

# INTERNATIONAL TROPICAL TIMBER ORGANIZATION

## ITTO

### PROJECT DOCUMENT

<b>TITLE:</b>	STRENGTHENING TECHNICAL AND BUSINESS MANAGEMENT IN THE TIMBER FOREST INDUSTRY OF PERU
<b>SERIAL NUMBER:</b>	PD 912/20 <b>Rev.3</b> (I)
<b>COMMITTEE:</b>	FOREST INDUSTRY
<b>SUBMITTED BY:</b>	GOVERNMENT OF PERU
<b>ORIGINAL LANGUAGE:</b>	SPANISH

#### SUMMARY

The project will contribute to the sustainable development of the country's timber industry, promoting formal, efficient and competitive market-oriented forest enterprises, taking advantage of business opportunities articulated with value chains, and marketing products based on the use of timber from legal sources in managed forests in the Amazon Region of Peru for the benefit of Peruvian society and, in particular, the men and women that depend on the forest for their livelihoods (general objective). This will be attained through the achievement of the project's specific objective – "to strengthen the technical and business management of the forest industry that relies on timber species from the Peruvian Amazon Region". Project beneficiaries include the micro, small and medium enterprises (MSMEs) of the timber industry marketing their products in national and/or export markets, as well as entrepreneurs and technical and administrative personnel (including both men and women) involved in the production and/or management of these enterprises.

Project outputs will include the following: timber industries will interact with forest producers; forest enterprises will be articulated with national and international markets for timber products; there will be an efficient management of productive business organizations and the organization of timber producers will be strengthened. Project impacts will include an improvement in the quality of life of the Amazon population; enterprises will be producing and marketing timber products from safe sources; the country's balance of trade for timber products will be restored; exports of timber products from the Amazon region will increase; forest production will be articulated with value chains; new forest species will be introduced into the market; income and capitalization levels will improve; new business opportunities will be opened to enterprises; and 400 beneficiaries -including both men and women- will be trained, among others. **The project will be implemented in two phases. Each phase will last 15 months. The first phase will begin in the first quarter of 2024 with a total budget of US\$ 291,439, comprising an ITTO contribution of US\$ 166,847, to be provided by the Government of Japan, and a contribution of US\$ 124,592 from the National Forestry Chamber (CNF).**

**EXECUTING AGENCY:** NATIONAL FORESTRY CHAMBER (CNF)

**DURATION:** 30 MONTHS

#### BUDGET AND PROPOSED FUNDING SOURCES:

Source	Contribution in US\$		
	Total	Phase 1	Phase 2
ITTO	<u>372,553</u>	<u>166,847</u>	<u>205,706</u>
CNF	<u>287,428</u>	<u>124,592</u>	<u>162,836</u>
<b>TOTAL</b>	<b><u>659,981</u></b>	<b><u>291,439</u></b>	<b><u>368,542</u></b>

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## PROJECT BRIEF

Peru has large areas of natural forests, with the second largest Amazon forest area in South America which covers a total of 69,020,330 hectares, and these forests are characterized by high diversity of forest species and by high volumes of potentially harvestable species whose timber can be processed and marketed. However, processing companies only use a few species and operate with serious weaknesses as they have not developed sufficient capacity in the industrial forest sector. This is the case with forest MSMEs (micro and small enterprises), which together account for 99.8% of national forest enterprises (2019). In this context, the key problem identified is the weak technical and business management of the timber industry that relies on native species from the Peruvian Amazon Region. Identified causes to be addressed include the limited interaction between timber industries and forest producers, including forest concessions and native communities; forest enterprises are not appropriately linked to national and international timber product markets; poor production organization of timber processing enterprises; and poor organization of timber industry producers. This causes a series of negative effects in the forest production system, for enterprises and especially for the population that depends on forest resources for its livelihood and development. These include a high degree of informality and illegality in the trade of timber products, accelerated negative growth of the country's timber product trade balance, reduced participation in timber product value chains, loss of market share to alternative products and exotic timber species, and limited access to markets for processed and semi-processed products. Furthermore, there are many business opportunities that are not identified and that are therefore missed and there is low productivity and competitiveness in the timber production sector with high production costs and low levels of capitalization in timber enterprises. In general terms, this problem is hindering the development of the forest economy in the country and contributing to the low quality of life of the communities that depend on forest resources for their livelihoods.

In order to address this problem, the following development objective is proposed: “Contribute to the sustainable development of the country's timber industry, promoting formal, efficient and competitive market-oriented forest enterprises, taking advantage of business opportunities articulated with value chains, and marketing products based on the use of timber from legal sources in managed forests in the Amazon Region of Peru for the benefit of Peruvian society and, in particular, the men and women that depend on the forest for their livelihoods”. The achievement of this objective will be measured through the following indicators:

- 40 enterprises are producing and marketing processed or semi-processed timber products sourced from legally managed forests
- Timber product trade balance improved 10% annually
- 10% annual increase in exports of timber products sourced from Amazon forests
- Amazon forest production articulated with 4 timber value chains
- 5 new or lesser-known forest species from the Amazon Region are introduced into the market
- 40 timber enterprises increase their income and capitalization levels
- 160 families improve their quality of life.

The project specific objective is to “strengthen the technical and business management of the forest industry that relies on timber species from the Peruvian Amazon Region”. The achievement of this objective will be reflected in the following indicators:

- 40 timber enterprises improve their competitiveness
- 40 timber processing enterprises use chain of custody, timber traceability and/or logbooks in their production and/or marketing processes
- 20 timber enterprises use due diligence mechanisms for the acquisition of legally sourced timber
- 40 people, inc. 30% women, are trained in the marketing of timber products
- 20 new forest business opportunities are disseminated and taken advantage of with project support
- 400 people, inc. 30% women, strengthen their technical capacities in business management of the forest industry.

The primary project beneficiaries will be micro, small and medium enterprises (MSMEs) in the timber processing industry that market their products for the national and/or export markets, as well as entrepreneurs and technical and administrative personnel, including both men and women, who participate in the production and/or management of these enterprises. Micro enterprises have small-scale infrastructure and limited machinery for wood working and finishing, in addition to poor knowledge of timber markets and poorly qualified personnel; however, they are interested in improving their technical, production and management capacities. Small enterprises usually have resawing, wood working and finishing infrastructure but have little knowledge of timber markets, obsolete machinery and poorly qualified personnel; their main interest is to improve their supply of timber products according to market requirements. Medium enterprises usually have wood sawing,

resawing, working, finishing and drying infrastructure, but little knowledge of timber markets and they process a limited number of species and have poorly qualified personnel and obsolete machinery. However, they are interested in improving their production capacity and are willing to improve their processing and to apply business strategies, as well as improving their market knowledge. Outcomes and outputs expected to be achieved upon project completion include the following:

Output 1: Timber industries are interacting with forest producers

- 1 study on the potential of managed forests in Madre de Dios and Ucayali
- 7 training workshops on forest potential in managed forests
- 140 people trained on the potential of managed forests, inc. 30% women
- 4 awareness-raising events on forest conservation and sustainable forest management for timber processing industries
- 40 timber processing enterprises are interrelated with other timber companies in Lima, Madre de Dios and Ucayali
- 160 technical assistance provided to enterprises in forest certification, chain of custody, timber traceability and operational logbooks

Output 2. Forest enterprises are linked to national and international markets for timber products

- 1 due diligence mechanism on the acquisition of legal timber identified, promoted and implemented
- 8 training workshops on the use of due diligence mechanisms for the acquisition of timber of legal origin and record of stakeholders along the timber value chain
- 80 representatives of timber processing companies -inc. 30% women- trained in the application of due diligence mechanisms
- 4 electronic newsletters on prices of timber products and forest production services published
- 200 technical assistance services on industrial innovation in timber processing to forest industry managers
- 6 market-oriented business plans for timber products developed
- 54 technical assistance services provided for the implementation of business plans

Output 3. The production organization of timber processing companies is efficiently managed

- 6 proposals for technological development submitted and promoted to timber companies
- 6 workshops on technology and timber production organized
- 120 technicians from timber processing companies trained in wood technologies and production processes, at least 25% women
- 6 workshops on business management and production aimed at business leaders
- 1 fact-sheet booklet on technological properties and uses of timber species from Peruvian Amazon forests produced and disseminated by the first half of the second year of the project
- 3 dissemination events on the use of tropical timber

Output 4. The organization of producers in the timber industry has been strengthened

- 2 forest governance dialogue spaces strengthened
- 30 forest stakeholders supported to enable their participation in extra-regional dialogue spaces, 30% women
- 2 fact-sheet booklets on forest regulations produced and disseminated
- 2 events on forest regulations
- 80 people trained on forest regulations, 30% women
- 4 awareness events on the importance of participating in production organizations
- 40 representatives of timber processing companies sensitized on the importance of participating in production organizations, 30% women
- 2 enterprise associations strengthened
- 5 enterprises have access to financial services

The project will be implemented in cooperation with stakeholders and beneficiaries who are directly or indirectly involved in improving existing forest production systems, especially in timber processing activities, so as to ensure that companies are managed more efficiently and that better use is made of timber from forest species found in the managed forests of the Amazon region. The project will use a participatory approach (including both men and women) to achieve its proposed objective, as it will promote participation in the implementation of activities through a shared vision aimed at raising the level of competitiveness of producers and promoting

the use of mechanisms that will guarantee the legality of timber activities and the sustainable use of forest resources in the region. The implementation of the project will focus on optimizing the production processes of companies through a market approach and through training and strengthening business strategies that meet the needs of stakeholders. The project's intervention strategies are aimed at making information available on forest management plans and species used by the processing industry; strengthening capacities for the efficient management of the production organization of forest enterprises; developing business management plans geared to timber product markets; strengthening organizations in the forest production sector; and using a gender equity approach in the implementation of all actions.

There are associations of forest producers in the project's area of influence that are highly involved and committed to working for the sustainable development of the processing industry that uses timber species from managed forests. Project objectives and activities are aimed at improving the technical and managerial efficiency of timber processors that are indeed using native timber species, as this will not only contribute to improving the quality of life of Amazon communities but will also contribute to the development of the Amazon region in general. Thus, project sustainability will be ensured by having highly sensitized entrepreneurs who will ensure the ongoing sustainability of project outputs. The methodology for knowledge transfer will be continued by the National Forestry Chamber – CNF by supporting project beneficiaries in the practical implementation of the knowledge acquired through training, workshops and technical assistance provided to timber industry sector stakeholders, especially through their associations.

The main assumptions for the achievement of the development objective include ongoing compliance with laws and agreements on the implementation of management plans and the origin of timber from legal sources; stakeholders maintain their interest and support the implementation of the project; and willingness of forest entrepreneurs to continue promoting positive change to achieve the sustainable development of the industry by incorporating new forest species in their production processes. The most important risk would be that users of forest resources do not show willingness to comply with forest legislation, show indifference to demonstrate that the forest products they process and market come from legal sources and are not interested in working with new forest species. The countermeasures that the project would take would be to carry out awareness campaigns to change attitudes and to work with users who abide by the current forest legislation, show interest in applying traceability mechanisms and are willing to process new forest species.

The assumptions for the achievement of the specific objective are that timber industry enterprises maintain their openness, are willing to share information and actively participate in project activities. A risk to be considered is that part of the private forest business sector could be reluctant to provide and share information. If this situation were to arise, other sources such as forest authorities would be used

Assumptions related to project outputs include their willingness to improve productivity; willingness of producers and industrialists to share information and interact; maintaining their interest in training and in the use of the project outputs; active participation of entrepreneurs in their organizations and in dialogue spaces; while in relation to forest authorities, the assumption is an ongoing interest in promoting mechanisms to guarantee the legality of timber. The most important risks are that entrepreneurs show little interest in improving their productivity and receiving training and are indifferent to the outcomes of project activities; and that forest authorities do not continue promoting the use of mechanisms to guarantee the legality of timber. To mitigate these potential risks, the project would implement awareness raising campaigns addressed to timber processors, working with proactive entrepreneurs and promoting voluntary mechanisms from the private sector to guarantee the legal origin of timber products.

The overall project budget is US\$ **659,981**, comprising a contribution of US\$ 287,428 from the executing agency (equivalent to **44%** of the total budget) and an ITTO contribution of US\$ **372,553** (equivalent to **56%** of the total budget). Out of the ITTO budget, **54%** (or US\$ 199,800) is allocated to personnel costs, while capital items account for 1% or US\$3,300.

**The project will be implemented in two phases. Each phase will last 15 months. The first phase will begin in the first quarter of 2024 with a total budget of US\$ 291,439, comprising an ITTO contribution of US\$ 166,847 (57.2%), to be provided by the Government of Japan, and a contribution of US\$ 124,592 (42.8%) from the National Forestry Chamber (CNF). The total budget for the implementation of the second phase is US\$ 368,542, comprising a contribution of US\$ 205,706 (55.8%) from ITTO and US\$ 162,836 (44.2%) from the CNF.**

## ACRONYMS AND ABBREVIATIONS

ADEX	Asociación de Exportadores ( <i>Exporters Association</i> )
AEMRU	Asociación de Extractores Madereros y Reforestadores de la Región de Ucayali ( <i>Timber Logging and Reforestation Association of the Ucayali Region</i> )
AGRORURAL	Programa de Desarrollo Productivo Agrario Rural ( <i>Programme for Rural Agrarian Production Development</i> )
AIDER	Asociación para la Investigación y el Desarrollo Integral ( <i>Association for Integrated Research and Development</i> )
AMDU	Asociación de Madereros del Departamento de Ucayali ( <i>Timber Producers Association of the Department of Ucayali</i> )
APROFU	Asociación de Productores Forestales de Ucayali ( <i>Forest Producers Association of Ucayali</i> )
BCRP	Banco Central de Reserva del Perú ( <i>Central Reserve Bank of Peru</i> )
CAPECO	Cámara Peruana de la Construcción ( <i>Peruvian Construction Chamber</i> )
CITEMadera	Centro de Innovación Tecnológica de la Madera ( <i>Center for Wood Technology Innovation</i> )
CNF	Cámara Nacional Forestal ( <i>National Forestry Chamber</i> )
Conafor-PERÚ	Confederación Nacional Forestal del Perú ( <i>National Forest Confederation of Peru</i> )
DAM	Declaración Aduanera de Mercancías ( <i>Customs Declaration of Goods</i> )
EAP	Economically active population
GDP	Gross domestic product
GORE´s	Gobiernos regionales ( <i>Regional governments</i> )
GVA	Gross value added
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
M&SMEs	Micro, small and medium enterprises
MEF	Ministerio de Economía y Finanzas ( <i>Ministry of Economy and Finance</i> )
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> )
MINEDU	Ministerio de Educación ( <i>Ministry of Education</i> )
MINEM	Ministerio de Energía y Minas ( <i>Ministry of Energy and Mining</i> )
MINSA	Ministerio de Salud ( <i>Ministry of Health</i> )
MSEs	Micro and small enterprises
MVCS	Ministerio de Vivienda, Construcción y Saneamiento ( <i>Ministry of Housing, Construction and Sanitation</i> )
NGO	Non-governmental organization
OSINFOR	Organismo de Supervisión de Recursos Forestales Maderables ( <i>Timber Forest Resources Supervisory Agency</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> )
SMEs	Small and medium enterprises
SUNAT	Superintendencia Nacional de Administración Tributaria ( <i>National Tax Administration Department</i> )
TU	Taxable unit
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**

This project proposal draws on the various projects implemented by the CNF in cooperation with national forestry authorities (INRENA, National General Forest and Wildlife Directorate and SERFOR) and with the technical and financial support of ITTO, as follows:

- 1990 – 1993: PD 37/88 Rev.3 (I) “Industrial utilization of new forest species in Peru”. This project developed technical fact-sheets for 23 species, describing different aspects of the species from the identification of trees in the forest to the end uses of harvested timber, including major timber processing features.
- 2004 – 2006: PD 23/00 Rev. 4 (F) “Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers”. Among other actions, training was developed and provided through 12 forest education modules mainly aimed at forest concessionaires that were just starting to implement forest management plans required by the newly enforced legislation of the time; one of the modules focused on forest product marketing and markets.
- 2007 – 2010: PD 421/06 Rev. 2 (F) “Strengthening of the production chain for timber from forest concessions and other forests under management”. This project developed business plans using a participatory approach with participating entrepreneurs, with a view to improving their understanding of how to conduct more articulated businesses based on their knowledge of market requirements and the great production potential of managed forests (forestry potential), especially lesser-known species, as well as the significance of producing an increasing number of higher value-added products. It was understood that the harvesting of timber from officially managed forests is a business mechanism to promote timber exports, but it requires support for small and medium producers to expand the export supply of Peruvian timber to international markets, which would benefit the communities involved in forestry activities. During the implementation of the project, it was observed that entrepreneurs, directors, executives and other decision-making personnel of participating companies had serious deficiencies in managerial aspects that needed to be addressed for better business management.
- 2012 – 2016: As a result of its previous experiences, CNF developed and implemented two projects – 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”.

Based on the experience of its technical and managerial team, particularly from the projects already implemented, CNF has identified that forest producers, mainly comprising forest concessionaires and native communities, as well as timber processors, have limited technical and managerial capacity to manage their companies efficiently, using very little timber volume in relation to the forestry potential of Amazon forests, and that even though a larger number of timber species have already entered the market, the harvesting of species and timber yield levels continue to be low in relation to existing potential.

Against this background and considering the mega trends of market globalization, the growing preference for ecological products, more demanding and environmentally concerned consumers, and fast technological developments, all forest production activities must demonstrate the legal origin of forest products under the Forest and Wildlife Law in order to contribute to sustainable forest harvesting and improved forest businesses for the strengthening of forest producers and the timber industry. Thus, CNF’s technical team, in cooperation with forest sector stakeholders, proposed to develop this project to strengthen technical and business management in the forest industry based on timber harvested from the Peruvian Amazon Region.

### **1.2 Relevance**

#### **1.2.1 Conformity with ITTO’s objectives and priorities**

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:

- The proposed project will promote strategies for achieving exports of timber products from sustainably managed sources (*Objective d*).



- Furthermore, the project will promote improved understanding of the conditions in international markets as well as consumer preferences (*Objective e*).
- Market intelligence will be improved by providing data on prices and marketed species (*Objective h*).
- The project will encourage better organized processing so as to foster better use of raw materials and thus promote efficient industrialization, thereby increasing employment opportunities and export earnings (*Objectives i*).
- The project will improve marketing and distribution of timber exports from sustainably managed sources as well as legal trade (*Objective k*).
- The project will encourage information sharing for a better understanding of voluntary mechanisms such as certification of managed forests (*Objective o*).
- The project will strengthen capacities to improve forest law enforcement and governance and will contribute to the reduction of illegal logging and related timber trade (*Objective n*).

Moreover, this project is consistent with the priorities established in the ITTO Action Plan 2008-2011. The main aspects considered in the proposal are as follows:

- Assisting forest industry enterprises to develop their organizational, leadership, management and marketing skills by increasing forest sector production. ITTO is also constantly working on strategies to increase efficiency in the processing and marketing activities of forest enterprises, thereby generating incentives and funding for sustainable forest management (Strategic priority 2).
- Promoting the use of a wide range of tropical timber species from forests under sustainable management. The sustainability of forest biodiversity depends on the ability to improve the use of species through the sustainable management generated by products and services (Strategic priority 3).
- Assisting enterprises to develop capacities to enhance trade in forest goods and services from sustainably managed forests (Strategic priority 6).

### 1.2.2 Relevance to submitting country's policies

The project complies with the principles and objectives of the National Forest Policy, approved in 2013, relating to the following guidelines for each policy area:

- Policy area 1: *Institutional framework and governance*. In accordance with guidelines "2g. Strengthening of capacities of public and private stakeholders, in order to facilitate their informed, proactive participation in forest management" and "2h. Implementation of a multi-user, interconnected, efficient, accessible and user-friendly national information system to enable the collection, systematization, management and dissemination of information on the forest sector", the project will generate useful and available information to be shared with various users in both the public and private sectors.
- Policy area 2: *Sustainability*. In accordance with guideline "1a. Promoting the diversified and integrated use of the national forest resource base", the project will promote the harvesting of a larger number of forest species and the diversification of both timber and non-timber forest products and benefits as well as forest environmental services with marketing potential. According to guideline "1e. Promoting trade in forest products under legal and sustainable harvesting, marketing and traceability systems", the project will promote the marketing of forest products of legal origin from sustainable sources.
- Policy area 3: *Competitiveness*. According to guideline "f. Development of a forest value chain that favours the integrity of all processes and stakeholders in the business sector", project actions will strengthen the value chain of timber and non-timber products, providing updated market and marketing information along each of the links of the value chain.
- Policy area 5: *Knowledge, science and technology*. In accordance with guideline "1a. Capacity building in public and private institutions related to the forest sector so as to promote the competitiveness of production activities and high value-added processing", the project will carry out events to build the capacities of various stakeholders involved in forest activities in both the production and commercial sectors, as well as public servants. The project is also consistent with guideline "2d. Analysis of markets, production chains and demand requirements for new or lesser-known species with potential for sustainable harvesting" as it will implement market surveys with an analytical focus on the supply and demand of forest products and services along the value chain, considering the forestry potential of lesser-known species.

