices is still limited, and forest management, in general, is still perceived in many parts of the Amazon as economically unattractive. To date, almost all of the practical FM training in the Brazilian Amazon has been carried out by IFT.

Some 4,000 people have received training in the last 14 years, and course demand is routinely larger than IFT's training capacity. During much of this period, IFT's program (supported by ITTO, USAID, PPG-7, Promanejo, and others) along with changing markets, and increased awareness of the value of Amazonian forests stimulated much of the demand for training. Now, however, the surge in demand for training is being driven principally by the government's new forest policies (especially the creation of forestry districts, the concession system, and transfer of authority from IBAMA to the states for regulating forestry activities on private lands), stronger enforcement efforts, and a greater interest in multiple-use forest management.

2. Project Objectives and Implementation Strategy

Development Objective.

To promote sustainable multiple-use forest management on public and private forests in the Brazilian Amazon while increasing the socioeconomic and conservation benefits of forest management activities.

Specific Objectives.

- ✓ Strengthen the capacity of government agencies (especially the newly created Brazilian Forest Service) and other key stakeholders to promote, implement, supervise, regulate, and monitor good forest management in the Brazilian Amazon (with an emphasis in the recently established Forestry Districts) through practical training.
- ✓ Raise awareness about the role of forest management (FM) in the sustainable development of the Brazilian Amazon and promote good FM practices through educational outreach that targets forest sector stakeholders with a particular emphasis in the newly created federal Forestry Districts and state forests.

Project Implementation Strategy.

The project strategy addressed two key aspects: (i) strengthening the capacity of the forest sector to implement sound forest management practices and the ability of federal and state agencies to monitor and regulate those practices, and (ii) raising awareness about the value of forests and the role of forest management in the sustainable development of the Brazilian Amazon.

One component of the strategy focused on strengthening the capacity of organizations that are already implementing approved forest management plans and developing the capacity of governmental regulation authorities with responsibility for the same plans. This approach ensured that the trainees are able to put their new knowledge and skills into practice immediately. To maximize the influence of good practice in action, this part of the strategy focused training and capacity building efforts in the 3 recently created forestry districts: BR-163 (Para), BR-319 (Acre, Amazonas, Rondonia), and the Transamazon (Para). Additionally, Calha Norte, a sparsely inhabited region densely covered by forests in northwestern Pará was included in the project due to its relevance for conservation and the creation of several Conservation Units and State forests in the region in the last years.

The second component of the strategy was to address the need to improve and increase the institutional FM training capacity in the Brazilian Amazon by providing practical capacity building for instructors from other training centers. Unfortunately, within the timeframe of PD 432/06, only one of the other six Training Centers associated to Cenaflor was found to be partially active regarding capacity building. Such concerns were shared with ITTO staff during Steering Committee meeting 27-29 November 2008. The recommendation of the S.C. was to find alternative ways of accomplishing this output by replacing instructors from Training Centers with other formal instructors in forest management, such as professors of technical schools, for example. In 2009, IFT organized a course in roads and infrastructure construction, planning, and layout in October 2009, focused on an audience of University professors and other formal instructors in forestry issues. Sixteen professors from several universities of the country were trained.

The third component of the strategy responded to the demand for trained staff and addressed the need to increase the number of qualified forest managers, foresters, and technicians. The project provided hands-on, practical training at its principal training center for technical school professors and students as well as decision-makers.

The fourth component of the strategy was to promote FM through extension events, addressing the need for raising awareness about the value of forests, the role of FM in the sustainable development of the Brazilian Amazon, and the feasibility of implementing sound FM under a variety of conditions. In addition to raising awareness about the value of forests and the viability of FM as an economic activity in the Amazon, the extension events stimulated demand for training and trained staff.

Assumptions and risks.

When elaborating the project, IFT pointed that the more important and somewhat unpredictable risk concerned organizational aspects of the two main target groups, government officials and rural producers.

Staffing and financial resources at the Brazilian Forest Service, for example, have not been adequate to meet ambitious targets for developing national forest management plans and opening concessions on national forests in the priority regions. To date only one concession (Jamari National Forest) is on schedule. Many others are delayed by land-rights disputes. Despite this delay in concessions, the demand for training has continually increased.

There was also a delay in CENAFLOP establishing national FM training centers. To date, only one training center is active (FUNTAC) and IFT trained three of its employees in October and November 2009. This forced IFT to change its Output 1.3 to include university professors rather than instructors from other training centers.

A risk that was assumed, but inevitably happened, was budget devaluation. Since the original proposal, written in June 2006, three financial facts threatened the execution of all activities included in this project. First, the budget had an expressive devaluation provoked by the dollar depreciation. In short, as of January 2010, IFT received 22% less funds than it should have due to exchange losses. Second, the original budget was designed to complement IFT's activities in capacity building and awareness-raising events during an 18-month period, but it was approved for 24 months, decreasing the available funds for proposed activities in a relative manner. Third, unfortunately, inflation re-started to be a concern in Brazil, after some years of macro-economic stability. Between June 2006 and April 2010, inflation devaluated additional 21.8% of the budget¹. The schedule of activities, however, remained stable due to the support of in-kind donors, such as Cikel Brasil Verde, Stihl, and Caterpillar; as well as the approval of other projects with similar outputs/activities by Gordon & Betty Moore Foundation and U.S. Forest Service.

¹ According to the IGP-M, an official index for inflation measurement from *Fundação Getúlio Vargas*.

3. Project Performance

Table 1 compares proposed target goals and the achieved project performance for objectives 1.1, 1.2, 1.3, 1.4, and 2.1. Due to an increase of more than 100% in counterpart funding, IFT voluntarily decided to raise its goals in relation to capacity building and extension activities in the second YPO. New proposed goals for capacity building (number of people trained) were raised in 67%, and new goals for extension events were raised in 48%. Even so, IFT exceeded its goals and successfully trained all target stakeholders.

In IFT's *Project Proposal*, as well as in the *Yearly Plan of Operation 2008*, the main activity embedded in output 1.3 was related to the execution of two intensive 2-week training courses for trainers of other forest management centers. However, only one of the other six Training Centers associated to CENAFLOR was found to be partially active regarding capacity building². The recommendation of the Steering Committee, collected in an official meeting carried out on November 27-29th 2008, was to find alternative ways of accomplishing this output by replacing instructors from Training Centers with other formal instructors in forest management.

Table 1. Targeted goals proposed for the project and achievements (April 2008-April 2010).

Output		Quantitative Goal (people)		
		Original target (ITTO Proposal)	Project Target (YPO 1 + YPO 2)	Achieved
Capacity building and training				
1.1	Government agents	40	95	144
1.2	Practitioners	84	238	324
1.3	FM-RIL instructors	12	12	19
1.4	Other stakeholders	144	388	316
Total personnel trained		280	733	803
2.1	Extension events	480	710	835

OUTPUTS

1.1 Fifty-five technical staff and managers from the Brazilian Forest Service and state regulatory agencies with up-to-date knowledge of forest management and improved technical capacity to regulate and monitor forest management activities on public and private lands.