The following project-related activities are provided for under the Forest and Wildlife Law – Act No. 29763 (Art. 131):

- Diversified and integrated harvesting of forest resources, seeking optimum use of a larger number of species and their integration into the production chain (*item a*).
- Access to technology, training, technical assistance, information and markets (*item d*).

The project is also related to the guidelines of the Agrarian Policy in terms of forest development and access to markets and production chains. It will collect information that will enable producers to diversify their products and services, and reach previously unknown markets, thus promoting forest development in the country.

The National Plan for Production Diversification, presented in 2014 by the Ministry of Production (PRODUCE), is divided into three policy areas: production diversification, reduction of cost overruns and regulations, and productivity enhancement. The most important factor in the development of these policy areas is to understand the market.

The Ministry of Foreign Trade and Tourism – MINCETUR has established the National Strategic Export Plan 2025 – PENX. As part of the government policy, this Plan focuses its strategy on four pillars: the internationalization of enterprises and market diversification; diversified, competitive and sustainable export supply; foreign trade facilitation and efficiency in the logistic chain; and finally, capacity building for globalization and consolidation of an export culture.

In their strategic plans, the regional governments of Madre de Dios and Ucayali state the need to "enable the industrial processing of natural and other resources generating higher value-added for export"; the objectives of the regional governments are in line with ITTO objectives "i" and "k".

### 1.3 Target area

#### 1.3.1 Geographic location

The project's target area will be strategically located in the Amazon departments of Ucayali and Madre de Dios and in Lima, the capital of the Republic of Peru. These two Amazon departments together produce 40% of the national sawnwood production, with 845 companies participating in the timber processing industry, that are the main suppliers of timber products for the national and international markets. On the other hand, the department of Lima is the main market for domestic consumption of timber products as well as the most important export hub for the international market, as it is home to the largest group of national exporters. The following table describes the project area.

Geographic location of the project area

Department	Description
Ucayali	Located in the central-eastern tropical forest area of Peru, between geographical coordinates 07°20' and 11°27' latitude south and 70°29' and 75°58' longitude west. It has a total area of 102,411 km <sup>2</sup> , which accounts for 7.9% of the national territory and 13.8% of the country's tropical forest region. Its capital is the city of Pucallpa, located at 154 meters above sea level and 842 km from the city of Lima, on the left bank of the Ucayali River. Its climate is warm and humid. It has a population of 496,459 (50.5% men and 49.5% women).
Madre de Dios	Located in the south-eastern region of Peru, between geographical coordinates 9°55' and 13°20' latitude south, and 68°39' and 72°23' longitude west. It has a total area of 85,301 km <sup>2</sup> , which accounts for 6.6% of the national territory and 11.6% of the country's tropical forest region. Its capital is Puerto Maldonado located at 139 meters above sea level and 2,024 km from the city of Lima. It has a warm and humid tropical climate. This region has a population of 141,070 (52.3% men and 47.7% women).
Lima	Located in the central-western region of the Peru, it covers both inter-Andean and coastal areas, between geographical coordinates 10°16' and 13°19' latitude south and 75°30' and 77°53' longitude west. It covers a land area of 34,801 km <sup>2</sup> that accounts for 2.7% of the national territory. It has an estimated population of 9,485,405 (51.2% women and 48.8% men) and its capital is the city of Lima.

### 1.3.2 Economic, environmental, cultural and social aspects

#### Social, cultural and economic aspects

The population of Peru in 2017 was 31,237,385 with an annual growth rate of 1.01%. It is therefore estimated that by 2020 the country's population will increase to 32,83,909. Likewise, the BCRP indicates that Peru's GDP increased by 2.16% last year (2019), in line with the growth trends of the past 5 years.

In 2017, the average monthly per capita income was US\$ 333 for the department of Ucayali with a wage gap between men and women of 30.2%, equivalent to US\$ 100.6; for Madre de Dios it was US\$ 476 with a wage gap of 37.9%, equivalent to US\$ 180; and for the department of Lima it was US\$ 549 with a wage gap of 28.2%, equivalent to US\$ 155. In 2019, the employability and salaries of women in the formal sector is reported to have increased by 4% and 2,8%, respectively.

In 2017, economically active population (EAP) was 201,512 (63.0% men and 37.0% women) in the department of Ucayali, 67,301 (63.4% men and 36.6% women) in the department of Madre de Dios, and 4,137,455 (57.0% men and 43.0% women) in the city of Lima. **In forest sector enterprises, women represent 15% of the total operational staff and 45% of the total administrative staff.**

According to INEI reports, the activities that contribute most to Gross Value Added (GVA) in the department of Ucayali are trade (US\$ 211 million) followed by manufacturing (US\$ 170 million) and then agricultural, livestock, hunting and forest activities, which are directly related to the harvesting, processing and marketing of timber (US\$ 116 million). In Madre de Dios, the activities that contribute most to GVA are mining (US\$ 269 million) followed by trade, agriculture, livestock ranching, hunting and forestry, and manufacturing (US\$ 32 million, US\$ 46 million and US\$ 32 million, respectively). As can be clearly seen, forestry is a particularly important economic activity in the departments of Ucayali and Madre de Dios, not only because of the trade it generates, but also because of the number of people employed throughout the timber production chain. On the other hand, the profitability for these businesses increases when timber is efficiently used by giving a higher value added to the product and it is directed to the country's main markets, including both national (Lima and Arequipa) and international markets. In forest production activities, the main role of women is focused on the quality control of wood products, due to their meticulous work skills and attention to detail, while the role of men is centered mostly on business management and field work.

The project will promote the increased participation of women and the enhancement of their role as key stakeholders, which is in line with and reinforces ITTO's Policy Guidelines on Gender Equality and the Empowerment of Women (GEEW).

According to CITEmadera, in 2015 there were 24,495 enterprises throughout Peru involved in timber forestry activities. Out of this total, 96.28% were micro enterprises, 3.45% small enterprises, 0.11% medium enterprises and 0.15% large enterprises. The total national turnover was US\$ 1,385 million, distributed as follows: medium and large enterprises (which only represent 0.26% of the national total) had a turnover of US\$ 568 million (41.0%); while the sum of all micro and small enterprises only had a turnover of US\$ 831 million, despite the large number of this type of enterprises in the country (99.74%). However, for 2019, SUNAT reported that there were 806 forest enterprises in the department of Ucayali and 701 in Madre de Dios. Annex 4 shows this distribution.

#### Environmental aspects

The departments of Ucayali and Madre de Dios have extensive forested areas, which are part of the tropical rainforests of the Peruvian Amazon region. Ucayali has a total forested area of 9,336,773 ha, equivalent to 91.4% of its land area and Madre de Dios has a total of 7,905,744 ha, equivalent to 92.7% of its land area. One of the main problems for both departments is the loss of forests, particularly through land-use changes. In the 2001–2018 period, a total of 384,474 ha was deforested in the department of Ucayali (3.8% of its land area) and 209,733 ha in the department of Madre de Dios (2.5% of its land area).

According to forest inventories conducted by INRENA in 2003 over 3,349,511 ha of production forests in Ucayali and 2,285,448 ha of Permanent Production Forests (PPF) in Madre de Dios, a total volume of 127.3 m<sup>3</sup>/ha was reported for Ucayali and 181.8 m<sup>3</sup>/ha for Madre de Dios. Species volumes reported in Ucayali are as follows: cedar (0.8 m<sup>3</sup>/ha); lupuna (6.7 m<sup>3</sup>/ha), shihuahuaco (5.7 m<sup>3</sup>/ha), quinilla (5.0 m<sup>3</sup>/ha), moena (2.5 m<sup>3</sup>/ha), tahuarí (2.2 m<sup>3</sup>/ha), ishpingo (1.3 m<sup>3</sup>/ha), copaiba (9.1 m<sup>3</sup>/ha), catahua (6.1 m<sup>3</sup>/ha), cumala (5.5 m<sup>3</sup>/ha), manchinga (5.0 m<sup>3</sup>/ha), mashonaste (3.2 m<sup>3</sup>/ha), pashaco (2.1 m<sup>3</sup>/ha), among other species. For Madre de Dios the species were: cedar (0.8 m<sup>3</sup>/ha) shihuahuaco (7.7 m<sup>3</sup>/ha), lupuna (5.8 m<sup>3</sup>/ha), quinilla

(5.7 m<sup>3</sup>/ha), moena (3.9 m<sup>3</sup>/ha, tahuarí (2. 2 m<sup>3</sup>/ha), manchinga (10.6 m<sup>3</sup>/ha), mashonaste (4.1 m<sup>3</sup>/ha), renaco (3.8 m<sup>3</sup>/ha), cumala (3.3 m<sup>3</sup>/ha), ana caspi (2.7 m<sup>3</sup>/ha), and itauba (1.6 m<sup>3</sup>/ha), among others.

Timber processing enterprises in the department of Ucayali are mainly located in the provinces of Coronel Portillo (in the city of Pucallpa) and Padre Abad. In Madre de Dios, they are located in the provinces of Tambopata (in the city of Puerto Maldonado) and Tahuamanu.

The project is aligned and consistent with the principles and regulations of the ITTO Environmental and Social Management Guidelines, especially those related to the forest industry, such as Environmental and Social Standard - ESS 7: Forest product production and processing (wood and non-wood).

#### **1.4 Expected outcomes at project completion**

The following outcomes will have been achieved at project completion:

- Timber processing companies are more efficient in the management of their enterprises, in both technical and business aspects, harvesting a larger number of forest species, obtaining better yields from raw materials, increasing their income and improving their levels of capitalization. As a result, forest producers (concessionaires and native communities) are managing their forests, after having increased the number of species harvested, thus obtaining a greater volume of timber per hectare.
- Enterprises are working with legally sourced timber and are using traceability mechanisms and tools in their supply and processing chains to guarantee legality.
- Families involved in the forest sector have better quality of life and are represented in forest governance, and women are actively participating in the sector.
- Relatively speaking, the country has improved in terms of exports of forest products and its trade balance, using timber species from the Peruvian Amazon region.

This will include the following:

- 40 timber companies improve their competitiveness
- 40 timber processing companies use chain of custody, timber traceability and/or logbook registration methods in their production and/or marketing processes
- 20 logging companies use due diligence mechanisms for the acquisition of legally sourced timber
- 40 people (at least 30% women) are trained in timber product marketing techniques
- 20 new forest business opportunities are identified and implemented with project intervention
- 400 people (at least 30% women) strengthen their business management skills in the forest industry sector

## PART 2. PROJECT RATIONALE AND OBJECTIVES

### 2.1 Rationale

#### 2.1.1 Institutional set-up and organizational issues

Based on the profile of the Project, the institutional set-up for its implementation will be made up of a private organization and a public agency related to the forest sector, as described below.

#### National Forestry Chamber – CNF

The CNF was established more than 30 years ago 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* -- PRO NATURALEZA); 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 functions 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 stable 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.

The CNF, as the executing agency, will be responsible for the institutional communication and coordination of the project. At the beginning of project implementation, a communication plan will be developed and the CNF will designate a professional who will coordinate its implementation. Communication and outreach activities will be carried out both externally, prioritizing the project's target beneficiaries and other stakeholders linked to forest activities, and internally, among the members of the institution and its staff. Project activities, as well as project outputs, topics of interest, opinions, etc. will be disseminated through the Internet, the institutional web portal, emails, as well as through the use of social media networks, such as Facebook and WhatsApp, among others, which will ensure a fluid, fast, powerful and low cost communication process. Video conference platforms will also be used.

The expertise of the CNF as an executing agency stems from the fact that it is a non-profit forestry association, representative of the forest sector and composed of a number of forest-related institutions, such as forest production associations, environmental and development NGOs, academia and organizations of forest engineers and indigenous communities, among others. It promotes sustainable forest development in the country and participates in various spaces and fora where technical and political issues of national importance

are discussed. The CNF has executed a series of projects, in the areas of both forest management and forest industries, including six ITTO-sponsored projects and one support activity for the 5th Latin American Forestry Congress, organized by the CNF, in close cooperation with the National Forest Authorities (SERFOR and the Natural Resources Institute), all of which have culminated satisfactorily, mainly benefiting national stakeholders in forest production activities (Annex 1).

#### **National Forest and Wildlife Service – SERFOR**

The National Forest and Wildlife Service – SERFOR is responsible for proposing policies, strategies, regulations, plans, programs and national projects related to the sustainable harvesting of forest and wildlife resources and associated genetic resources in consonance with the National Environmental Policy and environmental regulations. Its functions include the development of proposals for policies, regulations, plans, programs, strategies and projects for the management, control, administration and promotion of the conservation and sustainable harvesting of forest and wildlife resources, as well as taking actions for the implementation of national and international agreements and commitments signed by Peru in the field of conservation and sustainable utilization of wild fauna and flora in coordination with the foreign trade sector.

## 2.1.2 Stakeholder analysis

Stakeholder group	Characteristics	Problems, needs, interests	Strengths	Involvement in the project
<b>Primary stakeholders</b>				
Micro timber enterprises	They have small-scale infrastructure and limited machinery for wood working and finishing. Widely dispersed and volatile (short-lived) companies, staff generally remain in the timber industry	Poor knowledge of timber product markets, utilization of a very limited number of forest species, low competitiveness, obsolete machinery and poorly qualified personnel	Interested in improving their technical, production and management capacities	Primary project stakeholders. Primary source of information. The greatest number of microenterprises will be identified, and their formalization and participation in associations will be promoted. Their production capacities will be strengthened
Small timber enterprises	They have wood resawing, working and finishing infrastructure. Limited knowledge and interest about the legal origin of the raw materials (timber).	Little knowledge of timber product markets, utilization of a very limited number of forest species, low competitiveness, poorly qualified personnel and obsolete machinery	Interested in increasing the supply of timber products according to market requirements and demands Willingness to improve business competitiveness	Primary project stakeholders. Primary source of information. Awareness and training on the benefits of processing legally sourced timber will be provided
Medium timber enterprises	They have wood sawing, resawing, working, finishing and drying infrastructure. There is only a small number of medium enterprises. However, they have more personnel and better raw materials (timber) processing practices and can serve as a model for the development of small enterprises.	Little knowledge of timber product markets. Limited use of forest species. Poorly qualified personnel and obsolete machinery.	Interested in improving production capacity Willingness to improve their processing and to apply business strategies. Willingness to improve market knowledge.	Primary project stakeholders. Primary source of information The project will strengthen the production capacities of these enterprises together with those of small enterprises.

Stakeholder group	Characteristics	Problems, needs, interests	Strengths	Involvement in the project
Timber product exporting companies	They conduct foreign trade. They are interested in increasing export volumes. However, they have limited interest in aligning with sustainable forest management.	Insufficient supply of timber and timber products that meet international market standards	Trust in the institutions	Primary project stakeholders. Primary source of information. Exporters will be made aware of the benefits of forest management for conservation and forest production.
Forest concessionaires	They control extensive areas of forest and are timber loggers. In some cases, they have their own sawing machinery. They are responsible for implementing forest management, they know about production methods in the forest, but there is limited articulation with the rest of the production chain.	Low capacity for integrated forest use, limiting logging to a reduced number of forest species and obtaining low timber yield levels.	Interested in increasing the production capacity of forests by focusing on a greater number of species	Primary stakeholders, as forest producers through their forest management activities. Primary source of information. The project will develop capacities based on their experience and strengthen their articulation with other links in the timber production chain.
Producer associations: AEMRU, AMDU, APROFU, CONAFOR-PERÚ, Cámara de Segunda Transf. de Ucayali ( <i>Secondary Process. Assoc. of Ucayali</i> ) Asociación de Mueblería Sr. de Coylloriti ( <i>Furniture Makers' Association</i> )	These organized groups have potential to promote more associations. The participation of these associations is vital for the implementation of the project strategy aimed at reaching target beneficiaries, however, they are currently weakened.	Weak leadership to attract a larger number of members.	Involved in facilitating dialogue, dissemination of information, organization of activities and events aimed at ensuring increased participation of members, signing of agreements.	Primary stakeholders representing organizations of timber producers and processors. Primary source of information. The project will support actions on an ongoing basis to coordinate and strengthen partnerships.



Stakeholder group	Characteristics	Problems, needs, interests	Strengths	Involvement in the project
<b>Secondary stakeholders</b>				
Private organizations: ADEX, Chambers of commerce	Institutions involved in the development of export enterprises. They are interested in increasing the marketing of forest products, but they provide very limited support to the forest sector.	To obtain information on export demand for forest products	Experience and knowledge about the requirements of international markets	Secondary source of information. The project will organise events with these institutions to promote forest activities.
Public promotion organizations: SERFOR, MINAGRI, OSINFOR, PRODUCE, PROMPERÚ, CITEmadera, CITEforestal	Public institutions that help promote the marketing of forest products for the export market. They organise events to promote forest production activities.	Limited knowledge and experience about timber traceability and control to promote the marketing of timber products	Knowledge about negotiations and official requirements for the transport and marketing of wood products. Promoting national consumption and exports.	Secondary sources of information. They can participate in the implementation of some activities. The project will participate in and co-organise forest related events with these organizations.
National public organizations that are timber consumers, such as the following ministries: MINEM, MVCS, MINEDU, MINSA)	Public institutions that promote the acquisition of timber products through different social programs at the national level. National programs require large volumes of legally sourced timber, however, they do not prioritise timber sourced from the Amazon region.	Limited knowledge on how to use timber from Amazon forests in social programs	Include the use of timber for construction, furniture making, etc. in their social programs, taking into account the availability of many potentially suitable species in managed forests	Secondary source of information. They can promote the use of lesser-known forest species. The project will promote the use of timber sourced from managed forests in the Amazon region.

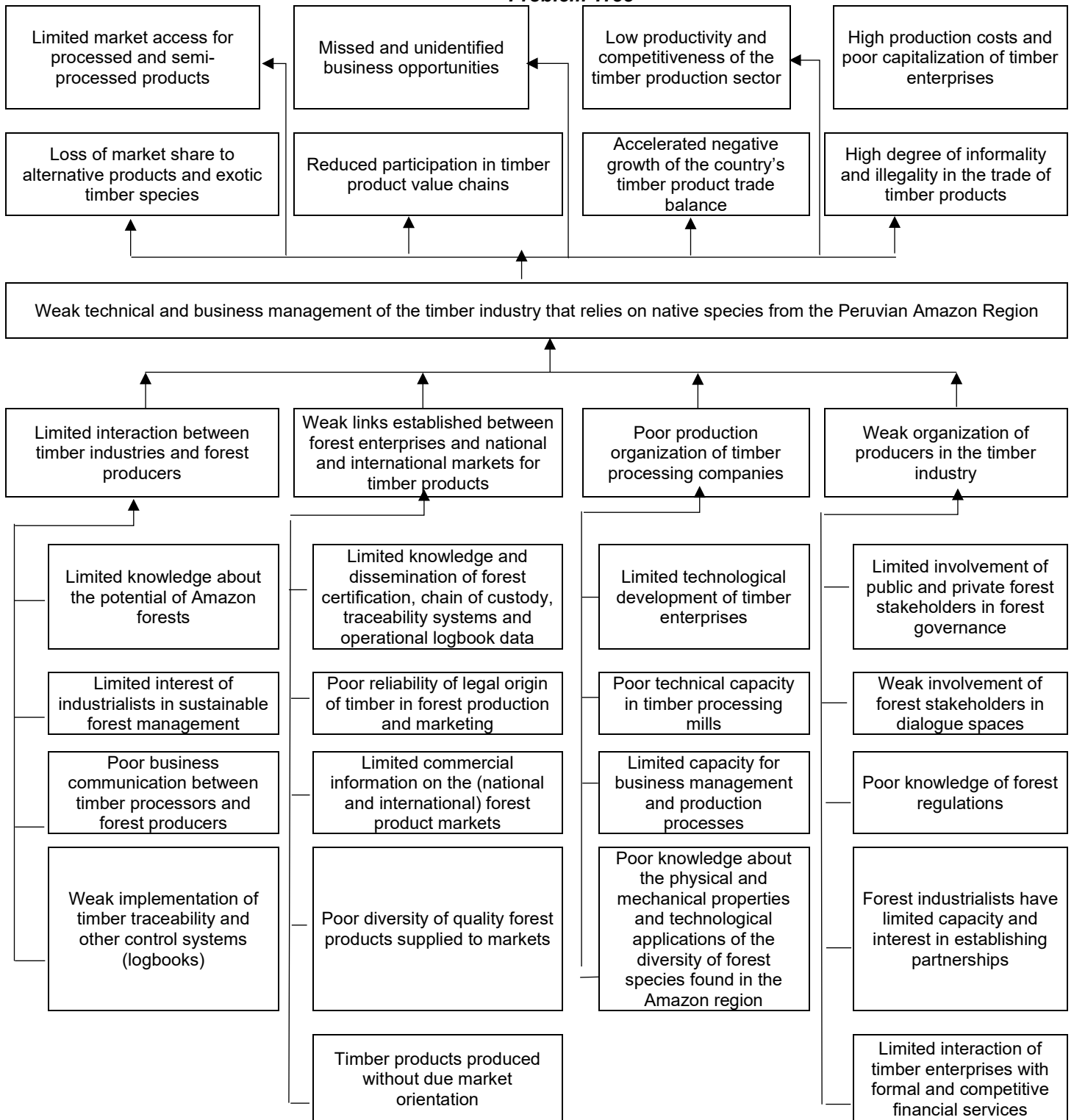
<b>Stakeholder group</b>	<b>Characteristics</b>	<b>Problems, needs, interests</b>	<b>Strengths</b>	<b>Involvement in the project</b>
GOREs (Regional Governments)	They contribute to sustainable integrated development by promoting both public and private investments. Forestry functions and responsibilities have been transferred to the regional governments of Ucayali and Madre de Dios, but they have limited capacities for the management of these resources.	They require technical assistance to implement regional forest development policies	Forest authorities with the resources to promote development	Secondary stakeholders. Secondary sources of information. The project will promote joint activities with these regional governments.
NGOs	They actively participate in the implementation of development plans. They contribute to the development of regional forest activities. However, very few actions are aimed at timber production activities.	Insufficient financial resources	Experience in development activities and financial management	Direct participation in project activities aimed at capacity building among stakeholders. The project will promote collaborative work and the development of synergies with these organizations.
<b>Tertiary stakeholders</b>				
Other public institutions: MEF (Ministry of Economy and Finance)	Through its national multi-annual programming and investment management system, it guides the use of public investment resources for the provision of services and infrastructure as required for the country's development	Poor knowledge of the national forest potential to sustainably meet timber needs of both national and international markets	Financial resources are available to support the adoption of national social programs that use timber as a construction material and in the furniture industry, as well as to support the promotion of forest product exports	Will participate in the organization and implementation of public investment workshops and meetings

<b>Stakeholder group</b>	<b>Characteristics</b>	<b>Problems, needs, interests</b>	<b>Strengths</b>	<b>Involvement in the project</b>
Financial institutions	Financing sources for local development	They lack the means to finance cooperation activities	Experience in providing loans for local development	Will participate in areas related to the provision of credit facilities
SUNAT	Promotes tax and customs compliance	Lack of attention to timber entrepreneurs	An influential authority in society	Will cooperate in tax related matters

The primary project beneficiaries will be micro, small and medium enterprises (MSMEs) in the timber processing industry that market their products for the national and/or export markets, as well as entrepreneurs and technical and administrative personnel, including both men and women, who participate in the production and/or management of these enterprises within the project area.

### 2.1.3 Problem analysis

**Problem Tree**



Peru has large areas of natural forests, with the second largest Amazon forest area in South America which covers a total of 69,020,330 hectares, and these forests are characterized by high diversity of forest species and by high volumes of potentially harvestable species whose timber can be processed and marketed. However, processing companies only use a few species and operate with serious weaknesses as they have not developed sufficient capacity in the industrial forest sector. This is the case with forest MSMEs (micro and small enterprises), which together account for 99.8% of national forest enterprises (2019). In this context, the key problem identified is the weak technical and business management of the timber industry that relies on native species from the Peruvian Amazon Region. Four main causes have been identified as the reasons for this problem:

Firstly, the limited interaction between timber industries and forest producers, as forest managers harvest their forests almost without being aware of what the forest industry requires for production to meet the needs of timber-product markets. Moreover, industrialists have limited knowledge about the full potential of forests. In other words, they are unaware of the great potential of production forests and little is done to achieve integrated forest utilization. The common practice is in fact the marketing of only a few species, producing low quality logs and dimensions that do not optimize yields, with high levels of waste and low efficiency in the production process, at both the forest and the industrial mill, resulting in an extremely deficient utilization of forest resources.

The second cause identified is that forest enterprises are not appropriately linked to national and international timber product markets. In general terms, both forest producers and industrialists are poorly informed about the timber products that are in demand in these markets in terms of quantity, quality, product characteristics, consumer needs and preferences, new market trends, etc. Normally, timber harvesting and processing activities are implemented using traditional methodologies, with high production costs, technologies not adapted to current conditions, and limited implementation of timber traceability systems, which does not allow the industry to guarantee the legality of timber products. All of this is contributing to the loss of (both national and international) markets, the introduction of substitute products (melamin boards), an increase of exotic wood consumption, mainly pine species, an increasingly unfavorable trade balance of timber products for the country, etc.

The third cause identified is the poor production organization of timber processing enterprises, as these companies are not well organized in their production or administration and entrepreneurial activities, demonstrating serious weaknesses in their management structures. These companies are technologically outdated and timber processing mills (sawmills and secondary processing industries) are managed with limited technical capacity. Furthermore, they have very limited knowledge about the mechanical properties and technological applications of the timber they process, as well as on other species they could potentially use. They only process a limited number of timber species, discarding other species that have great potential and could be suitable for both the industry and end consumers.

The fourth and final cause identified is the poor organization of timber industry producers due to the limited involvement of public and private forest stakeholders in forest governance; the weak involvement of forest-related stakeholders in dialogue spaces; the poor knowledge of forest regulations; the fact that forest industrialists have limited capacity and interest in establishing partnerships; and the low levels of interaction between timber enterprises and formal and competitive financial services.

The weak technical and business management skills that characterize the timber industry that relies on native species from the Peruvian Amazon region (the key problem) causes a series of negative effects in the forest production system, for enterprises and especially for the population that depends on forest resources for its livelihood and development. These include a high degree of informality and illegality in the trade of timber products, accelerated negative growth of the country's timber product trade balance, reduced participation in timber product value chains, loss of market share to alternative products and exotic timber species, and limited access to markets for processed and semi-processed products. Furthermore, there are many business opportunities that are not identified and that are therefore missed and there is low productivity and competitiveness in the timber production sector with high production costs and low levels of capitalization in timber enterprises. In general terms, this problem is hindering the development of the forest economy in the country and contributing to the low quality of life of the communities that depend on forest resources for their livelihoods.

To address the key problem, the project will ensure that the timber industry that relies on native species from the Peruvian Amazon region is both technically and entrepreneurially managed in an efficient manner. To this end, the project will work towards ensuring that timber industrialists in timber processing mills and forest producers, including forest concessionaires and native communities, have increased interaction in relation to forest businesses so that they can interrelate in their production activities and thus make more efficient use of forest resources. Furthermore, forest enterprises will be encouraged to operate in a manner that is in line with the demands of national and international markets for timber products, so that individual enterprises can direct their production in relation to market requirements in terms of products, quantity, quality, certification, etc. Likewise, there will be an efficient management of production organization in timber processing enterprises and the organization of producers in the timber industry will be strengthened through enhanced participation and interest of forest stakeholders.

## 2.1.4 Logical Framework Matrix

PROJECT ELEMENTS	MEASURABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><b>Development objective:</b> Contribute to the sustainable development of the country's timber industry, promoting formal, efficient and competitive market-oriented forest enterprises, taking advantage of business opportunities articulated with value chains, and marketing products based on the use of timber from legal sources in managed forests in the Amazon Region of Peru for the benefit of Peruvian society and, in particular, the men and women that depend on the forest for their livelihoods.</p>	<ul style="list-style-type: none"> <li>• 2 years after project completion, 40 enterprises are producing and marketing processed or semi-processed timber products sourced from legally managed forests</li> <li>• 2 years after project completion, the timber product trade balance improved 10% annually</li> <li>• 2 years after project completion, 10% annual increase in exports of timber products sourced from Amazon forests</li> <li>• 1 year after project completion, Amazon forest production articulated with 4 timber value chains</li> <li>• 2 years after project completion, 5 new or lesser-known forest species from the Amazon Region are introduced into the market</li> <li>• 2 years after project completion, 40 timber enterprises increase their income and capitalization levels</li> <li>• 2 years after project completion, 160 families improve their quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• Reports from SERFOR, ARFFS, GOREs as well as project reports</li> <li>• Reports from ADEX, MINCETUR and SUNAT regarding exported timber</li> <li>• Project reports</li> <li>• Surveys and interviews</li> <li>• Photographs</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing compliance with laws and agreements on the implementation of management plans and the origin of timber from legal sources</li> <li>• Stakeholders maintain their interest and support the implementation of the project</li> <li>• Willingness of forest entrepreneurs to continue promoting positive change to achieve the sustainable development of the forest industry by incorporating new forest species in their production processes</li> </ul>
<p><b>Specific objective:</b> Strengthen the technical and business management of the forest industry that relies on timber species from the Peruvian Amazon Region.</p>	<p><b>At project completion:</b></p> <ul style="list-style-type: none"> <li>• 40 timber enterprises improve their competitiveness</li> <li>• 40 timber processing enterprises use chain of custody, timber traceability and/or operational logbooks in their production and/or marketing processes</li> <li>• 20 timber enterprises use due diligence mechanisms for the acquisition of legally sourced timber</li> <li>• 40 people, inc. 30% women, are trained in the marketing of timber products</li> <li>• 20 new forest business opportunities are disseminated and taken advantage of with project support</li> <li>• 400 people, inc. 30% women, strengthen their technical capacities in business management of the forest industry</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Event proceedings</li> <li>• Record of participants</li> <li>• Organizations' reports</li> <li>• Company reports</li> <li>• Agreement documents from dialogue spaces</li> <li>• Attendance records</li> <li>• Photographs</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Timber industry enterprises maintain their openness, are willing to share information and actively participate in project activities</li> <li>• Ongoing interest of national and regional forest authorities to promote mechanisms to guarantee the legality of timber</li> </ul>

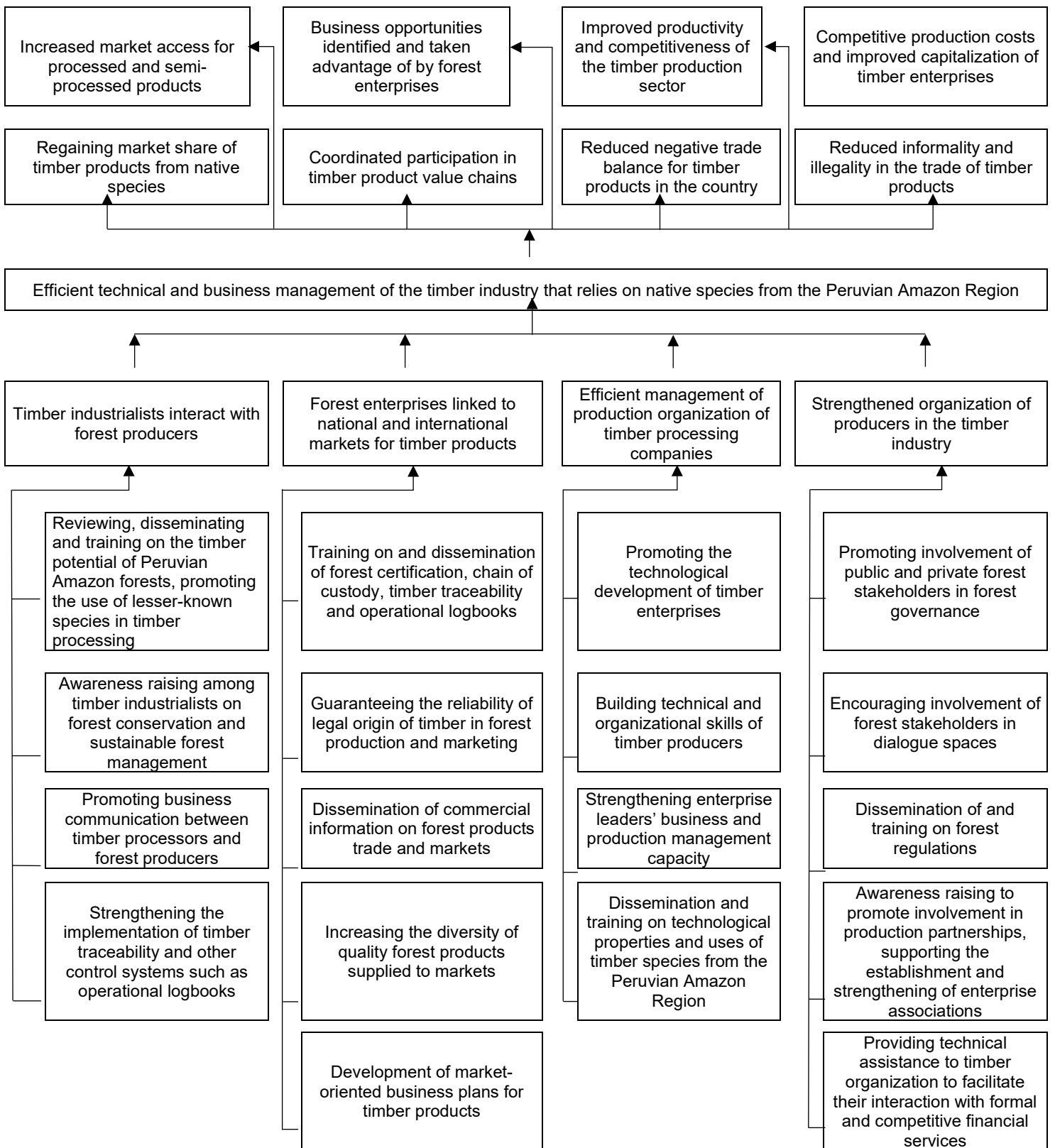
PROJECT ELEMENTS	MEASURABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><b>Output 1:</b> Timber industries are interacting with forest producers</p>	<ul style="list-style-type: none"> <li>• 1 study on the potential of managed forests in Madre de Dios and Ucayali by the first year of the project</li> <li>• 7 training workshops on forest potential in managed forests, 3 by the first year and 4 by the first half of the second year of the project</li> <li>• 140 people trained on the potential of managed forests, inc. 30% women</li> <li>• 4 awareness-raising events on forest conservation and sustainable forest management for timber processing industries by the second year of the project</li> <li>• 40 timber processing enterprises are interrelated with other timber companies in Lima, Madre de Dios and Ucayali</li> <li>• 160 technical assistance provided to enterprises in forest certification, chain of custody, timber traceability and operational logbooks</li> </ul>	<ul style="list-style-type: none"> <li>• Study document on forest potential</li> <li>• Reports of workshops/ courses, photographs, attendance records.</li> <li>• Agreements between forest producers and timber industries</li> <li>• Report of technically assisted companies</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of secondary information to determine the regional forestry potential</li> <li>• Willingness of producers and industrialists to interact and share information</li> <li>• Willingness of enterprises in the timber industry to receive training and technical assistance</li> </ul>
<p><b>Output 2:</b> Forest enterprises are linked to national and international markets for timber products</p>	<ul style="list-style-type: none"> <li>• 1 due diligence mechanism on the acquisition of legal timber identified, promoted and implemented by the first half of the second year of the project</li> <li>• 8 training workshops on the use of due diligence mechanisms for the acquisition of timber of legal origin and record of stakeholders along the timber value chain – 6 workshops by the second year and 2 workshops by the third year</li> <li>• 80 representatives of timber processing companies -inc. 30% women- trained in the application of due diligence mechanisms</li> <li>• 4 electronic newsletters on prices of timber products and forest production services published every 6 months, starting from the second half of the first year of the project</li> <li>• 200 technical assistance services on industrial innovation in timber processing to forest industry managers</li> <li>• 6 market-oriented business plans for timber products developed by the second year of the project</li> <li>• 54 technical assistance services provided for the implementation of business plans</li> </ul>	<ul style="list-style-type: none"> <li>• Forest transport waybills, bills of lading, Customs Declaration of Goods (DAM), project monitoring report, photographs</li> <li>• Proceedings of training workshops, photographs and brochures.</li> <li>• Electronic newsletters posted on the web portal</li> <li>• Technical assistance reports</li> <li>• Business plan documents</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness of enterprises in the timber industry to receive training and technical assistance</li> <li>• Willingness of forest industry enterprises to innovate and implement innovative business plans</li> </ul>



PROJECT ELEMENTS	MEASURABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><b>Output 3:</b> The production organization of timber processing companies is efficiently managed</p>	<ul style="list-style-type: none"> <li>• 6 proposals for technological development submitted and promoted to timber companies</li> <li>• 6 workshops on technology and timber production organized – 2 by the first year and 4 by the second year of the project</li> <li>• 120 technicians from timber processing companies trained in wood technologies and production processes, at least 25% women</li> <li>• 6 workshops on business management and production aimed at business leaders – 2 by the first year and 4 by the second year of the project</li> <li>• 1 fact-sheet booklet on technological properties and uses of timber species from Peruvian Amazon forests produced and disseminated by the first half of the second year of the project</li> <li>• 3 dissemination events on the use of tropical timber – 2 by the second year and 1 by the third year of the project</li> </ul>	<ul style="list-style-type: none"> <li>• Technology development proposal documents</li> <li>• Training workshop reports</li> <li>• Technological properties booklet</li> <li>• Proceedings of events on the dissemination of tropical timber uses</li> </ul>	<ul style="list-style-type: none"> <li>• Forest industry enterprises are willing to improve their productivity</li> <li>• Forest entrepreneurs' positive attitude towards the use of technological fact-sheets</li> </ul>
<p><b>Output 4:</b> The organization of producers in the timber industry has been strengthened</p>	<ul style="list-style-type: none"> <li>• 2 forest governance dialogue spaces strengthened</li> <li>• 30 forest stakeholders supported to enable their participation in extra-regional dialogue spaces, 30% women</li> <li>• 2 fact-sheet booklets on forest regulations produced and disseminated by the end of the first year</li> <li>• 2 events on forest regulations by the first half of the second year</li> <li>• 80 people trained on forest regulations, 30% women</li> <li>• 4 awareness events on the importance of participating in production organizations, by the second year of the project</li> <li>• 40 representatives of timber processing companies sensitized on the importance of participating in production organizations, 30% women</li> <li>• 2 enterprise associations strengthened</li> <li>• 5 enterprises have access to financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Agreement documents from dialogue spaces</li> <li>• Fact-sheets on forest regulations</li> <li>• Event proceedings, photographs, attendance records</li> <li>• Documents of business agreements for production partnerships</li> <li>• Report on enterprises assisted and linked to financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Active participation of timber entrepreneurs in dialogue spaces</li> <li>• Entrepreneurs' interest in participating in their organizations</li> </ul>

## 2.2 Objectives

### Solutions Tree



### **2.2.1 Development objective and impact indicators**

#### **Development objective:**

Contribute to the sustainable development of the country's timber industry, promoting formal, efficient and competitive market-oriented forest enterprises, taking advantage of business opportunities articulated with value chains, and marketing products based on the use of timber from legal sources in managed forests in the Amazon Region of Peru for the benefit of Peruvian society and, in particular, the men and women that depend on the forest for their livelihoods.

#### **Indicators:**

- 2 years after project completion, 40 enterprises are producing and marketing processed or semi-processed timber products sourced from legally managed forests
- 2 years after project completion, the timber product trade balance improved 10% annually
- 2 years after project completion, 10% annual increase in exports of timber products sourced from Amazon forests
- 1 year after project completion, Amazon forest production articulated with 4 timber value chains
- 2 years after project completion, 5 new or lesser-known forest species from the Amazon Region are introduced into the market
- 2 years after project completion, 40 timber enterprises increase their income and capitalization levels
- 2 years after project completion, 160 families improve their quality of life.

### **2.2.2 Specific objective and outcome indicators**

#### **Specific objective**

Strengthen the technical and business management of the forest industry that relies on timber species from the Peruvian Amazon Region.

#### **Indicators:**

##### **At project completion:**

- 40 timber enterprises improve their competitiveness
- 40 timber processing enterprises use chain of custody, timber traceability and/or logbooks in their production and/or marketing processes
- 20 timber enterprises use due diligence mechanisms for the acquisition of legally sourced timber
- 40 people, inc. 30% women, are trained in the marketing of timber products
- 20 new forest business opportunities are disseminated and taken advantage of with project support
- 400 people, inc. 30% women, strengthen their technical capacities in business management of the forest industry.