IFT trained 144 government employees from federal, state, and municipals levels. Government employees and managers were people involved in the design of concessions, forest management in private lands, licensing and enforcement, mainly from the Brazilian Forest Service, IBAMA and ICMBio. Training of agents was made through 24 practical courses,

² The seven main centers associated to CENAFLOR are INAM, IFT, Promatec / Funtac, *Precious Woods*, Senai – Projeto Jamanxim, CTA, and UFMT. The majority of these centers currently do not offer courses in forest management in a regular basis.

of which five were designed exclusively for government participants. The majority of the agents were trained in TD courses (i.e. decision-makers), which are one-week courses specifically aimed at natural resource management entities and policy makers designed to raise awareness about the current situation and perspectives of the forestry sector in the Brazilian Amazon.

It is important to highlight courses with strong government participation, such as the special course on roads and rural infrastructure (October 19-24, 2009) and the BR-163 Highway Decision-Makers Course (February 01-06, 2010). The first course focused on best management practices for low-volume logging roads and was ministered by three forest road engineers from the U.S. Forest Service. The course included both classroom lectures as well as field discussion to look at forest roads and infrastructure related to Reduced Impact Logging efforts in the Amazon. The Decision-Makers course was the course with the biggest number of government participants. Entities represented included the Brazilian Forest Service (SFB), Instituto Chico Mendes (ICMBio), Ideflor (Pará State Forest Institute), and Ibama from several parts of Pará including Itaituba, Altamira, Marabá, Santarém, Jacareacanga, and Belém.

1.2 Eighty-eight practitioners from the private sector and 66 practitioners from communities with approved FM plans in the newly established forest districts (see map in Annex 4) trained to implement sound FM practices.

A total of 324 practitioners from the private sector, including forest entrepreneurs and independent professionals, and communities were trained in 32 hands-on courses. Fourteen of these courses were specifically designed for workers of felling operations, construction of roads and forest infrastructure and skidding to improve their practices. Eleven courses were specifically designed for loggers as decision-makers of forest management. Among the participants of these courses were technicians, foresters (firm employees or independent professionals), company owners and managers and representatives of mill unions from the surroundings of BR 319 region (Apuí, center Amazonas and Rondônia – including surroundings of Jamari National Forest), BR 163 (Santarém, Novo Progresso and Castelo de Sonhos) and Transamazon (Altamira).

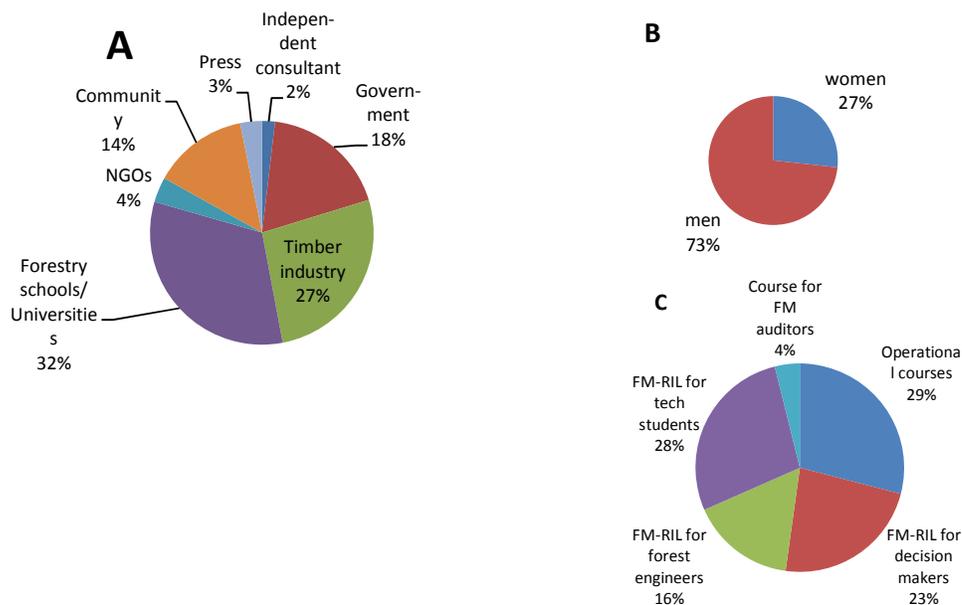
Several private sector practitioners participated in the *roads Course* carried out by U.S. Forest Service engineers in October 2009, the majority from the state of Pará (Breu Branco, Novo Repartimento, Monte Dourado, and Belém) and one from Amapá State. The Decision-Makers course carried out September 28-October 03, 2009 counted on the participation of several community members representing extractivist cooperatives from Santarém and Jacareacanga (on the Tapajós River).

1.3 Twelve instructors from other Training Centers with enhanced forest management technical skills and improved teaching abilities.

In IFT's *Project Proposal*, as well as in the *Yearly Plan of Operation 2008*, the main activity embedded in this output is related to the execution of two intensive 2-week training courses for trainers of other forest management centers (see 1.3.3), starting in October 2008. As we mentioned before, however, these training centers were not found to be active during the duration of the project with just one exception in Acre. IFT, with the orientation of ITTO's Steering Committee, decided then to replace instructors from Training Centers with other formal instructors in forest management, as professors of technical schools, for example. Thus, IFT organized two courses in roads and infrastructure construction, planning, and layout, on October 19-24, which was open to general audiences, and between Oct 26-31st, focused on

an audience of University professors. The courses were ministered by three engineering experts. A total of 28 people were trained in both courses, of which 16 were university professors.

Figure 1. Practical courses in forest management executed by IFT between April 2008 and March 2010. **(A)** Distribution of participants by sector in the 54 courses executed in the Forest Management Center and in other sites; **(B)** Gender distribution in the courses; **(C)** Distribution of participants by profession in the courses. Total number of participants was 803 professionals.



1.4 Increased technical capacity of 244 other stakeholders from the Brazilian Amazon (including 200 students or graduates of forestry and technical programs and 44 decision makers) to apply sound FM practices.

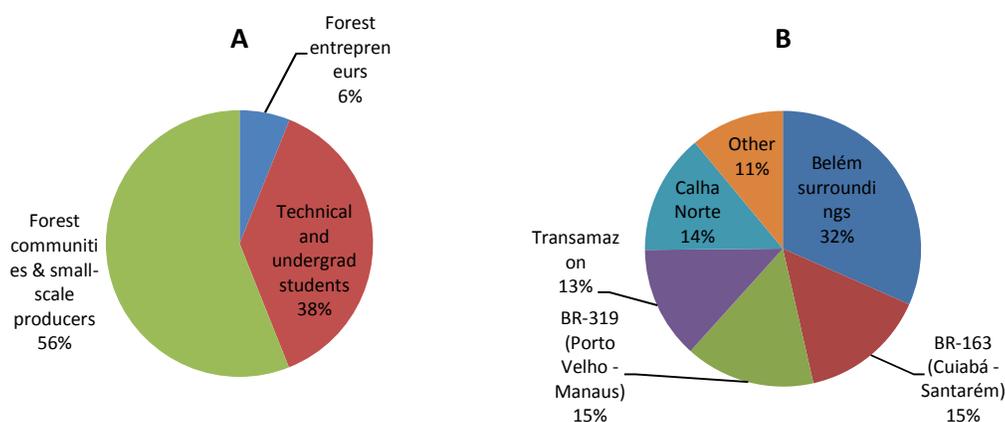
Students of forestry technical schools are a priority target in IFT's training strategy, since in most community and company-based harvesting operations they are held responsible to closely follow and orient the implementation of such techniques. During the Project period, 32% of IFT's total trained audience was composed by students of forestry schools such as Castanhal, Itaituba, Tailândia and Marituba (Juscelino Kubitschek) (Figure 1). Courses offered to technical schools, with a time length longer than usual IFT courses (> 85 hours), are specifically designed to focus on punctual aspects of forest management for the students, teaching them how to implement the practices and how to use related equipments (compasses, software, etc).