## PART 3. DESCRIPTION OF PROJECT INTERVENTIONS

### 3.1 Outputs and Activities

#### 3.1.1 Outputs

**Output 1:** Timber industries are interacting with forest producers

- 1 study on the potential of managed forests in Madre de Dios and Ucayali by the first year of the project. **Phase 1**
- 7 training workshops on forest potential in managed forests, 3 by the first year and 4 by the first half of the second year of the project. **5 workshops in Phase 1**
- 140 people trained on the potential of managed forests, inc. 30% women. **100 people trained in Phase 1**
- 4 awareness-raising events on forest conservation and sustainable forest management for timber processing industries by the second year of the project. **Phase 2**
- 40 timber processing enterprises are interrelated with other timber companies in Lima, Madre de Dios and Ucayali. **Phase 2**
- 160 technical assistance provided to enterprises in forest certification, chain of custody, timber traceability and operational logbooks. **Phase 2**

**Output 2:** Forest enterprises are linked to national and international markets for timber products

- 1 due diligence mechanism on the acquisition of legal timber identified, promoted and implemented by the first half of the second year of the project. **Phase 2**
- 8 training workshops on the use of due diligence mechanisms for the acquisition of timber of legal origin and record of stakeholders along the timber value chain – 6 workshops by the second year and 2 workshops by the third year. **Phase 2**
- 80 representatives of timber processing companies -inc. 30% women- trained in the application of due diligence mechanisms. **Phase 2**
- 4 electronic newsletters on prices of timber products and forest production services published every 6 months, starting from the second half of the first year of the project. **Phase 1 and Phase 2**
- 200 technical assistance services on industrial innovation in timber processing to forest industry managers. **50 technical assistance services in Phase 1 and 150 in Phase 2**
- 6 market-oriented business plans for timber products developed by the second year of the project. **Phase 2**
- 54 technical assistance services provided for the implementation of business plans. **Phase 2**

**Output 3:** The production organization of timber processing companies is efficiently managed

- 6 proposals for technological development submitted and promoted to timber companies. **3 proposals in Phase 1 and 3 proposals in Phase 2**
- 6 workshops on technology and timber production organized – 2 by the first year and 4 by the second year of the project. **3 workshops in Phase 1 and 3 workshops in Phase 2**
- 120 technicians from timber processing companies trained in wood technologies and production processes, at least 25% women. **60 technicians in each phase**
- 6 workshops on business management and production aimed at business leaders – 2 by the first year and 4 by the second year of the project. **Phase 2**
- 1 fact-sheet booklet on technological properties and uses of timber species from Peruvian Amazon forests produced and disseminated by the first half of the second year of the project. **Phase 2**
- 3 dissemination events on the use of tropical timber – 2 by the second year and 1 by the third year of the project. **Phase 2**

**Output 4:** The organization of producers in the timber industry has been strengthened

- 2 forest governance dialogue spaces strengthened. **Phases 1 and 2**
- 30 forest stakeholders supported to enable their participation in extra-regional dialogue spaces, 30% women. **Phases 1 and 2**
- 2 fact-sheet booklets on forest regulations produced and disseminated by the end of the first year. **Phase 1**
- 2 events on forest regulations by the first half of the second year. **Phase 2**
- 80 people trained on forest regulations, 30% women. **Phase 2**
- 4 awareness events on the importance of participating in production organizations, by the second year of the project. **Phase 2**

- 40 representatives of timber processing companies sensitized on the importance of participating in production organizations, 30% women. **Phase 2**
- 2 enterprise associations strengthened. **Phase 2**
- 5 enterprises have access to financial services. **Phase 2**

### 3.1.2 Activities

#### ***For Output 1: Timber industries are interacting with forest producers***

**Activity A1.1** **Reviewing, disseminating and training on the timber potential of Peruvian Amazon forests, promoting the use of lesser-known species in timber processing.** Based on the information available from forest inventories of management plans and species technical fact-sheets, an analytical study will be conducted to determine the current forest potential and estimate the future potential of forests under management in Ucayali and Madre de Dios. Outreach materials on the results of the study will be prepared and disseminated through dissemination and training events, promoting the use of timber species of ecological significance that are lesser known or unknown by the market. **Phases 1 and 2**

**Activity A1.2** **Awareness raising among timber industrialists on forest conservation and sustainable forest management.** Events will be organized for the industrial timber sector to raise awareness on the proper use of timber from managed forests in the Amazon Region and the importance of forest conservation through sustainable forest management. **Phase 2**

**Activity A1.3** **Promoting business communication between timber processors and forest producers.** Meetings will be organized between timber processors, including sawmills and other timber processing mills, with forest producers represented by concessionaires and native communities responsible for forest management in their areas, in order to share experiences and ideas so that both groups can improve and become more efficient in their production activities, coordinate their activities and make better use of forest resources, for example, through the commercial use of a larger number of forest species, reduction of wood waste, improvement of raw material yields in production, etc. In addition, field visits will be organized between suppliers and buyers of timber in Ucayali, Madre de Dios and Lima, so that all links in the production chain are engaged, from the forest to the end consumer and export markets, in order to understand the whole production and marketing system, identifying business potential, limitations and challenges, while at the same time jointly proposing solutions and improvements for the benefit of the forest industry. **Phase 2**

**Activity A1.4** **Strengthening of and training on forest certification, chain of custody, timber traceability and operational logbook systems.** Specialized technical assistance will be provided to develop or strengthen forest certification, chain of custody, timber traceability, and operational logbook systems, so that enterprises may have both voluntary and official operational tools that guarantee that timber products come from managed forests, thus complying with legal regulations. **Phase 2**

#### ***For Output 2: Forest enterprises are linked to national and international markets for timber products***

**Activity A2.1** **Training and dissemination in forest certification, chain of custody, timber traceability and plant operations logbooks.** Training and dissemination events will be developed for the personnel of beneficiary companies, with a view to developing capacities in forest certification, chain of custody, implementation of timber traceability systems and use of the plant operations logbooks, linking production information to the physical flow of products in processing plants and thus contributing to ensuring the legal origin of the timber used. **Phases 1 and 2**

**Activity A2.2** **Guaranteeing the reliability of legal origin of timber in forest production and marketing.** An implementation procedure will be developed to facilitate the voluntary participation of timber production chain stakeholders in a due diligence system that can guarantee that the timber and timber products they purchase are from legal sources. The procedure will be developed in a participatory manner through the organization of workshops. Outreach materials will be prepared and published. **Phase 2**

- Activity A2.3** **Dissemination of commercial information on forest products trade and markets.** The project's technical staff will collect information on prices of timber products and forest production services in the areas of the cities of Pucallpa, Puerto Maldonado and Lima. An electronic newsletter with this information will be prepared and published every six months. **Phases 1 and 2**
- Activity A2.4** **Supporting timber enterprises in innovation and market supply of new quality products.** Field visits will be made to timber processing mills in order to assess their needs for technological innovation and to put forward relevant proposals. Through technical assistance, selected companies will be supported in the development of innovative products. **Phases 1 and 2**
- Activity A2.5** **Development of market-oriented business plans for timber products.** According to market requirements and to their management and production capacity, enterprises will be selected to support the development of business plans for innovative products, and technical assistance will also be provided to them in their implementation process. **Phase 2**
- For Output 3: The production organization of timber processing companies is efficiently managed***
- Activity A3.1** **Promoting the technological development of timber enterprises.** Field visits will be made to timber companies in order to assess the current state of the technology used, identifying "bottlenecks" in production, production organization, efficiency in the use of raw materials (logs or other products) which are processed at the mill, yield levels, timelines and flows, etc.; based on this analysis, specialized technical assistance will be provided to improve the technology used and to promote the use of lesser-known or unknown timber species by the industry. **Phases 1 and 2**
- Activity A3.2** **Building technical and organizational skills of timber producers.** In coordination with forest enterprises, training events will be developed and specialized technical assistance will be provided to improve production efficiency, including improvement of organization for timber production, sawing, drying, preservation and finishing; woodworking techniques; maintenance of machines and equipment; work safety; assembly techniques; log scaling; packaging, etc. Outreach thematic materials will also be developed and disseminated. **Phases 1 and 2**
- Activity A3.3** **Strengthening enterprise leaders' business and production management capacity.** Business management weaknesses in timber processing mills will be identified, and the project will coordinate with enterprise leaders to organize training events and provide technical assistance on topics such as strategic planning, business organization, leadership, labour legislation, marketing and commercial management, operations and logistics, production costs, profitability, finance and accounting, etc. Outreach thematic materials will also be developed and disseminated. **Phases 1 and 2**
- Activity A3.4** **Dissemination and training on technological properties and uses of timber species from the Peruvian Amazon Region.** Using secondary information, a booklet and fact-sheets will be prepared for each forest species on wood technological properties and proposed uses, in order to promote a more diversified use of species and to increase their consumption by the timber industry, exporters, construction sector, etc. Dissemination events will be organized, and the project will participate in mass media and in meetings with various sectors to promote increased use of timber. Outreach materials will be developed. **Phase 2**
- For Output 4: The organization of producers in the timber industry has been strengthened***
- Activity A4.1** **Promoting involvement of public and private forest stakeholders in forest governance and in dialogue spaces.** Greater participation of forest stakeholders, especially timber processors, in dialogue spaces, events and meetings will be promoted to strengthen regional and national forest governance, providing logistical support as required. **Phases 1 and 2**
- Activity A4.2** **Dissemination of and training on forest regulations.** Outreach materials on forest regulations will be developed and training and dissemination events will be organized to increase awareness on forest legislation. **Phases 1 and 2**

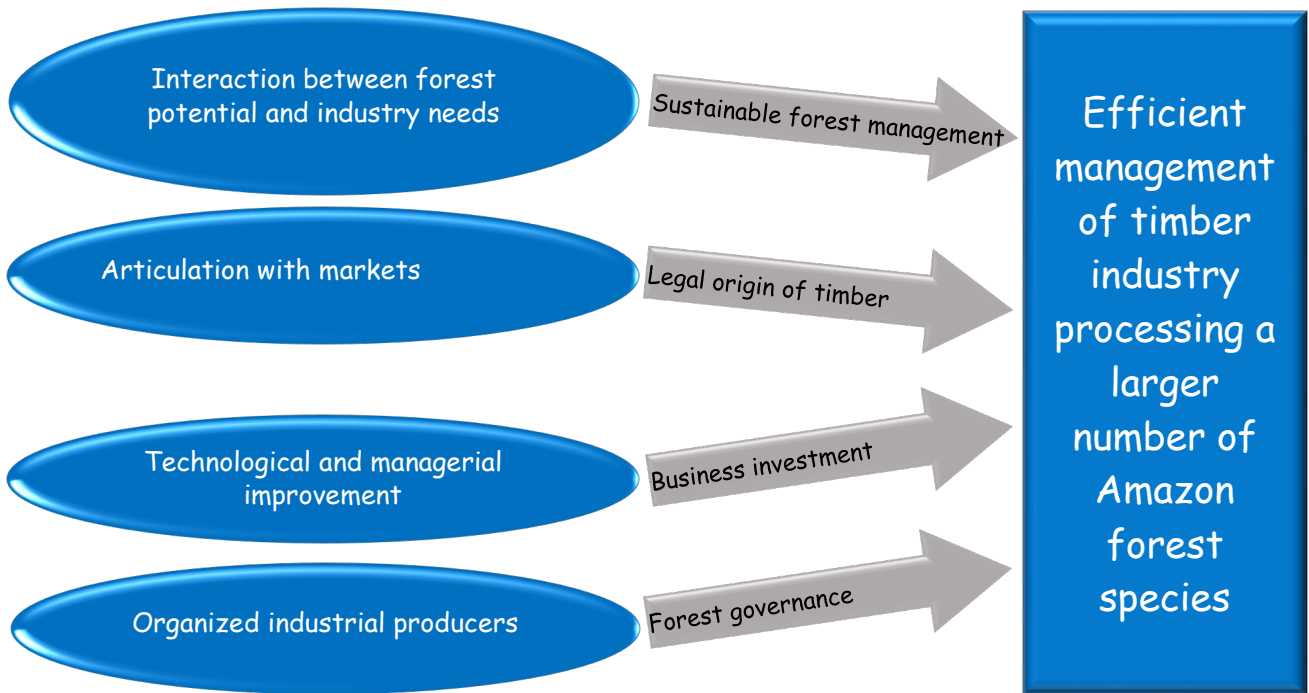
- Activity A4.3 Awareness raising to promote involvement in production partnerships, supporting the establishment and strengthening of enterprise associations.** Awareness-raising events will be organized for forest stakeholders and especially for timber processors to increase their involvement in producer associations. Logistical support will be provided to maintain and strengthen their associations and, if necessary, to support the creation of new associations. The production of a video for project outreach is envisaged within the framework of this activity. **Phase 2**
- Activity A4.4 Providing technical assistance to timber organization to facilitate their interaction with formal and competitive financial services.** Technical assistance and support will be provided to enterprises to facilitate their interaction with financial organizations and ensure they have the capacity to access competitive credit facilities. **Phase 2**
- Activity A4.5 Establishing and maintaining project coordination and management.** This activity refers to the management of the project, including administrative actions; preparation of monthly, half-yearly and final reports; preparation of yearly plans of operation; coordination; monitoring, etc. **Phases 1 and 2**

### 3.2 Implementation approaches and methods

The project will be implemented in cooperation with stakeholders and beneficiaries who are directly or indirectly involved in improving existing forest production systems, especially in timber processing activities, so as to ensure that companies are managed more efficiently and that better use is made of timber from forest species found in the managed forests of the Amazon region. The project will use a participatory approach (including both men and women) to achieve its proposed objective, as it will promote participation in the implementation of activities through a shared vision aimed at raising the level of competitiveness of producers and promoting the use of mechanisms that will guarantee the legality of timber activities and the sustainable use of forest resources in the region. The implementation of the project will focus on optimizing the production processes of companies through a market approach and through training and strengthening business strategies that meet the needs of stakeholders by implementing activities in accordance with the following intervention strategies:

- **Making information available on forest management plans and species used by the processing industry.** A study will be carried out based on information from project beneficiaries and public institutions in order to determine the potential of forests in the departments of Madre de Dios and Ucayali, and forest enterprises will be surveyed about the species they process as well as their timber needs.
- **Strengthening capacities for the efficient management of the production organization of forest enterprises.** With the participation of men and women in charge of timber enterprises, the project will identify business-related problems that limit production efficiency and will propose solutions to address them.
- **Developing business management plans aimed at timber product markets.** The project will provide business management plans to enterprises so that they can implement new technologies, processes and/or products. The business management plans will be formulated with the ongoing participation of both men and women stakeholders, who will identify and propose the requirements to be addressed by the project.
- **Strengthening organizations in the forest production sector.** This will be achieved by working with leaders of production organizations and encouraging their participation in workshops and meetings organized by the project and relevant associations. Producers will be made aware of the advantages of being organized and actively involved in their organizations. Furthermore, workshops will be organized on leadership skills, and technical assistance and support will be provided to strengthen their organizations and participation in forest dialogue roundtables. In addition, the project will promote the participation of the forest production sector as well as authorities and officials of the public forest sector, in order to promote greater interaction between both sectors through the organization of events, meetings and visits, thus contributing to improving the formalization and legalization of forest activities.

- **Gender equity approach.** This will be a cross-cutting aspect of all project activities, to ensure the equitable participation of both men and women along the production chain as producers, entrepreneurs, professionals, etc., taking into account their expertise in timber processing activities. In each activity, the project will ensure that due consideration be given to gender issues, forests and the forest industry. The project will also promote the participation of women in leadership roles, and production organizations will be strengthened to ensure the participation of both men and women in positions of responsibility.





### 3.3 Work Plan

Outputs/activities	Responsible party	Year 1 Quarter				Year 2 Quarter				Year 3 Quarter	
		1	2	3	4	1	2	3	4	1	2
<b>Output 1. Timber industries are interacting with forest producers</b>											
1.1 Reviewing, disseminating and training on the timber potential of Peruvian Amazon forests, promoting the use of lesser-known species in timber processing	Forest management consultant										
1.2 Awareness raising among timber industrialists on forest conservation and sustainable forest management	Regional Officers										
1.3 Promoting business communication between timber processors and forest producers	Regional Officers										
1.4 Strengthening of and training on forest certification, chain of custody, timber traceability and operational logbook systems	Regional Officers										
<b>Output 2. Forest enterprises are linked to national and international markets for timber products</b>											
2.1 Training and dissemination in forest certification, chain of custody, timber traceability and plant operations logbooks.	<u>Project Director</u>										
2.2 Guaranteeing the reliability of legal origin of timber in forest production and marketing	Project Director										
2.3 Dissemination of commercial information on forest products trade and markets	Project Director										
2.4 Supporting timber enterprises in innovation and market supply of new quality products	Regional Officers										
2.5 Development of market-oriented business plans for timber products	Business plans consultant										
<b>Output 3. The production organization of timber processing companies is efficiently managed</b>											
3.1 Promoting the technological development of timber enterprises	Industry consultant										
3.2 Building technical and organizational skills of timber producers	Industry consultant										
3.3 Strengthening enterprise leaders' business and production management capacity	Regional Officers										
3.4 Dissemination and training on technological properties and uses of timber species from the Peruvian Amazon Region	Regional Officers										
<b>Output 4. The organization of producers in the timber industry has been strengthened</b>											
4.1 Promoting involvement of public and private forest stakeholders in forest governance and in dialogue spaces	Project Coordinator										
4.2 Dissemination of and training on forest regulations	Project Director										
4.3 Awareness raising to promote involvement in production partnerships, supporting the establishment and strengthening of enterprise associations	Regional Officers										
4.4 Providing technical assistance to timber organization to facilitate their interaction with formal and competitive financial services	Regional Officers										
4.5 Establishing and maintaining project coordination and management	Project Director										

### 3.4 Budget

#### 3.4.1 Master budget schedule

##### a) Master budget by year (US\$)

Outputs/ Activities	Description	Budget component	Quantity			Unit	Unit cost US\$	Total cost US\$	ITTO			Executing agency
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3	
<b>Output 1</b>	<b>Timber industries are interacting with forest producers</b>											
Act. A1.1	Reviewing, disseminating and training on the timber potential of Peruvian Amazon forests, promoting the use of lesser-known species in timber processing											
	Forest management consultant	13.1	5			Man-month	1,800	9,000	9,000			
	Development, editing and publication of forest potential study	21	1			Sub-contract	4,000	4,000	4,000			
	DSA	31.1	12	6		Day	50	900	600	300		
	Local transport	33.1	12	6		Month	40	720	320	160		240
	Air travel	33.1	4	2		Ticket	100	600	400	200		
	Office supplies	52	12	6		Month	30	540	300	150		90
	Development, editing and publication of outreach materials	61.1	1			Service	800	800	800			
	Information collection and data entry services	61.2	3	4		Event	250	1,750	500	750		500
	Logistical services	61.3	3	4		Event	150	1,050	300	450		300
	Rental of venue premises	61.4	3	4		Event	150	1,050				1,050
	Refreshments	61.5	120	160		Serve	3	840	360	480		
	Participants in events	12.5	60	80		Man-day	40	5,600				5,600
Act. A1.2	Awareness raising among timber industrialists on forest conservation and sustainable forest management											
	DSA	31.1		12		Day	50	600				600
	Local transport	33.1		12		Month	40	480		320		160
	Air travel	33.1		4		Ticket	100	400				400
	Office supplies	52		12		Month	30	360		300		60
	Development, editing and publication of outreach materials	61.1		1		Service	800	800		800		
	Information collection and data entry services	61.2		4		Event	250	1,000				1,000
	Logistical services	61.3		4		Event	150	600		600		
	Rental of venue premises	61.4		4		Event	150	600				600
	Refreshments	61.5		80		Serve	3	240		240		
	Participants in events	12.5		40		Man-day	40	1,600				1,600

Act. A1.3	Promoting business communication between timber processors and forest producers										
	DSA	31.1		120		Day	50	6,000		3,000	3,000
	Local transport	33.1		12		Month	40	480		320	160
	Air travel	33.1		40		Ticket	100	4,000		4,000	
	Office supplies	52		12		Month	30	360		300	60
	Information collection and data entry services	61.2		4		Event	250	1,000			1,000
	Logistical services	61.3		4		Event	150	600		600	
	Refreshments	61.5		320		Serve	3	960		960	
	Participants in events	12.5		160		Man-day	40	6,400			6,400
Act. A1.4	Strengthening of and training on forest certification, chain of custody, timber traceability and operational logbook systems										
	Technical assistant	12.1		2		Man-month	800	1,600		1,200	400
	Business technicians	12.4		80		Man-day	40	3,200			3,200
	Forest certification consultant	13.2		2		Man-month	1,800	3,600		3,600	
	DSA	31.1		12		Day	50	600		600	
	Local transport	33.1		6		Month	40	240		160	80
	Air travel	33.1		4		Ticket	100	400		400	
	Office supplies	52		6		Month	30	180		150	30
	Development, editing and publication of outreach materials	61.1		1		Service	800	800		800	
	Refreshments	61.5		160		Serve	3	480			480
<b>Output 2</b>	<b>Forest enterprises are linked to national and international markets for timber products</b>										
Act. A2.1	Training and dissemination in forest certification, chain of custody, timber traceability and plant operations logbooks.										
	Technical assistant	12.1		2		Man-month	800	1,600		1,200	400
	Business technicians	12.4		80		Man-day	40	3,200			3,200
	Forest certification consultant	13.2		2		Man-month	1,800	3,600		3,600	
	DSA	31.1		12		Day	50	600		600	
	Local transport	33.1		6		Month	40	240		160	80
	Air travel	33.1		4		Ticket	100	400		400	
	Office supplies	52		6		Month	30	180		150	30
	Refreshments	61.5		160		Serve	3	480			480
Act. A2.2	Guaranteeing the reliability of legal origin of timber in forest production and marketing										
	Refreshments	61.5		60	20	Serve	3	240		180	60
	Rental of venue premises	61.4		6	2	Event	150	1,200			1,200
	Logistical services	61.3		6	2	Event	150	1,200		900	300
	Information collection and data entry services	61.2		6	2	Event	250	2,000		1,500	500
	Development, editing and publication of outreach materials	61.1		1		Service	800	800		800	
	Office supplies	52		12	6	Month	30	540		300	150
	Local transport	33.1		12	6	Month	40	720		320	160
	Air travel	33.1		4	4	Ticket	100	800		400	400
	DSA	31.1		12	12	Day	50	1,200		600	600
	Development of due diligence mechanism for the purchasing of legal timber	22		1		Sub-contract	4,000	4,000		4,000	
	Participants in events	12.5		60	20	Man-day	40	3,200			3,200

Act. A2.3	Dissemination of commercial information on forest products trade and markets												
	Local transport	33.1	6	12	6	Month	40	960	160	320	160	320	
	Office supplies	52	6	12	6	Month	30	720	150	300	150	120	
	Website maintenance	61.6	6	12	6	Month	30	720	180	360	180		
Act. A2.4	Supporting timber enterprises in innovation and market supply of new quality products												
	Technical assistant	12.1		4		Man-month	800	3,200		2,400		800	
	Business technicians	12.4		200		Man-day	40	8,000				8,000	
	DSA	31.1		36		Day	50	1,800		1,200		600	
	Local transport	33.1		12		Month	40	480		320		160	
	Air travel	33.1		12		Ticket	100	1,200		800		400	
	Office supplies	52		12		Month	30	360		300		60	
Act. A2.5	Development of market-oriented business plans for timber products												
	Technical assistant	12.1		4	2	Man-month	800	4,800		2,400	1,200	1,200	
	Business technicians	12.4		36	18	Man-day	40	2,160				2,160	
	Business plans consultant	13.3		4		Man-month	1,800	7,200		7,200			
	DSA	31.1		12	12	Day	50	1,200		600	600		
	Local transport	33.1		12	6	Month	40	720		320	160	240	
	Air travel	33.1		4	4	Ticket	100	800		400	400		
	Office supplies	52		12	6	Month	30	540		300	150	90	
<b>Output 3</b>	<b>The production organization of timber processing companies is efficiently managed</b>												
Act. A3.1	Promoting the technological development of timber enterprises												
	Technical assistant	12.1	12	4		Man-month	800	12,800	7,200	2,400		3,200	
	Timber industry consultant	13.4	9	9		Man-month	1,800	32,400	13,500	13,500		5,400	
	DSA	31.1	24	24		Day	50	2,400	1,200	1,200			
	Local transport	33.1	12	12		Month	40	960	320	320		320	
	Air travel	33.1	8	8		Ticket	100	1,600	800	800			
	Office supplies	52	12	12		Month	30	720	300	300		120	
Act. A3.2	Building technical and organizational skills of timber producers												
	Technical assistant	12.1	2	4		Man-month	800	4,800	1,200	2,400		1,200	
	Participants in events	12.5	40	80		Man-day	40	4,800				4,800	
	DSA	31.1	6	12		Day	50	900	300	600			
	Local transport	33.1	6	12		Month	40	720	160	320		240	
	Air travel	33.1	2	4		Ticket	100	600	200	400			
	Office supplies	52	6	12		Month	30	540	150	300		90	
	Development, editing and publication of outreach materials	61.1	1			Service	800	800	800				
	Information collection and data entry services	61.2	2	4		Event	250	1,500	500	1,000			
	Logistical services	61.3	2	4		Event	150	900	300	600			
	Rental of venue premises	61.4	2	4		Event	150	900	150	300		450	
	Refreshments	61.5	80	160		Serve	3	720	240	480			

Act. A3.3	Strengthening enterprise leaders' business and production management capacity										
	Technical assistant	12.1	2	4		Man-month	800	4,800	1,200	2,400	1,200
	Business management trainer	12.3	2	4		Event	300	1,800	600	1,200	
	Participants in events	12.5	40	80		Man-day	40	4,800			4,800
	DSA	31.1	6	12		Day	50	900	300	600	
	Local transport	33.1	6	12		Month	40	720	160	320	240
	Air travel	33.1	2	4		Ticket	100	600	200	400	
	Office supplies	52	6	12		Month	30	540	150	300	90
	Development, editing and publication of outreach materials	61.1	1			Service	800	800	800		
	Information collection and data entry services	61.2	2	4		Event	250	1,500	500	1,000	
	Logistical services	61.3	2	4		Event	150	900	300	600	
	Rental of venue premises	61.4	2	4		Event	150	900	150	300	450
	Refreshments	61.5	80	160		Serve	3	720	240	480	
Act. A3.4	Dissemination and training on technological properties and uses of timber species from the Peruvian Amazon Region										
	Lecturer	12.3		1	2	Event	300	900		300	300
	Sub-contract – fact-sheets on wood technological properties and uses	23		1		Sub-contract	5,000	5,000		5,000	
	DSA	31.1		12	6	Day	50	900		600	300
	Local transport	33.1		12	6	Month	40	720		320	160
	Air travel	33.1		4	2	Ticket	100	600		400	200
	Office supplies	52		12	6	Month	30	540		300	150
	Development, editing and publication of outreach materials	61.1		1		Service	800	800		800	
	Information collection and data entry services	61.2		2	1	Event	250	750		500	250
	Logistical services	61.3		2	1	Event	150	450		300	150
	Rental of venue premises	61.4		2	1	Event	150	450		150	150
	Refreshments	61.5		40	40	Serve	3	240		120	120

<b>Output 4</b>	<b>The organization of producers in the timber industry has been strengthened</b>												
Act. A4.1	Promoting involvement of public and private forest stakeholders in forest governance and in dialogue spaces												
	DSA	31.1	24	24	12	Day	50	3,000	1,200	1,200	600		
	Local transport	33.1	12	12	6	Month	40	1,200	320	320	160	400	
	Air travel	33.1	8	8	4	Ticket	100	2,000	400	400	200	1,000	
	Office supplies	52	12	12	6	Month	30	900	300	300	150	150	
	Refreshments	61.5	720	720	360	Serve	3	5,400	720	720	360	3,600	
Act. A4.2	Dissemination of and training on forest regulations												
	Lecturer	12.3			2	Event	300	600					600
	Sub-contract – fact-sheets on forest regulations	24	1			Sub-contract	2,000	2,000	2,000				
	DSA	31.1	12			Day	50	600	600				
	Local transport	33.1	6	6		Month	40	480	160	160		160	
	Air travel	33.1	4			Ticket	100	400	400				
	Office supplies	52	6	6		Month	30	360	150	150		60	
	Development, editing and publication of outreach materials	61.1			1	Service	800	800		800			
	Information collection and data entry services	61.2			2	Event	250	500		500			
	Logistical services	61.3			2	Event	150	300		300			
	Rental of venue premises	61.4			2	Event	150	300		150		150	
	Refreshments	61.5			80	Serve	3	240		240			
Act. A4.3	Awareness raising to promote involvement in production partnerships, supporting the establishment and strengthening of enterprise associations												
	Participants in events	12.5			40	Man-day	40	1,600					1,600
	Business partnerships consultant	13.5			2	Man-month	1,800	3,600		3,600			
	Development, editing and publication of project video	25			1	Sub-contract	8,000	8,000		8,000			
	DSA	31.1			12	Day	50	600		600			
	Local transport	33.1			12	Month	40	480		320		160	
	Air travel	33.1			4	Ticket	100	400		400			
	Office supplies	52			12	Month	30	360		300		60	
	Information collection and data entry services	61.2			4	Event	250	1,000		1,000			
	Logistical services	61.3			4	Event	150	600		600			
	Rental of venue premises	61.4			4	Event	150	600		300		300	
	Refreshments	61.5			80	Serve	3	240		120		120	

Act. A4.4	Providing technical assistance to timber organization to facilitate their interaction with formal and competitive financial services											
	Technical assistant	12.1		2	2	Man-month	800	3,200		1,200	1,200	800
	Business financing consultant	13.6		1	1	Man-month	1,800	3,600		1,800	1,800	
	DSA	31.1		12	12	Day	50	1,200		600	600	
	Local transport	33.1		6	6	Month	40	480		160	160	160
	Air travel	33.1		4	4	Ticket	100	800		400	400	
	Office supplies	52		6	6	Month	30	360		150	150	60
	Development, editing and publication of outreach materials	61.1		1		Service	800	800		800		
Act. A4.5	Establishing and maintaining project coordination and management											
	Project Director	11.1	12	12	6	Month	2,500	75,000	26,400	26,400	13,200	9,000
	Coordinator - CNF	11.2	12	12	6	Month	1,300	39,000				39,000
	Regional officers (2)	11.3	18	24	6	Man-month	800	38,400	10,800	14,400	3,600	9,600
	Monitoring officer	11.4	4	4	2	Man-month	800	8,000				8,000
	Forest assistant	12.2	11	12	6	Month	1,000	29,000	6,600	7,200	3,600	11,600
	DSA	31.1	36	36	18	Day	50	4,500	1,200	1,200	600	1,500
	Local transport	33.1	12	12	6	Month	40	1,200	320	320	160	400
	Air travel	33.1	12	12	6	Ticket	100	3,000	800	800	400	1,000
	Project offices	41	12	12	6	Month	1,200	36,000				36,000
	Office furniture	42	1			Overall	900	900				900
	Computer equipment	43.1	6			Unit	500	3,000	2,000			1,000
	Multimedia projector	43.2	3			Unit	500	1,500	500			1,000
	Multifunction printer	43.3	3			Unit	250	750	500			250
	Scanner	43.4	2			Unit	300	600	300			300
	Spare parts – computer equipment	51	11	12	6	Month	30	870	330	360	180	
	Office supplies	52	12	12	6	Month	30	900	300	300	150	150
	Utilities – basic services	53	12	12	6	Month	150	4,500	1,800	1,800	900	
	Bank charges, courier, photocopying, other	61.7	12	12	6	Month	35	1,050	420	420	210	
	Maintenance of computer equipment	61.8	11	12	6	Month	30	870	330	360	180	
	Financial audit	62	1	1	1	Audit	2,000	6,000				6,000

**b) Master budget by phase (US\$)**

Outputs/ Activities	Description	Budget component	Quantity		Unit	Unit cost US\$	Total cost US\$	ITTO		Executing agency
			Phase 1	Phase 2				Phase 1	Phase 2	
<b>Output 1</b>	<b>Timber industries are interacting with forest producers</b>									
<b>Act. A.1.1</b>	<b>Reviewing, disseminating and training on the timber potential of Peruvian Amazon forests, promoting the use of lesser-known species in timber processing</b>									
	<b>Forest management consultant</b>	<b>13.1</b>	<b>5</b>		<b>Man-month</b>	<b>1,800</b>	<b>9,000</b>	<b>9,000</b>		
	<b>Development, editing and publication of forest potential study</b>	<b>21</b>	<b>1</b>		<b>Sub-contract</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>		
	<b>DSA</b>	<b>31.1</b>	<b>15</b>	<b>3</b>	<b>Day</b>	<b>50</b>	<b>900</b>	<b>750</b>	<b>150</b>	
	<b>Local transport</b>	<b>33.1</b>	<b>14</b>	<b>4</b>	<b>Month</b>	<b>40</b>	<b>720</b>	<b>360</b>	<b>120</b>	<b>240</b>
	<b>Air travel</b>	<b>33.1</b>	<b>5</b>	<b>1</b>	<b>Ticket</b>	<b>100</b>	<b>600</b>	<b>500</b>	<b>100</b>	
	<b>Office supplies</b>	<b>52</b>	<b>15</b>	<b>3</b>	<b>Month</b>	<b>30</b>	<b>540</b>	<b>360</b>	<b>90</b>	<b>90</b>
	<b>Development, editing and publication of outreach materials</b>	<b>61.1</b>	<b>1</b>		<b>Service</b>	<b>800</b>	<b>800</b>	<b>800</b>		
	<b>Information collection and data entry services</b>	<b>61.2</b>	<b>5</b>	<b>2</b>	<b>Event</b>	<b>250</b>	<b>1,750</b>	<b>750</b>	<b>500</b>	<b>500</b>
	<b>Logistical services</b>	<b>61.3</b>	<b>5</b>	<b>2</b>	<b>Event</b>	<b>150</b>	<b>1,050</b>	<b>450</b>	<b>300</b>	<b>300</b>
	<b>Rental of venue premises</b>	<b>61.4</b>	<b>5</b>	<b>2</b>	<b>Event</b>	<b>150</b>	<b>1,050</b>			<b>1,050</b>
	<b>Refreshments</b>	<b>61.5</b>	<b>160</b>	<b>120</b>	<b>Serve</b>	<b>3</b>	<b>840</b>	<b>480</b>	<b>360</b>	
	<b>Participants in events</b>	<b>12.5</b>	<b>100</b>	<b>40</b>	<b>Man-day</b>	<b>40</b>	<b>5,600</b>			<b>5,600</b>
<b>Act. A.1.2</b>	<b>Awareness raising among timber industrialists on forest conservation and sustainable forest management</b>									
	<b>DSA</b>	<b>31.1</b>		<b>12</b>	<b>Day</b>	<b>50</b>	<b>600</b>			<b>600</b>
	<b>Local transport</b>	<b>33.1</b>		<b>12</b>	<b>Month</b>	<b>40</b>	<b>480</b>		<b>320</b>	<b>160</b>
	<b>Air travel</b>	<b>33.1</b>		<b>4</b>	<b>Ticket</b>	<b>100</b>	<b>400</b>			<b>400</b>
	<b>Office supplies</b>	<b>52</b>		<b>12</b>	<b>Month</b>	<b>30</b>	<b>360</b>		<b>300</b>	<b>60</b>
	<b>Development, editing and publication of outreach materials</b>	<b>61.1</b>		<b>1</b>	<b>Service</b>	<b>800</b>	<b>800</b>		<b>800</b>	
	<b>Information collection and data entry services</b>	<b>61.2</b>		<b>4</b>	<b>Event</b>	<b>250</b>	<b>1,000</b>			<b>1,000</b>
	<b>Logistical services</b>	<b>61.3</b>		<b>4</b>	<b>Event</b>	<b>150</b>	<b>600</b>		<b>600</b>	
	<b>Rental of venue premises</b>	<b>61.4</b>		<b>4</b>	<b>Event</b>	<b>150</b>	<b>600</b>			<b>600</b>
	<b>Refreshments</b>	<b>61.5</b>		<b>80</b>	<b>Serve</b>	<b>3</b>	<b>240</b>		<b>240</b>	
	<b>Participants in events</b>	<b>12.5</b>		<b>40</b>	<b>Man-day</b>	<b>40</b>	<b>1,600</b>			<b>1,600</b>



<b>Act. A.1.3</b>	<b>Promoting business communication between timber processors and forest producers</b>									
	<b>DSA</b>	<b>31.1</b>		<b>120</b>	<b>Day</b>	<b>50</b>	<b>6,000</b>		<b>3,000</b>	<b>3,000</b>
	<b>Local transport</b>	<b>33.1</b>		<b>12</b>	<b>Month</b>	<b>40</b>	<b>480</b>		<b>320</b>	<b>160</b>
	<b>Air travel</b>	<b>33.1</b>		<b>40</b>	<b>Ticket</b>	<b>100</b>	<b>4,000</b>		<b>4,000</b>	
	<b>Office supplies</b>	<b>52</b>		<b>12</b>	<b>Month</b>	<b>30</b>	<b>360</b>		<b>300</b>	<b>60</b>
	<b>Information collection and data entry services</b>	<b>61.2</b>		<b>4</b>	<b>Event</b>	<b>250</b>	<b>1,000</b>			<b>1,000</b>
	<b>Logistical services</b>	<b>61.3</b>		<b>4</b>	<b>Event</b>	<b>150</b>	<b>600</b>		<b>600</b>	
	<b>Refreshments</b>	<b>61.5</b>		<b>320</b>	<b>Serve</b>	<b>3</b>	<b>960</b>		<b>960</b>	
	<b>Participants in events</b>	<b>12.5</b>		<b>160</b>	<b>Man-day</b>	<b>40</b>	<b>6,400</b>			<b>6,400</b>
<b>Act. A.1.4</b>	<b>Strengthening of and training on forest certification, chain of custody, timber traceability and operational logbook systems</b>									
	<b>Technical assistant (2)</b>	<b>12.1</b>		<b>2</b>	<b>Man-month</b>	<b>800</b>	<b>1,600</b>		<b>1,200</b>	<b>400</b>
	<b>Business technicians</b>	<b>12.4</b>		<b>80</b>	<b>Man-day</b>	<b>40</b>	<b>3,200</b>			<b>3,200</b>
	<b>Forest certification consultant</b>	<b>13.2</b>		<b>2</b>	<b>Man-month</b>	<b>1,800</b>	<b>3,600</b>		<b>3,600</b>	
	<b>DSA</b>	<b>31.1</b>		<b>12</b>	<b>Day</b>	<b>50</b>	<b>600</b>		<b>600</b>	
	<b>Local transport</b>	<b>33.1</b>		<b>6</b>	<b>Month</b>	<b>40</b>	<b>240</b>		<b>160</b>	<b>80</b>
	<b>Air travel</b>	<b>33.1</b>		<b>4</b>	<b>Ticket</b>	<b>100</b>	<b>400</b>		<b>400</b>	
	<b>Office supplies</b>	<b>52</b>		<b>6</b>	<b>Month</b>	<b>30</b>	<b>180</b>		<b>150</b>	<b>30</b>
	<b>Development, editing and publication of outreach materials</b>	<b>61.1</b>		<b>1</b>	<b>Service</b>	<b>800</b>	<b>800</b>		<b>800</b>	
	<b>Refreshments</b>	<b>61.5</b>		<b>160</b>	<b>Serve</b>	<b>3</b>	<b>480</b>			<b>480</b>
<b>Output 2</b>	<b>Forest enterprises are linked to national and international markets for timber products</b>									
<b>Act. A.2.1</b>	<b>Training and dissemination in forest certification, chain of custody, timber traceability and plant operations logbooks.</b>									
	<b>Technical assistant (2)</b>	<b>12.1</b>	<b>1</b>	<b>1</b>	<b>Man-month</b>	<b>800</b>	<b>1,600</b>	<b>600</b>	<b>600</b>	<b>400</b>
	<b>Business technicians</b>	<b>12.4</b>	<b>20</b>	<b>60</b>	<b>Man-day</b>	<b>40</b>	<b>3,200</b>			<b>3,200</b>
	<b>Forest certification consultant</b>	<b>13.2</b>	<b>1</b>	<b>1</b>	<b>Man-month</b>	<b>1,800</b>	<b>3,600</b>	<b>1,800</b>	<b>1,800</b>	
	<b>DSA</b>	<b>31.1</b>	<b>3</b>	<b>9</b>	<b>Day</b>	<b>50</b>	<b>600</b>	<b>150</b>	<b>450</b>	
	<b>Local transport</b>	<b>33.1</b>	<b>2</b>	<b>4</b>	<b>Month</b>	<b>40</b>	<b>240</b>	<b>40</b>	<b>120</b>	<b>80</b>
	<b>Air travel</b>	<b>33.1</b>	<b>1</b>	<b>3</b>	<b>Ticket</b>	<b>100</b>	<b>400</b>	<b>100</b>	<b>300</b>	
	<b>Office supplies</b>	<b>52</b>	<b>2</b>	<b>4</b>	<b>Month</b>	<b>30</b>	<b>180</b>	<b>30</b>	<b>120</b>	<b>30</b>
	<b>Refreshments</b>	<b>61.5</b>	<b>40</b>	<b>120</b>	<b>Serve</b>	<b>3</b>	<b>480</b>			<b>480</b>
<b>Act. A.2.2</b>	<b>Guaranteeing the reliability of legal origin of timber in forest production and marketing</b>									
	<b>Refreshments</b>	<b>61.5</b>		<b>80</b>	<b>Serve</b>	<b>3</b>	<b>240</b>		<b>240</b>	
	<b>Rental of venue premises</b>	<b>61.4</b>		<b>8</b>	<b>Event</b>	<b>150</b>	<b>1,200</b>			<b>1,200</b>
	<b>Logistical services</b>	<b>61.3</b>		<b>8</b>	<b>Event</b>	<b>150</b>	<b>1,200</b>		<b>1,200</b>	
	<b>Information collection and data entry services</b>	<b>61.2</b>		<b>8</b>	<b>Event</b>	<b>250</b>	<b>2,000</b>		<b>2,000</b>	
	<b>Development, editing and publication of outreach materials</b>	<b>61.1</b>		<b>1</b>	<b>Service</b>	<b>800</b>	<b>800</b>		<b>800</b>	
	<b>Office supplies</b>	<b>52</b>		<b>18</b>	<b>Month</b>	<b>30</b>	<b>540</b>		<b>450</b>	<b>90</b>
	<b>Local transport</b>	<b>33.1</b>		<b>18</b>	<b>Month</b>	<b>40</b>	<b>720</b>		<b>480</b>	<b>240</b>
	<b>Air travel</b>	<b>33.1</b>		<b>8</b>	<b>Ticket</b>	<b>100</b>	<b>800</b>		<b>800</b>	
	<b>DSA</b>	<b>31.1</b>		<b>24</b>	<b>Day</b>	<b>50</b>	<b>1,200</b>		<b>1,200</b>	
	<b>Development of due diligence mechanism for the purchasing of legal timber</b>	<b>22</b>		<b>1</b>	<b>Sub-contract</b>	<b>4,000</b>	<b>4,000</b>		<b>4,000</b>	
	<b>Participants in events</b>	<b>12.5</b>		<b>80</b>	<b>Man-day</b>	<b>40</b>	<b>3,200</b>			<b>3,200</b>