Finally, in addition to the audiences presented in the items above, IFT also trained other stakeholders such as NGO representatives (29), working mainly in the surrounding regions elected as priority by IFT; international and national press (25), forest consultants (15), and others (3).

2.1 Seven hundred and ten individuals from government (90), the private sector (190), communities (180), and educational institutions (250) with increased awareness about the feasibility and importance of forest management as an economic activity in the Brazilian Amazon. Extension efforts will be focused in the newly created federal Forestry Districts and state forests.

During the Project period, IFT reached 835 people in 28 raising awareness events, mainly from audiences such as students and small producers. However, in addition to the extension lectures listed above, IFT reached an estimated 800 people at the 3rd Certified Brazil Fair in April 2008 and 500 people at its stand at the VIII Forest Sector Machinery & Products Fair/IX International Congress on Plywood & Tropical Timber, in Belém, October 28-31, 2009.

Figure 2. Extension events and forest management awareness-raising activities executed by IFT between April 2008 and March 2010. (A) Distribution of different audiences in IFT extension events; (B) Distribution of participants by priority areas and forest districts. Total number of participants trained was 835 professionals.



A second alternative explored by IFT to generate public awareness about the importance of forest management for wider audiences was through the press. During the Project period, IFT invited journalists for short courses to increase the level of understanding of FM principles and benefits within the general public. With the Brazilian Forest Service support, we organized three 3-days courses for correspondents from national newspapers and media organizations (21-23 November 2008 and 18-20 Sep 2009) and international journals (28-30 Aug 2009). The main objectives of the courses were to present FM-RIL and the role of forest concessions in public lands for rural economic development and conservation. By targeting journalists, IFT hoped to achieve broad dissemination of forest management principles and benefits, while correcting common misunderstandings about FM that have been perpetuated by ill-informed media sources. The courses have generated constructive coverage of forest management issues in the mainstream Brazilian media, which has helped raise IFT's profile. In total, 25 journalists, from some of the most prominent media outlets, participated in these workshops. Several high-impact articles and materials were produced after these courses. Among them, we highlight:

- ✓ Three articles in *Folha de São Paulo*; on January 5th, Feb 15th, and Oct 4th, 2009.
- ✓ An article in the journal *Valor Econômico*, on February 4, 2009.
- ✓ An article in *Revista Época*, issue 557, on January 19, 2009.
- ✓ A documentary in the TV *Câmara* on March 24, 2009.
- ✓ An electronic article in ANSA (www.ansa.it) on Sep 23rd, 2009.
- ✓ An article in the *De Financiële Telegraaf* (Holanda), on Sep 29th, 2009.
- ✓ An article in the newspaper *Clarín*, on Sep 30th, 2009.
- ✓ An article in *Le Monde*, on Oct 7th, 2009.

Manuals and didactic materials.

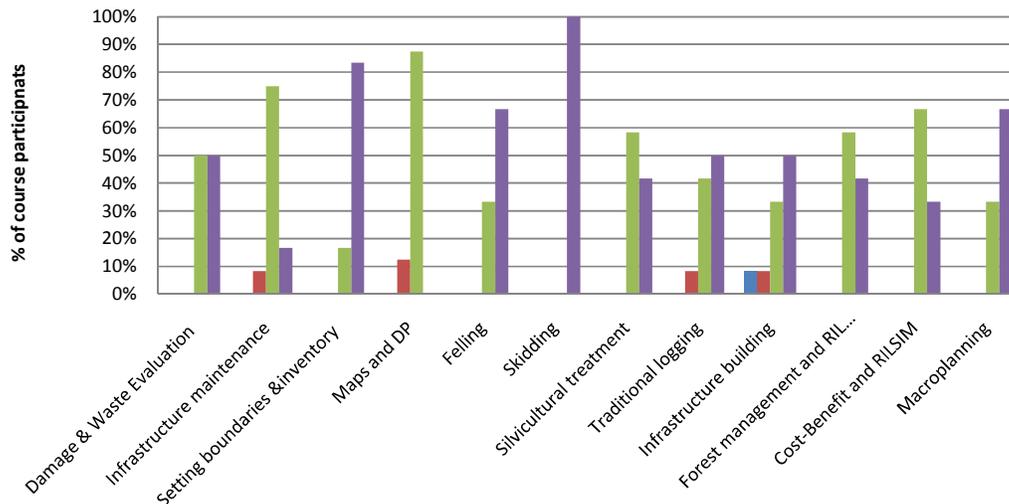
IFT updated all didactic materials, including manuals, presentations and flip charts during the project duration. Existing *PowerPoint* presentations for courses and extension were updated to reflect changes in forest legislation and IFT operational practices. A number of course flipcharts were revised for training season: felling and bucking techniques; forest inventory; road planning and construction; skid trail planning and operations.

In addition to routine updates of course and extension materials during the rainy season, IFT developed three manuals: (1) safety in RIL operations; (2) felling techniques, safety in felling, and chainsaw maintenance; (3) pre-harvest techniques adapted for communities and smallholders. The first has been fully edited and revised and is ready for publication; the second requires technical and editorial revisions before publication; and the third is being concluded. The intention is to launch a new series of IFT technical materials to be widely disseminated through the website.

Analyses of course evaluations.

IFT's FM-RIL courses evaluation system is carried out by participants at the end of each course activity (specific activity evaluation) as well as at the end of the course (course evaluation). Throughout these daily evaluations we can evaluate the logistics, the didactics, and the performance of IFT instructors. During the final evaluation, the participant can describe a detailed evaluation and contribute with suggestions for future training. For illustrative purposes, we show in Figure 3 a sample of the course evaluation analyses conducted by IFT staff. This evaluation was made during a course on FM-RIL for Decision Makers on June 23-28, 2008.

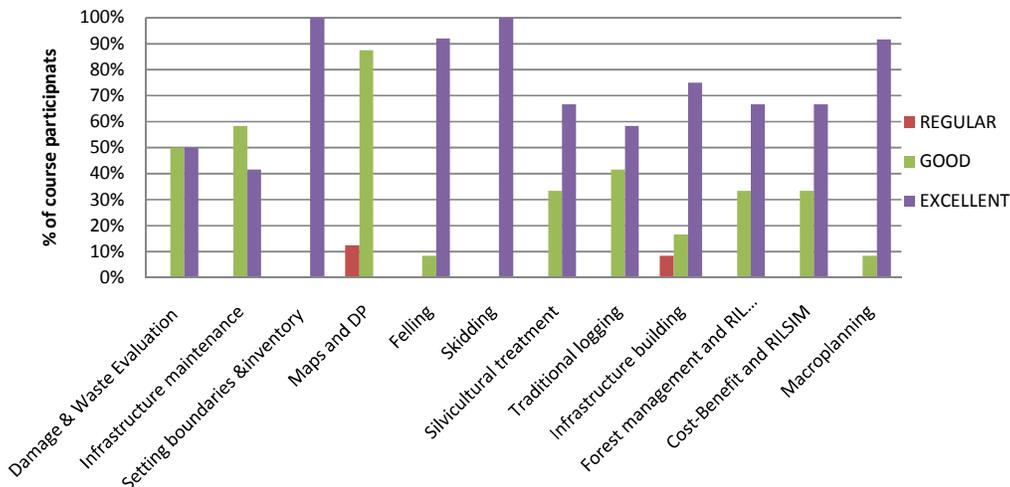
Figure 3. Example of course evaluation conducted by participants. Participants are encouraged to qualify their level of satisfaction in relation to different subjects included in the course.



Over time, course evaluations provided IFT with enough information in a way to differentiate specific course contents for each audience. It also made possible to find specific subjects which generally required more attention from instructors and technical staff, since these issues are supported by a second type of evaluation, in which participants grade the specific instructor of each class offered by IFT (Figure 4). There are several examples also of improvements for

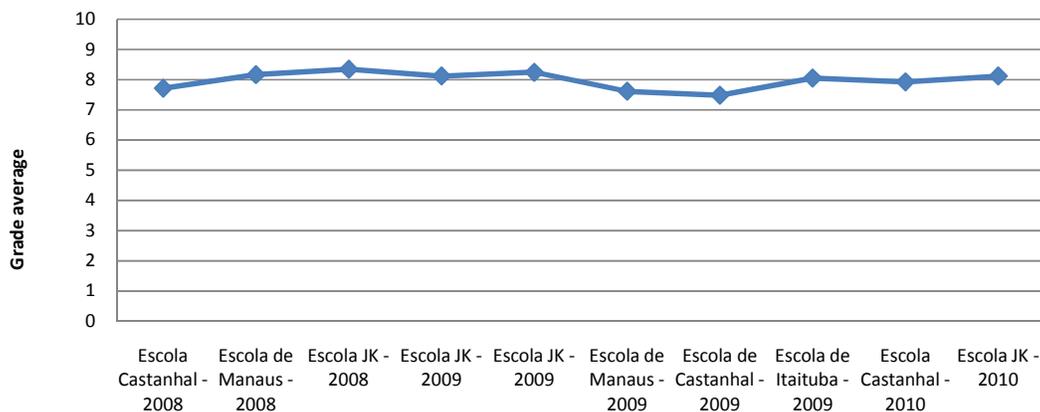
courses originated by participant evaluations. During a TD course for government stakeholders, on September 08-13th 2008, it was suggested that the course material should be offered in digital format. IFT now includes a CD-ROM with digital versions of all printed course materials. Second, a student from a TD course, on September 29-October 4th 2008, suggested to improve the audio-visual materials used by the instructors. We now seek to have greater control over the quality of this material. A GM course focused on forest concessions carried out November 16-28, 2009 is a clear example of how suggestions can change IFT's activities.

Figure 4. Example of instructor evaluation conducted by participants. Participants are encouraged to qualify their level of satisfaction in relation to the knowledge, techniques, didactic and how much IFT instructors are updated in their respective fields.



A second type of valuation is made by demand of the technical schools, considering that IFT courses are included formally as a course in the schools forestry program. IFT instructors also grade technical school students, using a standardized form provided by schools which include items as the technical understanding and personal involvement and participation during the course. Figure 5 demonstrates the grade average for technical school students during the duration of this project (April 2008-March 2010).

Figure 5. Grades given by IFT instructors for participants from technical schools regularly trained by IFT, 2008-2010.



Analysis of applied input and total amount of expenditures.

A total of US\$449,920 was allocated from ITTO to the project between April 2008 and November 2009. As it can be observed in Table 2, expenditures for Project personnel exceeded the approved amount in an amount a little lower than 20%, reflecting a larger share of their time and dedication to this project than initially expected. Nonetheless, expenditures for all other items were close to the approved amount.

Table 1. Financial resources approved in the project by component and amount spent until the end of the project (April 2008-April 2010) (Units are in U.S. Dollars).

COMPONENT	AMOUNT APPROVED	AMOUNT SPENT
Project Personnel	258,240	307,436.10
Sub-contracts	14,107	9,546.04
Duty Travel	33,145	19,991.45
Capital Items	30,579	30,579
Consumable Items	93,885	77,060
Miscellaneous	5,844	5,269.79
TOTAL	449,920	449,899

4. Project Outcome, Target Beneficiaries Involvement

(i) Specific Objectives

Specific Objective 1.2.1 Strengthen the capacity of government agencies (especially the newly created Brazilian Forest Service) and other key stakeholders to promote, implement, supervise, regulate, and monitor good forest management in the Brazilian Amazon (with an emphasis in the recently established Forestry Districts) through practical training.

Throughout the project timeframe, IFT continually strengthened ties with the Brazilian Forest Service (SFB), collaborating on training and planning for concessions in several priority regions. PD 432/06 trained 147 government employees, of which 40 were from the newly created Brazilian Forest Service. More importantly, IFT trained 8 employees from IBAMA, ICMBio, and SFB responsible for managing the only forest concession that has already been open in the country: 96,000 ha in the Jamari National Forest. Another 4 employees from ICMBio and Para's state environmental agency (SEMA) responsible for managing the soon-to-be-open-for-concessions Saraca-Taquera National Forest. A surprising new demand came from Brazil's land reform institute INCRA, which in 2008 was claimed as number one culprit of Amazon deforestation. The newly implemented National Policy for Family and Community Forest Management should catalyze action and continue to generate demand for training from INCRA staff. Eight INCRA staff members and 17 community members living in an INCRA settlement have participated in IFT courses under the scope of this project.

Through this project, IFT also innovated and partnered with NGO Imaflora to create a course specifically designed for independent consultants and FSC certification replicators. A total of 31 professionals were trained in two courses held in 2008 and 2009. Thirty-one community members from the Transamazon highway region and fifty-one community members from the BR-163 highway region received practical training in FM during the project duration. These stakeholders will contribute to reducing logging damage and ecological impacts in these two priority regions.

More than 200 employees of the timber industry sector were trained, of which 117 are working for companies that are FSC certified. Of the eight timber companies IFT trained during the project timeframe that are now FSC certified, five became certified after they received our training: ORSA, Cikel, Brascomp, Jari Celulose, and Juruá Florestal. Although IFT cannot take credit for the certification of these companies, it is evident that we play a vital role in training the people who apply methods of sustainable logging in the Amazon.

Specific Objective 1.2.2 Raise awareness about the role of forest management (FM) in the sustainable development of the Brazilian Amazon and promote good FM practices through educational outreach that targets forest sector stakeholders with a particular emphasis in the newly created federal Forestry Districts and state forests.