<b>Act. A.2.3</b>	<b>Dissemination of commercial information on forest products trade and markets</b>									
	<b>Local transport</b>	<b>33.1</b>	<b>9</b>	<b>15</b>	<b>Month</b>	<b>40</b>	<b>960</b>	<b>160</b>	<b>480</b>	<b>320</b>
	<b>Office supplies</b>	<b>52</b>	<b>9</b>	<b>15</b>	<b>Month</b>	<b>30</b>	<b>720</b>	<b>180</b>	<b>420</b>	<b>120</b>
	<b>Website maintenance</b>	<b>61.6</b>	<b>9</b>	<b>15</b>	<b>Month</b>	<b>30</b>	<b>720</b>	<b>270</b>	<b>450</b>	
<b>Act. A.2.4</b>	<b>Supporting timber enterprises in innovation and market supply of new quality products</b>									
	<b>Technical assistant</b>	<b>12.1</b>	<b>1</b>	<b>3</b>	<b>Man-month</b>	<b>800</b>	<b>3,200</b>	<b>600</b>	<b>1,800</b>	<b>800</b>
	<b>Business technicians</b>	<b>12.4</b>	<b>50</b>	<b>150</b>	<b>Man-day</b>	<b>40</b>	<b>8,000</b>			<b>8,000</b>
	<b>DSA</b>	<b>31.1</b>	<b>9</b>	<b>27</b>	<b>Day</b>	<b>50</b>	<b>1,800</b>		<b>1,200</b>	<b>600</b>
	<b>Local transport</b>	<b>33.1</b>	<b>3</b>	<b>9</b>	<b>Month</b>	<b>40</b>	<b>480</b>	<b>40</b>	<b>280</b>	<b>160</b>
	<b>Air travel</b>	<b>33.1</b>	<b>3</b>	<b>9</b>	<b>Ticket</b>	<b>100</b>	<b>1,200</b>		<b>800</b>	<b>400</b>
	<b>Office supplies</b>	<b>52</b>	<b>3</b>	<b>9</b>	<b>Month</b>	<b>30</b>	<b>360</b>	<b>30</b>	<b>270</b>	<b>60</b>
<b>Act. A.2.5</b>	<b>Development of market-oriented business plans for timber products</b>									
	<b>Technical assistant</b>	<b>12.1</b>		<b>6</b>	<b>Man-month</b>	<b>800</b>	<b>4,800</b>		<b>3,600</b>	<b>1,200</b>
	<b>Business technicians</b>	<b>12.4</b>		<b>54</b>	<b>Man-day</b>	<b>40</b>	<b>2,160</b>			<b>2,160</b>
	<b>Business plans consultant</b>	<b>13.3</b>		<b>4</b>	<b>Man-month</b>	<b>1,800</b>	<b>7,200</b>		<b>7,200</b>	
	<b>DSA</b>	<b>31.1</b>		<b>24</b>	<b>Day</b>	<b>50</b>	<b>1,200</b>		<b>1,200</b>	
	<b>Local transport</b>	<b>33.1</b>		<b>18</b>	<b>Month</b>	<b>40</b>	<b>720</b>		<b>480</b>	<b>240</b>
	<b>Air travel</b>	<b>33.1</b>		<b>8</b>	<b>Ticket</b>	<b>100</b>	<b>800</b>		<b>800</b>	
	<b>Office supplies</b>	<b>52</b>		<b>18</b>	<b>Month</b>	<b>30</b>	<b>540</b>		<b>450</b>	<b>90</b>
<b>Output 3</b>	<b>The production organization of timber processing companies is efficiently managed</b>									
<b>Act. A.3.1</b>	<b>Promoting the technological development of timber enterprises</b>									
	<b>Technical assistant</b>	<b>12.1</b>	<b>13</b>	<b>3</b>	<b>Man-month</b>	<b>800</b>	<b>12,800</b>	<b>7,800</b>	<b>1,800</b>	<b>3,200</b>
	<b>Timber industry consultant</b>	<b>13.4</b>	<b>12</b>	<b>6</b>	<b>Man-month</b>	<b>1,800</b>	<b>32,400</b>	<b>18,000</b>	<b>9,000</b>	<b>5,400</b>
	<b>DSA</b>	<b>31.1</b>	<b>30</b>	<b>18</b>	<b>Day</b>	<b>50</b>	<b>2,400</b>	<b>1,500</b>	<b>900</b>	
	<b>Local transport</b>	<b>33.1</b>	<b>15</b>	<b>9</b>	<b>Month</b>	<b>40</b>	<b>960</b>	<b>320</b>	<b>320</b>	<b>320</b>
	<b>Air travel</b>	<b>33.1</b>	<b>10</b>	<b>6</b>	<b>Ticket</b>	<b>100</b>	<b>1,600</b>	<b>1,000</b>	<b>600</b>	
	<b>Office supplies</b>	<b>52</b>	<b>15</b>	<b>9</b>	<b>Month</b>	<b>30</b>	<b>720</b>	<b>330</b>	<b>270</b>	<b>120</b>

<b>Act. A.3.2</b>	<b>Building technical and organizational skills of timber producers</b>									
	<u>Technical assistant</u>	<u>12.1</u>	<u>2</u>	<u>4</u>	<u>Man-month</u>	<u>800</u>	<u>4,800</u>	<u>1,200</u>	<u>2,400</u>	<u>1,200</u>
	<u>Participants in events</u>	<u>12.5</u>	<u>60</u>	<u>60</u>	<u>Man-day</u>	<u>40</u>	<u>4,800</u>			<u>4,800</u>
	<u>DSA</u>	<u>31.1</u>	<u>9</u>	<u>9</u>	<u>Day</u>	<u>50</u>	<u>900</u>	<u>450</u>	<u>450</u>	
	<u>Local transport</u>	<u>33.1</u>	<u>9</u>	<u>9</u>	<u>Month</u>	<u>40</u>	<u>720</u>	<u>160</u>	<u>320</u>	<u>240</u>
	<u>Air travel</u>	<u>33.1</u>	<u>3</u>	<u>3</u>	<u>Ticket</u>	<u>100</u>	<u>600</u>	<u>300</u>	<u>300</u>	
	<u>Office supplies</u>	<u>52</u>	<u>9</u>	<u>9</u>	<u>Month</u>	<u>30</u>	<u>540</u>	<u>180</u>	<u>270</u>	<u>90</u>
	<u>Development, editing and publication of outreach materials</u>	<u>61.1</u>	<u>1</u>		<u>Service</u>	<u>800</u>	<u>800</u>	<u>800</u>		
	<u>Information collection and data entry services</u>	<u>61.2</u>	<u>3</u>	<u>3</u>	<u>Event</u>	<u>250</u>	<u>1,500</u>	<u>750</u>	<u>750</u>	
	<u>Logistical services</u>	<u>61.3</u>	<u>3</u>	<u>3</u>	<u>Event</u>	<u>150</u>	<u>900</u>	<u>450</u>	<u>450</u>	
	<u>Rental of venue premises</u>	<u>61.4</u>	<u>3</u>	<u>3</u>	<u>Event</u>	<u>150</u>	<u>900</u>	<u>150</u>	<u>300</u>	<u>450</u>
	<u>Refreshments</u>	<u>61.5</u>	<u>100</u>	<u>140</u>	<u>Serve</u>	<u>3</u>	<u>720</u>	<u>300</u>	<u>420</u>	
<b>Act. A.3.3</b>	<b>Strengthening enterprise leaders' business and production management capacity</b>									
	<u>Technical assistant</u>	<u>12.1</u>	<u>3</u>	<u>3</u>	<u>Man-month</u>	<u>800</u>	<u>4,800</u>	<u>1,800</u>	<u>1,800</u>	<u>1,200</u>
	<u>Business management trainer</u>	<u>12.3</u>	<u>3</u>	<u>3</u>	<u>Event</u>	<u>300</u>	<u>1,800</u>	<u>900</u>	<u>900</u>	
	<u>Participants in events</u>	<u>12.5</u>	<u>60</u>	<u>60</u>	<u>Man-day</u>	<u>40</u>	<u>4,800</u>			<u>4,800</u>
	<u>DSA</u>	<u>31.1</u>	<u>9</u>	<u>9</u>	<u>Day</u>	<u>50</u>	<u>900</u>	<u>450</u>	<u>450</u>	
	<u>Local transport</u>	<u>33.1</u>	<u>9</u>	<u>9</u>	<u>Month</u>	<u>40</u>	<u>720</u>	<u>160</u>	<u>320</u>	<u>240</u>
	<u>Air travel</u>	<u>33.1</u>	<u>3</u>	<u>3</u>	<u>Ticket</u>	<u>100</u>	<u>600</u>	<u>300</u>	<u>300</u>	
	<u>Office supplies</u>	<u>52</u>	<u>9</u>	<u>9</u>	<u>Month</u>	<u>30</u>	<u>540</u>	<u>180</u>	<u>270</u>	<u>90</u>
	<u>Development, editing and publication of outreach materials</u>	<u>61.1</u>	<u>1</u>		<u>Service</u>	<u>800</u>	<u>800</u>	<u>800</u>		
	<u>Information collection and data entry services</u>	<u>61.2</u>	<u>3</u>	<u>3</u>	<u>Event</u>	<u>250</u>	<u>1,500</u>	<u>750</u>	<u>750</u>	
	<u>Logistical services</u>	<u>61.3</u>	<u>3</u>	<u>3</u>	<u>Event</u>	<u>150</u>	<u>900</u>	<u>450</u>	<u>450</u>	
	<u>Rental of venue premises</u>	<u>61.4</u>	<u>3</u>	<u>3</u>	<u>Event</u>	<u>150</u>	<u>900</u>	<u>150</u>	<u>300</u>	<u>450</u>
	<u>Refreshments</u>	<u>61.5</u>	<u>100</u>	<u>140</u>	<u>Serve</u>	<u>3</u>	<u>720</u>	<u>300</u>	<u>420</u>	
<b>Act. A.3.4</b>	<b>Dissemination and training on technological properties and uses of timber species from the Peruvian Amazon Region</b>									
	<u>Lecturer</u>	<u>12.3</u>		<u>3</u>	<u>Event</u>	<u>300</u>	<u>900</u>		<u>600</u>	<u>300</u>
	<u>Sub-contract – fact-sheets on wood technological properties and uses</u>	<u>23</u>		<u>1</u>	<u>Sub-contract</u>	<u>5,000</u>	<u>5,000</u>		<u>5,000</u>	
	<u>DSA</u>	<u>31.1</u>		<u>18</u>	<u>Day</u>	<u>50</u>	<u>900</u>		<u>900</u>	
	<u>Local transport</u>	<u>33.1</u>		<u>18</u>	<u>Month</u>	<u>40</u>	<u>720</u>		<u>480</u>	<u>240</u>
	<u>Air travel</u>	<u>33.1</u>		<u>6</u>	<u>Ticket</u>	<u>100</u>	<u>600</u>		<u>600</u>	
	<u>Office supplies</u>	<u>52</u>		<u>18</u>	<u>Month</u>	<u>30</u>	<u>540</u>		<u>450</u>	<u>90</u>
	<u>Development, editing and publication of outreach materials</u>	<u>61.1</u>		<u>1</u>	<u>Service</u>	<u>800</u>	<u>800</u>		<u>800</u>	
	<u>Information collection and data entry services</u>	<u>61.2</u>		<u>3</u>	<u>Event</u>	<u>250</u>	<u>750</u>		<u>750</u>	
	<u>Logistical services</u>	<u>61.3</u>		<u>3</u>	<u>Event</u>	<u>150</u>	<u>450</u>		<u>450</u>	
	<u>Rental of venue premises</u>	<u>61.4</u>		<u>3</u>	<u>Event</u>	<u>150</u>	<u>450</u>		<u>300</u>	<u>150</u>
	<u>Refreshments</u>	<u>61.5</u>		<u>80</u>	<u>Serve</u>	<u>3</u>	<u>240</u>		<u>240</u>	

<b>Output 4</b>	<b>The organization of producers in the timber industry has been strengthened</b>									
<b>Act. A.4.1</b>	<b>Promoting involvement of public and private forest stakeholders in forest governance and in dialogue spaces</b>									
	<u>DSA</u>	<u>31.1</u>	<u>30</u>	<u>30</u>	<u>Day</u>	<u>50</u>	<u>3,000</u>	<u>1,500</u>	<u>1,500</u>	
	<u>Local transport</u>	<u>33.1</u>	<u>15</u>	<u>15</u>	<u>Month</u>	<u>40</u>	<u>1,200</u>	<u>320</u>	<u>480</u>	<u>400</u>
	<u>Air travel</u>	<u>33.1</u>	<u>10</u>	<u>10</u>	<u>Ticket</u>	<u>100</u>	<u>2,000</u>	<u>600</u>	<u>400</u>	<u>1,000</u>
	<u>Office supplies</u>	<u>52</u>	<u>15</u>	<u>15</u>	<u>Month</u>	<u>30</u>	<u>900</u>	<u>390</u>	<u>360</u>	<u>150</u>
	<u>Refreshments</u>	<u>61.5</u>	<u>900</u>	<u>900</u>	<u>Serve</u>	<u>3</u>	<u>5,400</u>	<u>720</u>	<u>1,080</u>	<u>3,600</u>
<b>Act. A.4.2</b>	<b>Dissemination of and training on forest regulations</b>									
	<u>Lecturer</u>	<u>12.3</u>		<u>2</u>	<u>Event</u>	<u>300</u>	<u>600</u>			<u>600</u>
	<u>Sub-contract – fact-sheets on forest regulations</u>	<u>24</u>	<u>1</u>		<u>Sub-contract</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>		
	<u>DSA</u>	<u>31.1</u>	<u>12</u>		<u>Day</u>	<u>50</u>	<u>600</u>	<u>600</u>		
	<u>Local transport</u>	<u>33.1</u>	<u>9</u>	<u>3</u>	<u>Month</u>	<u>40</u>	<u>480</u>	<u>200</u>	<u>120</u>	<u>160</u>
	<u>Air travel</u>	<u>33.1</u>	<u>4</u>		<u>Ticket</u>	<u>100</u>	<u>400</u>	<u>400</u>		
	<u>Office supplies</u>	<u>52</u>	<u>9</u>	<u>3</u>	<u>Month</u>	<u>30</u>	<u>360</u>	<u>240</u>	<u>60</u>	<u>60</u>
	<u>Development, editing and publication of outreach materials</u>	<u>61.1</u>		<u>1</u>	<u>Service</u>	<u>800</u>	<u>800</u>		<u>800</u>	
	<u>Information collection and data entry services</u>	<u>61.2</u>		<u>2</u>	<u>Event</u>	<u>250</u>	<u>500</u>		<u>500</u>	
	<u>Logistical services</u>	<u>61.3</u>		<u>2</u>	<u>Event</u>	<u>150</u>	<u>300</u>		<u>300</u>	
	<u>Rental of venue premises</u>	<u>61.4</u>		<u>2</u>	<u>Event</u>	<u>150</u>	<u>300</u>		<u>150</u>	<u>150</u>
	<u>Refreshments</u>	<u>61.5</u>		<u>80</u>	<u>Serve</u>	<u>3</u>	<u>240</u>		<u>240</u>	
<b>Act. A.4.3</b>	<b>Awareness raising to promote involvement in production partnerships, supporting the establishment and strengthening of enterprise associations</b>									
	<u>Participants in events</u>	<u>12.5</u>		<u>40</u>	<u>Man-day</u>	<u>40</u>	<u>1,600</u>			<u>1,600</u>
	<u>Business partnerships consultant</u>	<u>13.5</u>		<u>2</u>	<u>Man-month</u>	<u>1,800</u>	<u>3,600</u>		<u>3,600</u>	
	<u>Development, editing and publication of project video</u>	<u>25</u>		<u>1</u>	<u>Sub-contract</u>	<u>8,000</u>	<u>8,000</u>		<u>8,000</u>	
	<u>DSA</u>	<u>31.1</u>	<u>12</u>		<u>Day</u>	<u>50</u>	<u>600</u>		<u>600</u>	
	<u>Local transport</u>	<u>33.1</u>	<u>12</u>		<u>Month</u>	<u>40</u>	<u>480</u>		<u>320</u>	<u>160</u>
	<u>Air travel</u>	<u>33.1</u>	<u>4</u>		<u>Ticket</u>	<u>100</u>	<u>400</u>		<u>400</u>	
	<u>Office supplies</u>	<u>52</u>	<u>12</u>		<u>Month</u>	<u>30</u>	<u>360</u>		<u>300</u>	<u>60</u>
	<u>Information collection and data entry services</u>	<u>61.2</u>	<u>4</u>		<u>Event</u>	<u>250</u>	<u>1,000</u>		<u>1,000</u>	
	<u>Logistical services</u>	<u>61.3</u>	<u>4</u>		<u>Event</u>	<u>150</u>	<u>600</u>		<u>600</u>	
	<u>Rental of venue premises</u>	<u>61.4</u>	<u>4</u>		<u>Event</u>	<u>150</u>	<u>600</u>		<u>300</u>	<u>300</u>
	<u>Refreshments</u>	<u>61.5</u>		<u>80</u>	<u>Serve</u>	<u>3</u>	<u>240</u>		<u>120</u>	<u>120</u>

<b>Act. A.4.4</b>	<b>Providing technical assistance to timber organization to facilitate their interaction with formal and competitive financial services</b>									
	Technical assistant	12.1		4	Man-month	800	3,200		2,400	800
	Business financing consultant	13.6		2	Man-month	1,800	3,600		3,600	
	DSA	31.1		24	Day	50	1,200		1,200	
	Local transport	33.1		12	Month	40	480		320	160
	Air travel	33.1		8	Ticket	100	800		800	
	Office supplies	52		12	Month	30	360		300	60
	Development, editing and publication of outreach materials	61.1		1	Service	800	800		800	
<b>Act. A.4.5</b>	<b>Establishing and maintaining project coordination and management</b>									
	Project Director	11.1	15	15	Month	2,500	75,000	33,000	33,000	9,000
	Coordinator - CNF	11.2	15	15	Month	1,300	39,000			39,000
	Regional officers (2)	11.3	24	24	Man-month	800	38,400	14,400	14,400	9,600
	Monitoring officer	11.4	5	5	Man-month	800	8,000			8,000
	Forest assistant	12.2	14	15	Month	1,000	29,000	8,400	9,000	11,600
	DSA	31.1	45	45	Day	50	4,500	1,200	1,800	1,500
	Local transport	33.1	15	15	Month	40	1,200	320	480	400
	Air travel	33.1	15	15	Ticket	100	3,000	800	1,200	1,000
	Project offices	41	15	15	Month	1,200	36,000			36,000
	Office furniture	42	1		Overall	900	900			900
	Computer equipment	43.1	6		Unit	500	3,000	2,000		1,000
	Multimedia projector	43.2	3		Unit	500	1,500	500		1,000
	Multifunction printer	43.3	3		Unit	250	750	500		250
	Scanner	43.4	2		Unit	300	600	300		300
	Spare parts – computer equipment	51	14	15	Month	30	870	420	450	
	Office supplies	52	15	15	Month	30	900	330	420	150
	Utilities – basic services	53	15	15	Month	150	4,500	2,250	2,250	
	Bank charges, courier, photocopying, other	61.7	15	15	Month	35	1,050	524	526	
	Maintenance of computer equipment	61.8	14	15	Month	30	870	420	450	
	Financial audit	62	1	2	Audit	2,000	6,000			6,000

### 3.4.2 Consolidated budget by component (US\$)

Category	Description	Total	Year 1	Year 2	Year 3	Phase 1	Phase 2
<b>10</b>	<b>Personnel</b>						
11.1	Project Director	75,000	30,000	30,000	15,000	<u>37,500</u>	<u>37,500</u>
11.2	Coordinator - CNF	39,000	15,600	15,600	7,800	<u>19,500</u>	<u>19,500</u>
11.3	Regional officers (2)	38,400	14,400	19,200	4,800	<u>19,200</u>	<u>19,200</u>
11.4	Monitoring officer	8,000	3,200	3,200	1,600	<u>4,000</u>	<u>4,000</u>
12.1	Technical assistant	36,800	12,800	20,800	3,200	<u>16,000</u>	<u>20,800</u>
12.2	Forest assistant	29,000	11,000	12,000	6,000	<u>14,000</u>	<u>15,000</u>
12.3	Trainer /lecturer	3,300	600	2,100	600	<u>900</u>	<u>2,400</u>
12.4	Business technicians	16,560		15,840	720	<u>2,800</u>	<u>13,760</u>
12.5	Participants in events	28,000	5,600	21,600	800	<u>8,800</u>	<u>19,200</u>
13.1	Forest management consultant	9,000	9,000			<u>9,000</u>	
13.2	Forest certification consultant	7,200		7,200		<u>1,800</u>	<u>5,400</u>
13.3	Business plans consultants	7,200		7,200			<u>7,200</u>
13.4	Timber industry consultant	32,400	16,200	16,200		<u>21,600</u>	<u>10,800</u>
13.5	Business partnerships consultant	3,600		3,600			<u>3,600</u>
13.6	Business financing consultant	3,600		1,800	1,800		<u>3,600</u>
<b>19</b>	<b>Component Total</b>	<b>337,060</b>	<b>118,400</b>	<b>176,340</b>	<b>42,320</b>	<b><u>155,100</u></b>	<b><u>181,960</u></b>
<b>20</b>	<b>Sub-contracts</b>						
21	Sub-contract – development, editing and publication of forest potential study	4,000	4,000			<u>4,000</u>	
22	Sub-contract – due diligence mechanism	4,000		4,000			<u>4,000</u>
23	Sub-contract – fact-sheets on wood technological properties and uses	5,000		5,000			<u>5,000</u>
24	Sub-contract – fact-sheets on forest regulations	2,000	2,000			<u>2,000</u>	
25	Sub-contract - development, editing and publication of project video	8,000		8,000			<u>8,000</u>
<b>29</b>	<b>Component Total</b>	<b>23,000</b>	<b>6,000</b>	<b>17,000</b>		<b><u>6,000</u></b>	<b><u>17,000</u></b>
<b>30</b>	<b>Travel</b>						
31.1	DSA	27,900	6,000	18,300	3,600	<u>8,100</u>	<u>19,800</u>
33.1	Local transport	30,600	6,880	19,640	4,080	<u>9,400</u>	<u>21,200</u>
<b>39</b>	<b>Component Total</b>	<b>58,500</b>	<b>12,880</b>	<b>37,940</b>	<b>7,680</b>	<b><u>17,500</u></b>	<b><u>41,000</u></b>
<b>40</b>	<b>Capital items</b>						
41	Office rental	36,000	14,400	14,400	7,200	<u>18,000</u>	<u>18,000</u>
42	Furniture	900	900			<u>900</u>	
43.1	Computer equipment	3,000	3,000			<u>3,000</u>	
43.2	Multimedia projector	1,500	1,500			<u>1,500</u>	
43.3	Printer	750	750			<u>750</u>	
43.4	Scanner	600	600			<u>600</u>	
<b>49</b>	<b>Component Total</b>	<b>42,750</b>	<b>21,150</b>	<b>14,400</b>	<b>7,200</b>	<b><u>24,750</u></b>	<b><u>18,000</u></b>

Category	Description	Total	Year 1	Year 2	Year 3	Phase 1	Phase 2
<b>50</b>	<b>Consumable items</b>						
51	Equipment spare parts	870	330	360	180	<u>420</u>	<u>450</u>
52	Office supplies /materials	9,000	2,160	5,580	1,260	<u>3,030</u>	<u>5,970</u>
53	Utilities – basic services	4,500	1,800	1,800	900	<u>2,250</u>	<u>2,250</u>
<b>59</b>	<b>Component Total</b>	<b>14,370</b>	<b>4,290</b>	<b>7,740</b>	<b>2,340</b>	<b><u>5,700</u></b>	<b><u>8,670</u></b>
<b>60</b>	<b>Miscellaneous</b>						
61.1	Publications	7,200	2,400	4,800		<u>2,400</u>	<u>4,800</u>
61.2	Information collection	11,000	1,750	8,500	750	<u>2,750</u>	<u>8,250</u>
61.3	Logistics	6,600	1,050	5,100	450	<u>1,650</u>	<u>4,950</u>
61.4	Venue premises	6,000	1,050	4,500	450	<u>1,650</u>	<u>4,350</u>
61.5	Refreshments	10,800	3,000	6,540	1,260	<u>3,900</u>	<u>6,900</u>
61.6	Website maintenance	720	180	360	180	<u>270</u>	<u>450</u>
61.7	Bank charges, courier, photocopying, other	1,050	420	420	210	<u>524</u>	<u>526</u>
61.8	Maintenance of equipment	870	330	360	180	<u>420</u>	<u>450</u>
62	Auditing	6,000	2,000	2,000	2,000	<u>2,000</u>	<u>4,000</u>
<b>69</b>	<b>Component Total</b>	<b>50,240</b>	<b>12,180</b>	<b>32,580</b>	<b>5,480</b>	<b><u>15,564</u></b>	<b><u>34,676</u></b>
<b>70</b>	<b>National management costs</b>	<b>78,888</b>				<b><u>33,692</u></b>	<b><u>45,196</u></b>
<b>80</b>	<b>Project monitoring and administration</b>						
81	ITTO monitoring and review	<u>15,257</u>				<u>15,257</u>	
82	ITTO mid-term, ex-post evaluation	<u>0</u>				<u>0</u>	
	<b>Sub-total</b>	<b><u>15,257</u></b>				<b><u>15,257</u></b>	
83	ITTO programme support costs (12% of above items)	<u>39,916</u>				<u>17,876</u>	<u>22,040</u>
<b>89</b>	<b>Component Total</b>	<b><u>55,173</u></b>				<b><u>33,133</u></b>	<b><u>22,040</u></b>
<b>100</b>	<b>GRAND TOTAL</b>	<b><u>659,981</u></b>				<b><u>291,439</u></b>	<b><u>368,542</u></b>

### 3.4.3 ITTO budget by component (US\$)

Category	Description	Total	Year 1	Year 2	Year 3	Phase 1	Phase 2
<b>10</b>	<b>Personnel</b>						
11.1	Project Director	66,000	26,400	26,400	13,200	<b>33,000</b>	<b>33,000</b>
11.3	Regional officers (2)	28,800	10,800	14,400	3,600	<b>14,400</b>	<b>14,400</b>
12.1	Technical assistant	27,600	9,600	15,600	2,400	<b>12,000</b>	<b>15,600</b>
12.2	Forest assistant	17,400	6,600	7,200	3,600	<b>8,400</b>	<b>9,000</b>
12.3	Trainer /lecturer	2,400	600	1,500	300	<b>900</b>	<b>1,500</b>
13.1	Forest management consultant	9,000	9,000			<b>9,000</b>	
13.2	Forest certification consultant	7,200		7,200		<b>1,800</b>	<b>5,400</b>
13.3	Business plans consultants	7,200		7,200			<b>7,200</b>
13.4	Timber industry consultant	27,000	13,500	13,500		<b>18,000</b>	<b>9,000</b>
13.5	Business partnerships consultant	3,600		3,600			<b>3,600</b>
13.6	Business financing consultant	3,600		1,800	1,800		<b>3,600</b>
<b>19</b>	<b>Component Total</b>	<b>199,800</b>	<b>76,500</b>	<b>98,400</b>	<b>24,900</b>	<b>97,500</b>	<b>102,300</b>
<b>20</b>	<b>Sub-contracts</b>						
21	Sub-contract – development, editing and publication of forest potential study	4,000	4,000			<b>4,000</b>	
22	Sub-contract – due diligence mechanism	4,000		4,000			<b>4,000</b>
23	Sub-contract – fact-sheets on wood technological properties and uses	5,000		5,000			<b>5,000</b>
24	Sub-contract – fact-sheets on forest regulations	2,000	2,000			<b>2,000</b>	
25	Sub-contract - development, editing and publication of project video	8,000		8,000			<b>8,000</b>
<b>29</b>	<b>Component Total</b>	<b>23,000</b>	<b>6,000</b>	<b>17,000</b>		<b>6,000</b>	<b>17,000</b>
<b>30</b>	<b>Travel</b>						
31.1	DSA	22,200	5,400	13,500	3,300	<b>6,600</b>	<b>15,600</b>
33.1	Local transport	23,800	5,120	15,560	3,120	<b>6,080</b>	<b>17,720</b>
<b>39</b>	<b>Component Total</b>	<b>46,000</b>	<b>10,520</b>	<b>29,060</b>	<b>6,420</b>	<b>12,680</b>	<b>33,320</b>
<b>40</b>	<b>Capital items</b>						
43.1	Computer equipment	2,000	2,000			<b>2,000</b>	
43.2	Multimedia projector	500	500			<b>500</b>	
43.3	Printer	500	500			<b>500</b>	
43.4	Scanner	300	300			<b>300</b>	
<b>49</b>	<b>Component Total</b>	<b>3,300</b>	<b>3,300</b>			<b>3,300</b>	
<b>50</b>	<b>Consumable items</b>						
51	Equipment spare parts	870	330	360	180	<b>420</b>	<b>450</b>
52	Office supplies /materials	7,500	1,800	4,650	1,050	<b>2,250</b>	<b>5,250</b>
53	Utilities – basic services	4,500	1,800	1,800	900	<b>2,250</b>	<b>2,250</b>
<b>59</b>	<b>Component Total</b>	<b>12,870</b>	<b>3,930</b>	<b>6,810</b>	<b>2,130</b>	<b>4,920</b>	<b>7,950</b>
<b>60</b>	<b>Miscellaneous</b>						
61.1	Publications	7,200	2,400	4,800	-	<b>2,400</b>	<b>4,800</b>
61.2	Information collection	8,500	1,500	6,250	750	<b>2,250</b>	<b>6,250</b>
61.3	Logistics	6,300	900	4,950	450	<b>1,350</b>	<b>4,950</b>
61.4	Venue premises	1,650	300	1,200	150	<b>300</b>	<b>1,350</b>
61.5	Refreshments	6,120	1,560	4,020	540	<b>1,800</b>	<b>4,320</b>
61.6	Website maintenance	720	180	360	180	<b>270</b>	<b>450</b>
61.7	Bank charges, courier, photocopying, other	1,050	420	420	210	<b>524</b>	<b>526</b>
61.8	Maintenance of equipment	870	330	360	180	<b>420</b>	<b>450</b>
<b>69</b>	<b>Component Total</b>	<b>32,410</b>	<b>7,590</b>	<b>22,360</b>	<b>2,460</b>	<b>9,314</b>	<b>23,096</b>
<b>80</b>	<b>Project monitoring and administration</b>						
81	ITTO monitoring and review	<b>15,257</b>				<b>15,257</b>	
82	ITTO mid-term, ex-post evaluation	<b>0</b>				<b>0</b>	
	<b>Sub-total</b>	<b>15,257</b>				<b>15,257</b>	
83	ITTO programme support costs (12% of above items)	<b>39,916</b>				<b>17,876</b>	<b>22,040</b>
<b>89</b>	<b>Component Total</b>	<b>55,173</b>				<b>33,133</b>	<b>22,040</b>
<b>100</b>	<b>GRAND TOTAL</b>	<b>372,553</b>				<b>166,847</b>	<b>205,706</b>



### 3.4.4 Executing agency budget by component

Category	Description	Total	Year 1	Year 2	Year 3	Phase 1	Phase 2
<b>10</b>	<b>Personnel</b>						
11.1	Project Director	9,000	3,600	3,600	1,800	<u>4,500</u>	<u>4,500</u>
11.2	Coordinator - CNF	39,000	15,600	15,600	7,800	<u>19,500</u>	<u>19,500</u>
11.3	Regional officers (2)	9,600	3,600	4,800	1,200	<u>4,800</u>	<u>4,800</u>
11.4	Monitoring officer	8,000	3,200	3,200	1,600	<u>4,000</u>	<u>4,000</u>
12.1	Technical assistant	9,200	3,200	5,200	800	<u>4,000</u>	<u>5,200</u>
12.2	Forest assistant	11,600	4,400	4,800	2,400	<u>5,600</u>	<u>6,000</u>
12.3	Trainer /lecturer	900		600	300		<u>900</u>
12.4	Business technicians	16,560		15,840	720	<u>2,800</u>	<u>13,760</u>
12.5	Participants in events	28,000	5,600	21,600	800	<u>8,800</u>	<u>19,200</u>
13.4	Timber industry consultant	5,400	2,700	2,700		<u>3,600</u>	<u>1,800</u>
<b>19</b>	<b>Component Total</b>	<b>137,260</b>	<b>41,900</b>	<b>77,940</b>	<b>17,420</b>	<b><u>57,600</u></b>	<b><u>79,660</u></b>
<b>30</b>	<b>Travel</b>						
31.1	DSA	5,700	600	4,800	300	<u>1,500</u>	<u>4,200</u>
33.1	Local transport	6,800	1,760	4,080	960	<u>3,320</u>	<u>3,480</u>
<b>39</b>	<b>Component Total</b>	<b>12,500</b>	<b>2,360</b>	<b>8,880</b>	<b>1,260</b>	<b><u>4,820</u></b>	<b><u>7,680</u></b>
<b>40</b>	<b>Capital items</b>						
41	Office rental	36,000	14,400	14,400	7,200	<u>18,000</u>	<u>18,000</u>
42	Furniture	900	900			<u>900</u>	
43.1	Computer equipment	1,000	1,000			<u>1,000</u>	
43.2	Multimedia projector	1,000	1,000			<u>1,000</u>	
43.3	Printer	250	250			<u>250</u>	
43.4	Scanner	300	300			<u>300</u>	
<b>49</b>	<b>Component Total</b>	<b>39,450</b>	<b>17,850</b>	<b>14,400</b>	<b>7,200</b>	<b><u>21,450</u></b>	<b><u>18,000</u></b>
<b>50</b>	<b>Consumable items</b>						
52	Office supplies /materials	1,500	360	930	210	<u>780</u>	<u>720</u>
<b>59</b>	<b>Component Total</b>	<b>1,500</b>	<b>360</b>	<b>930</b>	<b>210</b>	<b><u>780</u></b>	<b><u>720</u></b>
<b>60</b>	<b>Miscellaneous</b>						
61.2	Information collection	2,500	250	2,250		<u>500</u>	<u>2,000</u>
61.3	Logistics	300	150	150		<u>300</u>	
61.4	Venue premises	4,350	750	3,300	300	<u>1,350</u>	<u>3,000</u>
61.5	Refreshments	4,680	1,440	2,520	720	<u>2,100</u>	<u>2,580</u>
62	Auditing	6,000	2,000	2,000	2,000	<u>2,000</u>	<u>4,000</u>
<b>69</b>	<b>Component Total</b>	<b>17,830</b>	<b>4,590</b>	<b>10,220</b>	<b>3,020</b>	<b><u>6,250</u></b>	<b><u>11,580</u></b>
<b>70</b>	<b>National management costs</b>						
71	National management costs /EA management costs (15%)	78,888	26,235	42,900	9,753	<u>33,692</u>	<u>45,196</u>
<b>79</b>	<b>Component Total</b>	<b>78,888</b>	<b>26,235</b>	<b>42,900</b>	<b>9,753</b>	<b><u>33,692</u></b>	<b><u>45,196</u></b>
	<b>GRAND TOTAL</b>	<b>287,428</b>	<b>93,295</b>	<b>155,270</b>	<b>38,863</b>	<b><u>124,592</u></b>	<b><u>162,836</u></b>

### **3.5 Assumptions, risks and sustainability**

#### **3.5.1 Assumptions and risks**

The main assumptions that will guarantee the success of the project include the following:

- Development objective: ongoing compliance with laws and agreements on the implementation of management plans and the origin of timber from legal sources; stakeholders maintain their interest and support the implementation of the project; and willingness of forest entrepreneurs to continue promoting positive change to achieve the sustainable development of the industry by incorporating new forest species in their production processes.
- Specific objective: timber industry enterprises maintain their openness, are willing to share information and actively participate in project activities.
- Outputs: the assumptions related to timber enterprises include: their willingness to improve productivity; willingness of producers and industrialists to share information and interact; maintaining their interest in training and in the use the project outputs; active participation of entrepreneurs in their organizations and in dialogue spaces; while in relation to forest authorities, the assumption is an ongoing interest in promoting mechanisms to guarantee the legality of timber.

The main risks that could affect the implementation of the project and the mitigation measures that would need to be implemented would be as follows:

- Development objective: the most important risk would be that users of forest resources do not show willingness to comply with forest legislation, show indifference to demonstrate that the forest products they process and market come from legal sources and are not interested in working with new forest species. The countermeasures that the project would take would be to carry out awareness campaigns to change attitudes and to work with users who abide by the current forest legislation, show interest in applying traceability mechanisms and are willing to process new forest species.
- Specific objective: one of the risks to consider is that part of the private forest business sector could be reluctant to provide and share information. If this situation were to arise, other sources such as forest authorities would be used.
- Outputs: the most important risks are that entrepreneurs show little interest in improving their productivity and receiving training and are indifferent to the outcomes of project activities; and that forest authorities do not to continue promoting the use of mechanisms to guarantee the legality of timber. To mitigate these potential risks, the project would implement awareness raising campaigns addressed to timber processors, working with proactive entrepreneurs and promoting voluntary mechanisms from the private sector to guarantee the legal origin of timber products.

#### **3.5.2 Sustainability**

There are associations of forest producers in the project's area of influence that are highly involved and committed to working for the sustainable development of the processing industry that uses timber species from managed forests. Project objectives and activities are aimed at improving the technical and managerial efficiency of timber processors that are indeed using native timber species, as this will not only contribute to improving the quality of life of Amazon communities but will also to contribute to the development of the Amazon region in general. Thus, project sustainability will be ensured by having highly sensitized entrepreneurs who will ensure the ongoing sustainability of project outputs. The methodology for knowledge transfer will be continued by the National Forestry Chamber – CNF by supporting project beneficiaries in the practical implementation of the knowledge acquired through training, workshops and technical assistance provided to timber industry sector stakeholders, especially through their associations. Entrepreneurs who show little commitment or sense of business responsibility will also benefit from the vision, mission and business values promoted by the project, in addition to other issues such as the advantages and benefits derived from business formalization and development. Furthermore, the dissemination of technical views will be guaranteed through the participation of the CNF in the opinion forum called "Executive Roundtable for Forest Sector Development " under the leadership of the MEF, which aims to identify, promote and propose actions to boost the forest sector as well as enable and promote the productivity and competitiveness of this sector to contribute to economic growth.

## 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 processing of products according to the technical specifications required by the market.

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 stakeholders for more than 30 years. Past experiences implemented by the CNF in cooperation with ITTO and the National Forest Authority (SERFOR, formerly INRENA) include ITTO Projects PD 621/11 Rev.3 (M) “Traceability of timber produced by forest concessions and native communities in Madre de Dios and Ucayali”, PD 540/09 Rev.2 (I) “Support to improve the productivity of the Peruvian timber industry for the production of higher value-added products”, PD 421/06 (F) “Strengthening of the Production Chain for Timber from Forest Concessions and Other Forests under Management”, and PD 23/00 Rev.4 (F) “Promotion and transfer of knowledge on sustainable forest management models to timber producers”.