Within the project timeframe, 835 forest entrepreneurs, technical and undergraduate students, and forest communities and small-scale producers learned about the value of forests, the role of FM in the sustainable development of the Brazilian Amazon, and the feasibility of implementing sound FM under a variety of conditions. More than half of these stakeholders live and work in the priority areas of BR-163, BR-319, Transamazon, and Calha Norte.

(ii) Situation existing at Project completion

Investments in capacity building typically require years or even decades to be fruitful, but they are especially important in the Amazonian forest sector context. It seems common sense to argue that any important economic industry was developed from a basis in which capacity building and training were crucial strategies. However, Government and civil society are establishing instruments to allow an overarching strategy of managing millions of hectares of public forests in the next few years as a way to ally economic development and forest conservation. This policy has as the main paradox the scarce concern regarding the technical capacity necessary to manage forests in a sound way.

Since the beginning of this project, significant gains have been made in training, extension and relationship-building in priority regions of the Amazon frontier, highlighting Calha Norte, BR319, BR163 and the Transamazon. In most of these regions there has been little prior exposure to forest management principles and practices prior to this project, meaning IFT extension efforts are key to developing social acceptance of and interest in forest management. Interest in forest management in the priority regions also is directly tied to government progress in creating public forest concessions. Without a working concession system (and law enforcement system) there is little incentive for most operations on new frontiers (i.e., as the priority targets elected by IFT in this project) to invest in forest management, since there is abundance of perverse incentives towards illegality.

IFT has trained under this scope of this project, supported by ITTO and other donors, 1/5 of the total audience trained by FFT/IFT since 1996 (800/4000). This is a significant achievement considering, as we mentioned in this report, that IFT is the one of the two initiatives in FM-RIL capacity building in the Amazon, as well as the only independent center for FM promotion and improvement across the region. Without such project and without IFT's work, punctual, incomplete and pulverized initiatives related to capacity building would eventually have been executed in the Brazilian Amazon by government and other organizations, but probably not concentrated in the main forest districts and remote areas, in which marginal benefits from conservation initiatives and foment tend to be greater.

Finally, IFT has participated actively in meetings with the government of Para, the timber industry and other NGOs in the region to build alternatives for strengthening a sustainable logging commodity chain. These meetings resulted in the creation of *Pamflor*, a state program to support Forest Management. Although no budget has been established for the program, Pamflor intends to set up a remote monitoring and independent verification system for forestry activities in the field; increase the amount of technical assistance, training, and capacity-building; improve technological standards of the forest industry; and produce strategic studies for the timber sector. IFT is currently one of the members of PamFlor's Executive Committee, and it is responsible for training and capacity-building in forest management executed under the scope of the program.

Situation by the completion of the project is that, despite the fact that the Amazonian forest sector still needs thousands of new professionals and workers well trained in FM-RIL, priority areas from the project have been able to train some of the professionals responsible for plan, monitor, implement and audit forest management in the field. Communities and companies could also be clarified in relation to the benefits of forest management, being willing to look for assistance in direction to improved forest management. Finally, government and society are increased aware of the need for capacity building and training initiatives for the sake of a successful concession system, which re-established a debate raised by IFT in the end

of the 1990's related to establishing a permanent training center in the Amazon (see Section iv).

(iii) Participation of target beneficiaries

Since the implementation of project PD 432/06, IFT has worked closely with the Brazilian Forest Service to define an appropriate capacity building strategy at both federal and state government levels. Cenaflo, Brazil's center for FM support, has counted on IFT as its main source of training and, beyond training for government stakeholder, has helped organize courses such as the three courses designed for national and international press. Throughout the project timeframe, IFT carried out eight courses specifically targeted at government employees. These beneficiaries will play a key role in supporting the implementation of sound forest management in the Brazilian Amazon.

Although forest concessions have been slow to be opened to interested timber companies, the demand for training from this sector has not decreased. During the 24 months of this project, IFT trained a wide range of companies, many of which are certified, through 13 courses specifically designed for the timber industry. During this same period, nine courses were exclusively targeted at small-scale land owners living in areas that are in or near the Forestry Districts targeted by the project. By training the people who rely economically on logging for their livelihood and showing them that the best option is to manage the forest so that it can keep producing, the project contributed to changing a paradigm in the Amazon.

During the project, 16 university professors and 3 technical school teachers were trained in FM-RIL. In this case, not only those who work in the Amazon will make a difference, but professors spread throughout the country will show their students that sound FM practices are replicable and cost-efficient.

(iv) Expectation of Project Sustainability

An important supporter of IFT's activities, the Gordon & Betty Moore Foundation, which has also served as counterpart funding for this project, has invested heavily in institutional strengthening at IFT in order to guarantee the sustainability of the work carried out by the institution. One component of this strengthening has been in IFT's staff (i.e., a new financial & administrative manager, an Institutional Development Manager, and new instructors) as well as changes in the financial control, and monitoring systems. A second part of strengthening was related to discuss with key actors in the forest sector how IFT could develop a stable funding base to grow and to meet demands for training, extension and technical innovation in forest management. While pursuit of a more diversified funding portfolio is critical to IFT's viability for the next 2-3 years, a strategic planning meeting carried out by IFT identified the need for a more stable source of core support over the long term. Following the key recommendation from the retreat, IFT continues to discuss with the Brazilian Forest Service (BFS) and the government of the state of Para a possible concession in a public forest area in which training could be provided to the forest sector as a payment for the use of the forest. Should IFT be successful in negotiating a concession on federal land, the overall mix of institutional support would be roughly: 65% timber receipts, 10-20% course fees, and 15-25% donor funding.

5. Assessment and analysis

In 2009, the ITTO pointed “*Promoting adoption of sustainable forest management in the Brazilian Amazon*” as one of the two best projects financed by the organization. This project is actually a continuation of the work that IFT has refined throughout its 15 years of experience in the forest management sector. Therefore it was not difficult to formulate a project that was adequate in aspects related to the project rationale, stakeholder identification and participation, definition of problems to be tackled, objectives and implementation strategy.

The most critical difference between planned and actual project implementation was *Output 1.3.*, which relied on the implementation of regional FM training centers by the Brazilian government. It is possible that IFT was precipitated in assuming that these regional centers would be ready in time for the project implementation, but in reality this variation ended up being more beneficial than harmful. Instead, IFT trained three instructors from the only government-run training in the country (FUNTAC in Acre) and another 16 university professors who have little to no practical experience in FM-RIL.

The only inadequacy related to Project inputs for Project implementation was a significant budget devaluation. Although dollar devaluation and inflation were assumed when drafting the budget, the Project, written in 2006, was only approved in 2008 and, despite designed for 18 months, was forced to stretch out its funds to last 24 months. Nonetheless, in-kind funding and counterpart funding helped keep target outputs on schedule.

Main **possible negative externalities** associated to this project were related to the scarcity of professionals and workers interested in capacity building for several reasons, highlighting: (i) poor enforcement of illegal activities, which would imply in the continuation of perverse incentives to illegality; (ii) lack of forestlands licensed for forest management, which would decrease demand for training of workers (communities and companies) outside the FMC ; (iii) poor evolution of forest concessions and land tenure regularization, which would artificially halt the occurrence of new forest management plans and therefore decrease interest in training. As we mentioned earlier, main mitigation measures were associated to direct efforts to the priority areas and to audiences not related directly to the immediate implementation of forest management (as students and decision makers). However, despite the fact that such external factors happen until certain intensity in the Brazilian Amazon, demand for training has never decreased, and actually continued to increase in the last years.

The **beneficiaries of this project** will have an important role in planning, controlling, auditing or implementing forest management in the priority regions. Government agents will have a decisive role in planning concessions and the sustainable use of conservation units as extractive reserves and monitoring the implementation of forest management practices. Workers from communities and companies will execute practices in the field (harvesting of timber and NTFPs) and will be directly benefits from increasing productivities from planned forestry work, safer working conditions and eventually increasing income from more qualified jobs. Students from technical schools will be exactly held responsible in the near future for supervising operations of such workers.

Project sustainability. There are three factors that will guarantee the sustainability of the activities carried out by the Project:

Increasing demand for FM-RIL training. Demand for training has never dropped since IFT’s creation and has even increased during the execution of this project, which facilitated efforts in finding government agents, community members, practitioners, instructors and

students interested in practical courses in forest management. Cenaflor continues to be a strategic partner during this project duration in contacting and supporting professionals and workers from priority areas to participate in courses at IFT's forest management center. It is likely that the demand for FM training will continue to increase in the near future while more public forests become available for forest concessions, posing a challenge to IFT to become more efficient in a way to increase its role in promoting the conservation of Amazonian forests.

Scarcity of other active training centers. FUNTAC in Acre continued to be the only other training center offering practical courses in forest management. Even so, IFT carried out a training course in Acre in June 2009, demonstrating that there is still a higher demand than the available supply for training.

High quality of training. Technological and operation advances, as well as new forest policies, are constantly incorporated into training courses, first opportunistically in discussions and lectures and then in revised course materials and manuals. As an example, IFT has worked with road-building specialists over several years to identify areas of improvement for Amazon roads and to train IFT staff in new techniques. The knowledge IFT instructors gain is immediately passed to participants in courses.

Roles and Responsibilities of the institution. IFT is an NGO with over 15 years of experience in training and applied research in forest management (FM) and reduced-impact logging (RIL) techniques across the Amazon. Our FM-RIL training program has been the major source of skilled labor for the forest industry and has been cited as one of the best NGO conservation programs by the Pará State Government. In 2009, IFT broke its own record in number of stakeholders trained: 451. Donations, and consequently the extent and scope of our work, has increased exponentially over the years. Collaboration with state and federal government has also improved significantly and was a major contributor of the success of Project PD 432/06.

6. Lessons Learned

a) Project identification and design

IFT's experience in aspects of capacity building, training and extension decreased the risks and the problems related to the project design and stakeholder identification. As the matter of fact, the demand for services offered by IFT under the scope of this project has frequently increased, without clear signs that it will be met in the next few years.

In a given extent, as we discussed before, project impacts, synergism, and cooperation among different audiences could have being larger in a scenario of clear expansion of forest management practices, which would be the case if the forest concession policy and the national plan for community forest management were implemented satisfactorily during the project duration. Instead, the slow progress in public forests auctioned for concessions and the scarcity of private areas under forest management plans could have originated a smaller demand from practitioners of FM-RIL (i.e., companies and communities) for training in comparison to the ideal scenario. However, as we discussed before, a correct design for the project and IFT's experience allowed the execution of capacity building initiatives for audiences that will have a crucial role in planning, implementing and monitoring FM in the future (such as governmental agents, students, and decision makers). This choice for correct audiences in this period pre-expansion of FM-RIL and the choice for implementing a strategy focused on the forest districts and regions with special relevance for forest conservation and new frontiers (i.e., project's priority areas) led the project to a successful outcome despite the slow progress of FM implementation in the field.

As it was also discussed before, one of the main threats for the correct project implementation was budget devaluations provoked by changes in the exchange rate (R\$/US\$) since the submission, approbation, and completion of the project; and due to Brazilian inflation during its execution. However, a successful strategy carried out by IFT in raising new funds to serve as counterpart financial resources for the project could avoid deviations from the goals established for the project.

IFT is currently one of the two active training centers in FM-RIL in the Amazon and it is expected that its excellence in capacity building, training and extension, allied to a successful project design and the correct choice for focused audiences will contribute for the dissemination of the knowledge and results shared during the execution of this project, helping forest managers, practitioners, government agents, students and decision makers to take correct decisions in relation to plan, implement and monitor FM-RIL. At the long run, such as other NGOs, sustainability of this project depends on the perpetuation of IFT's mission. Several actions have being taken with support from several IFT's institutional donors to strengthen its administrative/managerial structure, and negotiations have being executed with federal and state government towards finding a definitive solution for long-term stability of IFT's training center.

b) Operational matters

IFT's past experience with capacity building, training and extension (i.e., raising awareness events) decreased the transactional costs and the problems related to the project execution. Organizing and executing courses demand a large share of the time from managerial, technical and administrative staff, in tasks such as planning technical contents from courses and materials, adapting presentations and lectures, selecting participants, providing the correct amounts of provisions, food, equipment, and materials to execute the course at the Forest Management Center; issuing certificates and managing documentation from participants, and analyzing course and instructor evaluations. Most of these tasks are developed exclusively by IFT, having as main partners in a given set of course organizations as Cenafloor, Imaflora, USFS, among others.

From an operational view, despite the existence of two sources of devaluation of financial resources since the project's inception (see last item), a satisfactory flow of financial funds for the completion of this project could be guaranteed through ITTO support and also funding from other organizations as counterpart. Also from an operational view, very few aspects deserve special attention regarding the project implementation, in large part due to IFT's experience in some of these aspects. For example, one key factor that affects the execution of field activities in the Amazon is the duration of the rainy season (December-May), in which all training inside and outside the Forest Management Center is unfeasible. However, training from IFT is always executed in the dry season (June-Dec) and, conveniently, extension events are carried out during the rainy season by the same technical staff responsible for running the FMC. In the beginning of the project, one of the logistical/organizational problems related to setting the courses was the period in which some specific courses were scheduled, which diminished the demand from participants. A classic example is to schedule a course focused on university students in the period September-November, in which students are very busy with classes and demand from universities, turning out to occur no demand for the course at the FMC. Such small problems in logistical/operational aspects of training were solved in the second year of the project, and no further problems were then met.

Activities executed under the scope of this project are documented through presence lists of participants, written evaluations and inscription forms for all professionals who received courses at the FMC and other forestlands. Extension courses also have presence lists as an evidence of attendance and audience. Course and instructors evaluations also integrate a databank maintained by IFT to document the opinions and suggestions from course participants.

7. Conclusions and Recommendations

- ✓ **Identification.** Identification of targets, audience and scope of the project followed the rationale of priority and expected impacts over forest conservation. In this sense, past experience from IFT was useful to determine in which regions were concentrated public efforts in relation to expanding rational forest production initiatives and with larger expected impacts for conservation; what were the main audiences which could make the difference in relation to implementing, planning, monitoring, taking decisions and replicating forest management; and what were the main deficiencies that society faces in relation to enabling conditions to expand forest management practices in the Brazilian Amazon.
- ✓ **Design.** The design of the project focused on the more efficient ways to disseminating forest management considering the targets, scope and audiences described above. It also took into account logistical and operational conditions in the Brazilian Amazon, as the duration of the rainy season, and the expected ways of mitigating the risks associated to the slow expansion of forest management in concessions and areas destined for community use (i.e., human settlements) in Brazil.
- ✓ **Implementation.** The implementation of the project was threatened by devaluations provoked by currency devaluation (changes in the exchange rate US\$/R\$) and inflation. Increasing funding from other IFT donors allowed the project to be very successful in relation to its goals. During the second YPO IFT even voluntarily proposed to raise its quantitative goals due to increasing counterpart funding. The implementation of one of the outputs (1.3) would be difficult to execute without a formal permissions from ITTO to redirect the focused audience from practical instructors of FM-RIL from other training centers to formal instructors of FM such as university professors and professors of technical schools.
- ✓ **Organization.** Organizing and executing courses demand a large share of the time from managerial, technical and administrative staff. Again, organization was successful due to previous experience from this project's executing agency in the correct period of the year to set specific trainings and courses, as well as the logistical conditions necessary to execute these activities.
- ✓ **Management.** Overall coordination and management of all activities, including raising funds to implement this project and IFT's initiatives, could successfully be carried out by strengthening IFT managerial staff with the support mainly from GBMF, a financial donor which served as counterpart funding for this project.

Potential for replication and/or for scaling up. Some studies published by IFT staff members and collaborators (e.g., Schulze et al. 2008 and Lentini et al. 2009) have shown that, if government wants to properly expand the area under sound forest management practices under a concession system to develop a sustainable timber industry in the Amazon, massive investments in capacity building need to be done in the next years. At the short run, demand for trained professionals and workers might reach the level of 8,000 people in the next 10 year (11-13 mi. ha of managed forests). At the long run, taking for granted that all timber produced in the Brazilian Amazon will have to come from managed forests, the demand might increase to 25,000-30,000 people. And, as we discussed before, IFT currently trained 4,000. If we sum also professionals trained by other organizations, the actual capacity of trained professionals can arise to 5,000 professionals, in an optimistic scenario.

In other words, IFT's model on disseminating and improving forest management needs to be replicated, not only within Brazil, but to some other pan-Amazonian countries. IFT is discussing with federal and state government in an attempt of convincing agencies that it is necessary to support the establishment of a permanent training center in the Brazilian Amazon through some type of special concession for producing goods (i.e., timber) and services (i.e., training). This would make possible for an organization to run this Forest Management Center and, at the same time, finding a permanent source of income (i.e., wood) to fund part of its activities in capacity building and training. This central training center would serve as a reference for other organizations and companies interested in offering services in training, but also as a school to properly train forest instructors to become trainers in other organizations.

Annex 1. Project financial statement

Project No. PD 432/06 Ver.1 (F)

Period ending on: 31/03/2010

INPUTS FROM ITTO		Approved Amount (A)	Expenditures To-date			Unexpended Amount (E) {A - D}	Notes
Component (a/)			Committed (B)	Expended (C)	Total (D) {B + C}		
I.	Funds managed by Executing Agency						
10.	Project Personnel						
11.	<i>National Experts</i>						
	11.1 Project Director	48.750	-	72.626	72.626	(23.876)	c/
	11.2 Forest Operations Manager	-					
	11.3 Senior Forester	33.792	-	41.151	41.151	(7.359)	
	11.4 Forester	-					
	11.5 Executive Assistant	22.068	-	30.711	30.711	(8.643)	c/
	11.6 Course Coordinator	15.389	-	20.294	20.294	(4.905)	
	11.7 Technician I - 2 @ 2.543	-					
	11.8 Technician I - 1 @ 2.543	27.973	-	33.185	33.185	(5.212)	
	11.9 Technician II - 1 @ 2.237	-					
	11.10 Technician II - 1 @ 2.237	24.607	-	29.390	29.390	(4.783)	
	11.11 Technician III (Lorena/Marina)- 1 @ 1.480	16.280	-	5.762	5.762	10.518	d/
	11.12 Operator Instructor I - 1 @ 1.438	15.818	-	15.105	15.105	713	
	11.13 Operator Instructor II - 3 @ 1.183	-					
	11.14 Operator Instructor III - 3 @ 1.068	11.748	-	13.188	13.188	(1.440)	
	Sub-total National Experts	216.425	-	261.411	261.411	(44.986)	
12.	<i>Administrative Personnel</i>						
	12.1 Course Logistics & Materials- 1 @ 4.791	-					
	12.2 Accountant - 1 @ 3.976	-					
	Sub-total Project Administration Personnel	-					
13.	<i>Consultants</i>	-					
	Sub-total Consultants	-					
14.	<i>Other Labour</i>						
	14.1 Camp Nurse for major course - 1 @ 230	1.278	-	1.727	1.727	(449)	
	14.2 Cook - I @ 846	9.306	-	10.774	10.774	(1.468)	c/
	14.3 Cook - II @ 763	8.393	-	11.844	11.844	(3.451)	c/
	14.4 Drivers - I @ 778	-					
	14.5 Drivers - II @ 778	8.558	-	9.445	9.445	(887)	c/
	14.6 Traditional Harvest Specialist (Pacatuba)- 1 @ 122	732	-	843	843	(111)	d/

INPUTS FROM ITTO		Approved Amount (A)	Expenditures To-date			Unexpended	Notes
Component (a/)			Committed (B)	Expended (C)	Total (D) {B + C}	Amount (E) {A - D}	
	14.7 Para-botanist (Bene) - 1 @ 258	1.548	-	4.917	4.917	(3.369)	d/
	14.8 Rural Labor - 6 @ 442	-					
	Sub-Total Other Labor	29.815	-	39.549	39.549	(9.734)	
16.	<i>International Experts</i>						
	16.1 Science Support & Technical Materials Specialist and Reporting Supervisor (bi-lingual) - 1 @ 1.000	12.000	-	6.476	6.476	5.524	
	Sub-Total International Experts	12.000	-	6.476	6.476	5.524	
19.	Personnel Total	258.240	-	307.436	307.436	(49.196)	
20.	Sub-contracts						
	21. Translation Services	8.107	-	4.447	4.447	3.660	
	22. Printing Services	-					
	24. Independent Audit	6.000	-	5.099	5.099	901	
29.	Sub-contracts Total:	14.107	-	9.546	9.546	4.561	
30.	Duty Travel						
	31. Trainer DSA	6.714	-	4.599	4.599	2.115	
	32. Transport Costs - IFT operational						
	32.1 Travel & Lodging IFT operational	-					
	32.2 Travel & Lodging IFT extension program	10.675	-	7.368	7.368	3.307	
	34. Trainee Transport	15.756	-	8.023	8.023	7.733	
	39. Duty Travel Total	33.145	-	19.991	19.991	13.154	e/
40.	Capital Items						
41.	IFT equipment depreciation (2 yrs) 1 Toyota Hillux, 1 Toyota Bandeirante, 1 Mercedes	-					
42.	Trade-in of Mitsubishi L-200 (4 x 4) pick-up field vehicle for replacement in 2008 less trade-in value of present vehicle	30.579	-	30.579	30.579	-	
49.	Capital Equipment Total:	30.579	-	30.579	30.579	-	
50.	Consumable Items						
	51. <i>Materials</i>						
	51.1 Safety equipment, medicines, & 1st aid for course participants	5.425	-	1.154	1.154	4.271	
	51.2 Safety equipment, medicines, & 1st aid for training crew	-					
	51.3 Technical materials for courses	7.371	-	4.204	4.204	3.167	
	51.4 Office equipment & supplies	-					
	51.5 Course and extension materials	14.575	-	14.614	14.614	(39)	
	51.6 Fuel & Lubricants - operations	-					

INPUTS FROM ITTO		Approved Amount (A)	Expenditures To-date			Unexpended	Notes
Component (a/)			Committed (B)	Expended (C)	Total (D) {B + C}	Amount (E) {A - D}	
	51.7 Fuel & Lubricants - training courses	16.250	-	5.952	5.952	10.298	
	51.8 Food & supplies - IFT operational	-					
	51.9 Food & camp supplies for courses	30.908	-	35.465	35.465	(4.557)	
	<i>52. Equipment rental</i>						
	52.1 CAT Tractor - 1 @ 5.493 /mo x 9 mos	-					
	52.2 CAT Skidder - 1 @ 6.866 /mo x 8 mos	-					
	52.3 CAT Loader - 1 @5.493 / mo x 8 mos	-					
	52.4 Chainsaws - 3 @ 102 /mo 9 mos	-					
	<i>53. Maintenance & repairs</i>						
	53.1 Training camp infrastructure	-					
	53.2 Trainee vehicles	19.356	-	15.671	15.671	3.685	e/
	53.3 Operational vehicles	-					
	54. Course promotion and communication	-					
59.	Consumables Total:	93.885	-	77.060	77.060	16.825	
60.	Miscellaneous						
	61. Contingency & petty cash	3.000	-	4.837	4.837	(1.837)	
	63. Trainee insurance	2.844	-	451	451	2.394	
69.	Miscellaneous Total:	5.844	-	5.288	5.288	556	
70.	Ex. Agency Mgt Costs (6,5% of Activity Budget)	-					
79.	Ex. Agency Mgt Costs Total:	-					
	TOTAL	435.800	-	449.899	449.899	(14.099)	
80.	ITTO Administration, Monitoring & Evaluation						
	81. Monitoring & Evaluation	20.000					b/
	82. Ex-post evaluation	15.000					b/
	83. Program Support Costs (6% of ITTO portion)	29.190					b/
	84. ABC Monitoring Costs	-					
89.	ITTO Administration Total:	64.190					b/
99.	GRAND TOTAL:	499.990					

Notes:

a\ Budget Components are those detailed in the Project Document.

b\ Funds retained and accounted for by ITTO - details not available with Executing Agency.

c\ Salary under-budgeted; funds re-allocated from within this component. For most of the remainder of the project, this position will be paid for with counterpart funds.

d\ Not hired due to funding shortfall; funds used for payroll of IFT trainers.

e\ See "Financial Considerations" section at the end of this report.

Annex 2. Project cash flow statement

Project No. PD 432/06 Ver.1 (F)

Period ending on: 31/03/2010

Component		Reference	Date	Amount in US\$	Amount in Local Currency R\$
A.	<u>Funds received from ITTO:</u>				
1.	First instalment	16558208	15/04/2008	149.980,00	251.366,48
2.	Second Instalment	18256702	29/10/2008	99.980,00	214.007,19
3.	Third instalment	20963854	17/08/2009	99.980,00	183.740,83
4.	Fourth instalment	21878114	30/11/2009	99.980,00	174.165,16
	Total Funds Received:			449.920,00	823.279,66
B.	<u>Expenditures by Executing Agency:</u>				
10.	Project Personnel				
11.	National Experts			261.411,40	472.135,71
12.	Administrative Personnel				
13.	Consultants				
14.	Other Labour			39.548,76	73.352,70
15.	Fellowships and Training				
16.	International Experts			6.475,94	11.786,00
19.	Personnel Total:			307.436,10	557.274,41
20.	Sub-contracts				
21.	Sub-contract (with A)			4.447,61	8.180,00
22.	Sub-contract (with B)				
24.	Sub-contract (with C)			5.098,43	10.000,00
29.	Sub-contracts Total:			9.546,04	18.180,00
30.	Duty Travel				
31.	Daily Subsistence Allowance			4.599,45	7.826,40
32.	Transport Costs				
	32.1 Travel & Lodging IFT operational				
	32.2 Travel & lodging extension program			7.368,77	12.803,03
34.	Trainee Transport			8.023,23	15.647,03
35.	Trainee DSA				
39.	Component Total:			19.991,45	36.276,46
40.	Capital Items				
	IFT equipment depreciation (2 yrs) 1				
	Toyota Hillux, 1 Toyota Bandeirante, 1				
41.	Mercedes				

Component		Reference	Date	Amount in US\$	Amount in Local Currency R\$
42.	Trade-in of Mitsubishi L-200 (4 x 4) pick-up field vehicle for replacement in 2008 less trade-in value of present vehicle			30.579,00	65.439,00
49.	Capital Items Total:			30.579,00	65.439,00
50.	Consumable Items				
51.	Materials				
51.1.	Safety equipment, medicines, & 1 st aid for course participants			1.154,04	1.995,52
51.2.	Safety equipment, medicines, & 1 st aid for training crew				
51.3.	Technical materials for courses			4.203,83	7.216,88
51.4.	Office equipment & supplies				
51.5.	Course and extension materials			14.613,50	26.232,52
51.6.	Fuel & Lubricants - operations				
51.7.	Fuel & Lubricants - training courses			5.952,68	11.542,02
51.8.	Food & supplies - IFT operational				
51.9.	Food & camp supplies for courses			35.464,57	61.909,97
52.	Equipment rental				
52.1.	CAT Tractor - 1 @ \$5.493 /mo x 9 mos				
52.2.	CAT Skidder - 1 @ \$6.866 /mo x 8 mos				
52.3.	CAT Loader - 1 @\$5.493 / mo x 8 mos				
52.4.	Chainsaws - 3 @ \$102 /mo 9 mos				
53.	Maintenance & repairs				
53.1.	Training camp infrastructure				
53.2.	Trainee vehicles			15.671,46	27.787,81
53.3.	Operational vchicles				
54.	Course promotion and communication				
59.	Consumables Total:			77.060,08	136.684,72
60.	Miscellaneous				
61.	Contingency & petty cash			4.837,29	8.479,22
63.	Trainee Insurance			450,50	888,18
69.	Miscellaneous Total:			5.287,79	9.367,40
	Total Expenditures To-date:			449.900,46	823.221,99
	Remaining Balance of Funds (A-B):			19,54	57,67

Notes.

(1) Amounts in U.S. dollars were converted using the rate of exchange when funds were received by the Executing Agency.