#### 4.1.2 Project management team

The project management team will be appointed by the executing agency and will be made up of a project director, a project coordinator, two regional officers, a professional assistant and a monitoring officer. Offices will also be established in the regional headquarters of the cities of Pucallpa (Ucayali) and Puerto Maldonado (Madre de Dios). The Lima office will be the main headquarters and will be located on the premises of the CNF. Both the Project Director and the Project Coordinator will be based in the city of Lima and will travel regularly to the regional offices. The Coordinator will provide administrative, accounting and technical support to each of the offices.

#### 4.1.3 Project Steering Committee

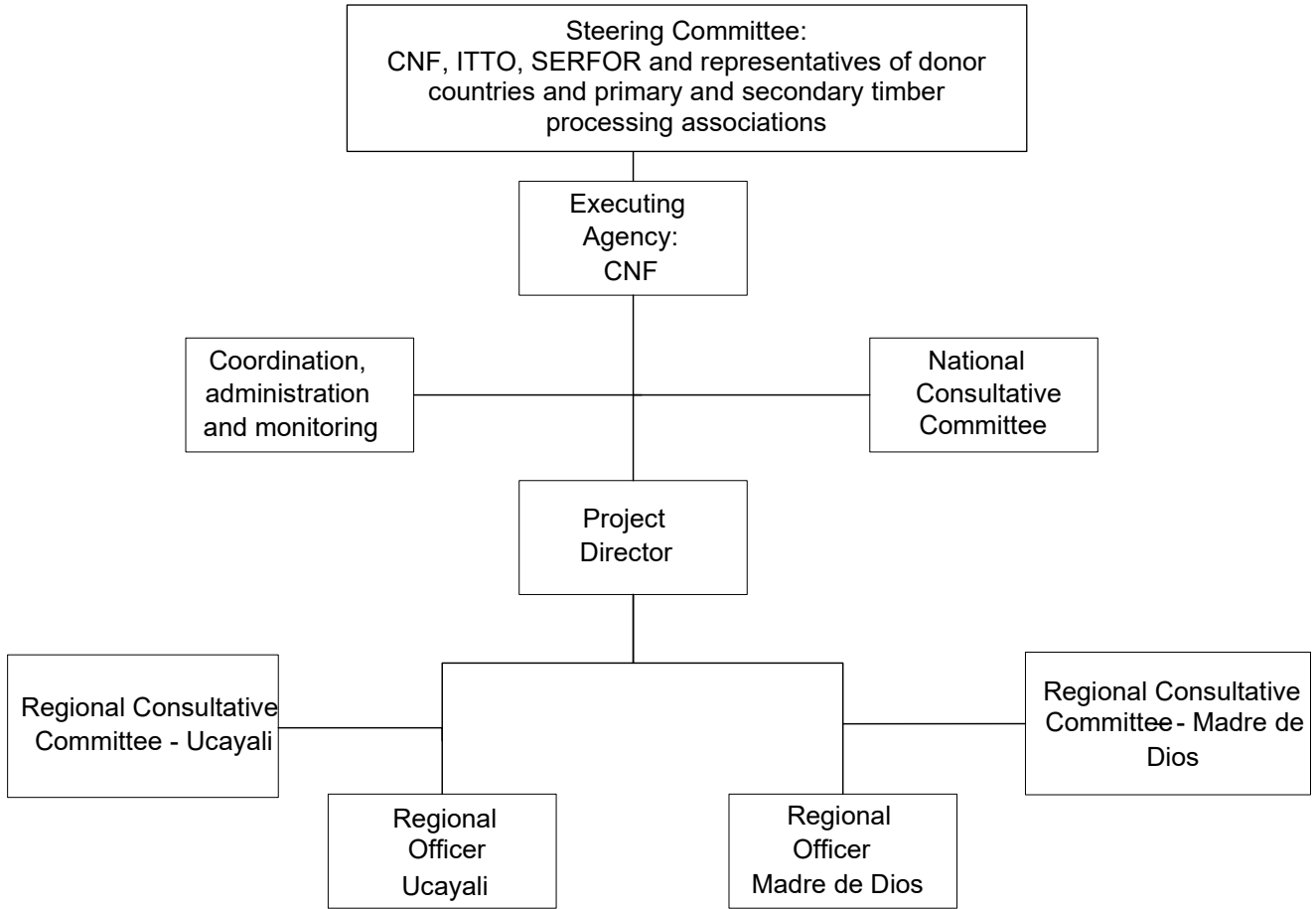
A Steering Committee will be established at the highest level of the project organizational structure. This Committee will be responsible for supervising the project, reviewing and approving budget expenditures, and reviewing the implementation of activities, among other responsibilities. The Committee will be made up of a representative of each of the following institutions: National Forestry Chamber (CNF) as chairperson, International Tropical Timber Organization (ITTO), the National Forest and Wildlife Service (*Servicio Nacional Forestal y de Fauna Silvestre – SERFOR*) and representatives of donor countries and primary and secondary timber processing associations. The Project Director will act only as the Secretary of this Committee.

#### 4.1.4 Stakeholder involvement mechanisms

Consultative Committees will be established as a consultation platform to guide project actions. Three CCs will be established – one at the national level in the city of Lima and two at the regional level, including one in the city of Pucallpa (Ucayali) and another in the city of Maldonado (Madre de Dios). These committees will be made up of representatives of project beneficiaries, forest producer organizations (concessionaires and native communities), timber processing enterprises (entrepreneurs, industrialists, exporters, professionals), SERFOR, regional governments, MINAGRI, PRODUCE, NGOs, research institutions, and university and technical forest education institutions, as well as guest participants to be invited by the Committees. The purpose of the Consultative Committees is to provide information on project implementation to all interested parties and ensure their participation, in addition to offering a platform for stakeholders to contribute to the project. The CCs may request and receive information and provide guidance, but they will not have an official duty under the project. Their recommendations will be submitted to the chair of the Project Steering Committee.

The project organizational chart is shown below:

### Project organizational chart



## 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 report (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 of the work plan and/or YPO and the implementation of defined corrective actions. Internal monitoring will include the following subjects:

- Follow up of commitments resulting from the agreement between ITTO and the Executing Agency;
- Progress and proper 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: the external monitoring of the project 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. payments 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 situation 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 assessments and analysis of the validity, design, appropriateness, performance and impact of the project.

The project mid-term evaluation will include the systematic and objective collection of information, on the spot assessments and analysis of the validity, design, appropriateness, 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, as appropriate;
- the need for a mid-term evaluation is foreseen at the early stage of project development or implementation.

The ex-post evaluation will include the systematic and objective collection of information, on the spot assessment and analysis of the validity, design, appropriateness, performance and impact of the Project after its completion, with the aim of establishing the extent to which it achieved its objective, its degree of effectiveness and efficiency, as well as its sustainability.

### **4.3 Dissemination and mainstreaming of project learning**

#### **4.3.1 Dissemination of project results**

Project results will be reported to beneficiaries through various events, including courses, workshops, technical meetings, conferences, congresses and congress presentations, as well as documents in printed and 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 online, for additional enquiries and consultations.

#### **4.3.2 Mainstreaming of project learning**

The project will be implemented with the active participation of forest sector stakeholders (including both men and women) such as forest producers and timber processors who have a particular interest in this project. Beneficiaries will receive the necessary training through their participation in courses and workshops and through the technical assistance and support provided by the project. Thus, enterprises will become more competitive, process more forest species, incorporate due diligence mechanisms, use official or voluntary traceability systems to guarantee the legality of the wood. This will enable them to supply a greater volume of timber from managed forests in the Amazon Region to national and international markets. In addition, by understanding market demands and conditions, they will be able to restore and expand the markets for timber products that have currently been lost. Given the nature of this project, only a group of enterprises will directly benefit from it; however, project experiences will be disseminated by various means so that they can be known and replicated. An article will be written for publication in ITTO's *Tropical Forest Update* (TFU). The experiences gained by the project will be systematized and published in order to share them with all interested stakeholders and to disseminate the importance of promoting the forest sector to improve the living conditions of the population within the framework of sustainable development. In this context, the Internet is an important tool as it facilitates widespread dissemination at a low cost.

Project information and outputs will be published in the CNF web portal and also disseminated through other mass media outlets. In order to raise policymakers' awareness and increase their access to these materials, representatives of the CNF will continue to participate in various technical-political spaces such as the forestry dialogue roundtables, including the Forestry Executive Roundtable, led by the country's Ministry of Economy and Finance, which seeks to activate new sectors of the Peruvian economy and increase the competitiveness of forest production activities through increased coordination with the private sector as well as through regional forest dialogue roundtables. Representatives at the highest decision-making levels of different public and private entities of the national and regional forest sectors will participate in these roundtables. Furthermore, the project will establish consultative councils, both at the national and regional levels, where representatives of the main forest sector institutions will participate. These councils are important spaces to disseminate project information, outputs and achievements. In addition, the CNF, as the executing agency, will promote and organize meetings and events with officials and policymakers in order to facilitate the mainstreaming of project outcomes into national policies and strategies for the development of the national forest industry.

## ANNEX 1. Profile of the executing agency

### NATIONAL FORESTRY CHAMBER

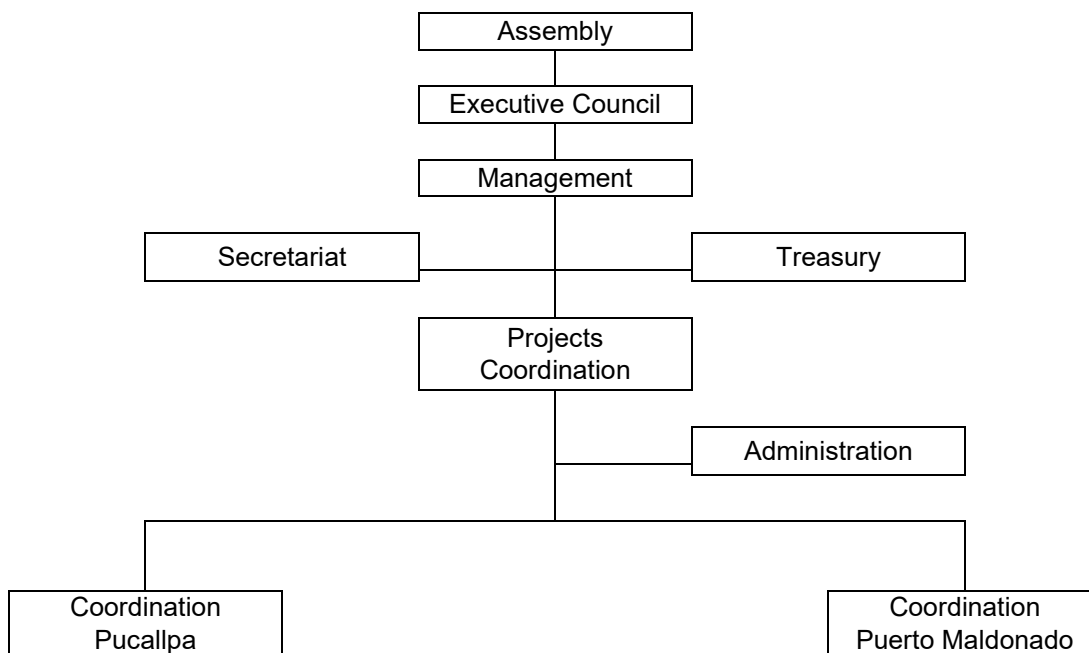
Address: Ramón Dagnino No. 369. Jesús María, Lima 11, Peru.  
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The National Forestry Chamber (Cámara Nacional Forestal – CNF) is a non-profit civil association established on 16 August 1989 after a consensus-building process between the most representative 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 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.

#### CNF Flowchart



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 two coordination offices in the cities of Pucallpa and Puerto Maldonado.

**List of studies carried out by CNF over the last few years**

Period	Title	Funding source	Total cost
Jun – Dec 2019	“Baseline of legal timber supply in Peru, including technical, social and commercial aspects”	USAID PRO -BOSQUES	US\$ 79,191
Jul – Nov 2019	“Implementation of surveys and systematization of results of the study and improving timber legality in Peru”	PROFONANPE	US\$ 34,481
Oct 2017 – Jan 2018	“Shiringa production chain to strengthen competitiveness”	Programme for Inclusive and Competitiveness Sustainable Forest Development in the Peruvian Amazon Region – SERFOR - CAF	US\$ 43,582

**List of ITTO projects implemented by CNF**

Period	Project Title	Total cost US\$	CNF Contrib.	ITTO Contrib.
Oct. 2013 – Mar. 2016	PD 621/11 Rev.3 (M) “Traceability of timber produced by forest concessions and native communities in Madre de Dios and Ucayali”	627,157	278,125	349,032
Oct. 2012 – Mar. 2015	PD 540/09 Rev.2 (I) “Support to improve the productivity of the Peruvian timber industry for the production of higher value-added products”	873,440	425,078	448,362
Mar. – Nov. 2011	Support for the implementation of the 5th Latin American Forestry Congress	166,129	116,129	50,000
Nov. 2007 – Mayo- 2010	PD 421/06 Rev.2 (F) “Strengthening of the production chain for timber from forest concessions and other forests under management”.	986,225	405.693	580.532
Oct. 2004 – Mar. 2007	PD 23/00 Rev.4 (F) “Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers”	812,777	392.565	420.212
Mar. 1992 – Nov. 1993	PD 37/88 Rev.3 (I) “Industrial utilization of new forest species in Peru” - Phase II	841,750	380,500	461,250
Abr. 1990 – Mar. 1992	PD 37/88 Rev.3 (I) “Industrial utilization of new forest species in Peru” - Phase I	829,250	380,500	448,750

**Pre-project approved and funded by ITTO about to be implemented by CNF as executing agency**

Period	Pre-Project Title	Total cost US\$	National Contribution US\$	ITTO Contribution US\$
Approx. starting date May 2020	PPD 189/17 Rev.3 (F) “Development of a full project proposal to generate tools to ensure the establishment of timber forest species through natural regeneration in the Province of Tahuamanu, Peru”	103,410	CNF: 9,900 UNALM: 43,510	50,000



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

### ***Terms of reference for the project coordinator - CNF***

#### **Qualifications**

- Registered forest engineer
- A minimum of 5 years of experience in the management of forest development projects
- Experience in the management of international cooperation funds
- Knowledge of forest management, forest industries, forest business and forest governance

#### **Duties**

- In coordination with the project director, coordinate the technical and financial aspects of project implementation
- Facilitate project planning, monitoring and evaluation
- Establish coordination mechanisms with the project collaborating agencies
- Sign off project reports to be submitted to ITTO

**Work base:** Lima + availability for regional travel

### ***Terms of reference for the monitoring officer***

#### **Qualifications**

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

#### **Duties**

- Monitor the implementation of scheduled project activities
- Coordinate with the project director and regional officers for the implementation of project activities
- Issue quarterly monitoring reports

**Work base:** Lima + availability for regional travel

## **ANNEX 3. Terms of reference of personnel funded by ITTO**

### ***Terms of reference for the project director***

#### **Qualifications**

- Registered forest engineer, preferably with an advanced academic degree
- A minimum of 15 years of professional experience in the field
- Experience in the formulation, implementation and management of forest projects, working with stakeholders along the timber production chain, in particular, forest concessions and timber processing industries
- Verbal and written communication skills
- Experience and leadership skills for the coordination of international cooperation projects

#### **Duties**

- Manage the technical aspects of the project and the implementation of activities
- Manage and supervise the technical team for project implementation
- Design and supervise work plans for the achievement of project objectives
- Work on an ongoing basis in coordination with the CNF coordinator, regional officers, forest technicians, forest assistant, consultants and other technical and administrative staff of the project for the planning, implementation and monitoring of project activities
- Prepare project reports and propose plans of operation for the project in accordance with the provisions of the ITTO Project Manual
- Promote and organize meetings between public authorities, timber industrialists and other forest production chain stakeholders
- Ensure the adequate administration and proper use of the project's financial resources, including both ITTO and counterpart contributions, and assist in financial reporting
- Under the supervision of the CNF coordinator, lead the process of hiring consultants and other staff according to project activities.
- Coordinate and jointly participate with other professionals in the preparation of project documents and technical reports
- Program and coordinate the organization of the events as required within the framework of project activities
- Implement the activities to be carried out in the city of Lima

**Work base:** Lima + availability for regional travel

### ***Terms of reference for regional officers***

#### **Qualifications**

- Forest engineer or equivalent degree
- A minimum of 3 years of experience in management and/or forest industry projects
- Knowledge of the socio-cultural context of communities involved in forest activities
- Ability to relate to local communities as well as engaging ability
- Skills in the use and management of communication and training techniques
- Ability to work in a team

#### **Duties**

- Implement project activities in their respective areas as required
- Assist project beneficiaries in their respective areas as required
- Support field logistics
- Participate in training and technical assistance activities for project beneficiaries in their respective areas
- Work directly, closely and on an ongoing basis with the director for the implementation of project activities in their respective areas
- Support the director in promoting and organizing meetings as required for the implementation of the project
- Provide guidance and assistance on the production of timber products
- Train community members in project-related activities
- Participate in the planning of project activities
- Coordinate and jointly participate with other professionals in the preparation of project documents and technical reports
- Program and coordinate the organization of events in their respective areas as required within the framework of project activities

**Work bases:** Pucallpa (Ucayali) and Puerto Maldonado (Madre de Dios), as appropriate

### ***Terms of reference for the forest assistant***

#### **Qualifications**

- Forest engineer or equivalent degree
- A minimum of 2 years of experience in forestry projects or studies
- Ability to relate to forest sector stakeholders
- Skills in the use and management of communication techniques
- Ability to work in a team

#### **Duties**

- Collect secondary information
- Visit information centers and web pages, carry out interviews and meet with information providers
- Support the project director in the preparation of project documents
- Implement project activities as required in Lima
- Provide logistical support as required in Lima
- Participate in training and technical assistance activities addressed to project beneficiaries
- Work directly, closely and on an ongoing basis with the director for the implementation of project activities
- Support the director in promoting and organizing meetings as required for the implementation of the project
- Participate in the planning of project activities

**Work base:** Lima + availability for regional travel

### ***Terms of reference for regional technical assistants***

#### **Qualifications**

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

#### **Duties**

- Implement project activities in their respective areas as required
- Assist forest producers and timber processors in their respective areas as required for the project
- Support field logistics
- Provide technical assistance in the following areas:
  - Forest certification, chain of custody, traceability and operational logbooks
  - Innovation and market supply of new quality products
  - Development and implementation of business plans
  - Technological development and production organization
  - Business management and production processes
  - Financial Services

**Work bases:** Puerto Maldonado (Madre de Dios) and Pucallpa (Ucayali), as appropriate

### ***Terms of reference for trainers /lecturers***

#### **Qualifications**

- Forest engineer, economist or professional in a related discipline
- A minimum of 8 years of professional experience
- Knowledge of the forest sector
- Experience in the development and implementation of forest-related studies and/or projects
- Verbal and written communication skills
- Experience in knowledge transfer

#### **Duties**

- Develop training topics in their fields of expertise as required by the project
- In coordination with the project director, establish a work methodology for the implementation of the training workshops/courses
- Prepare reports for each individual workshop/course
- Training workshop/course topics to be developed are in the areas of business management and technological properties and uses of timber species

### ***Terms of reference for the forest management consultant***

#### **Qualifications**

- Forest engineer, preferably with an advanced academic degree
- A minimum of 8 years of professional experience in forest management
- Experience in the development of forest management plans
- Knowledge of silviculture and tropical rainforest dynamics
- At least one publication on forest management
- Verbal and written communication skills

#### **Duties**

- Assess the timber potential of production forests in Madre de Dios and Ucayali based on secondary information from forest concessions and native communities
- Estimate the potential annual harvestable volume of commercial and potentially commercial species for a second logging cycle in managed forests
- Conduct dissemination and training events on current and future forest potential to promote the use of lesser-known species for the production of timber products
- Submit a document on forest potential for publication

### ***Terms of reference for the forest certification consultant***

#### **Qualifications**

- Forest engineer
- A minimum of 5 years of professional experience
- Knowledge of forest certification, chain of custody, timber traceability and operational logbooks
- Verbal and written communication skills
- Experience in knowledge transfer

#### **Duties**

- Provide technical assistance in forest certification, chain of custody, timber traceability and operational logbooks
- Prepare outreach documents for publication on forest certification, chain of custody, timber traceability and operational logbooks

### ***Terms of reference for the business plans consultant***

#### **Qualifications**

- Economist, forest engineer or professional in a related discipline
- A minimum of 8 years of professional experience
- Knowledge of the forest sector
- Experience in the development of forest business plans
- Verbal and written communication skills

#### **Duties**

- Develop market-oriented business plans for timber products
- Provide technical assistance during the development and implementation of business plans

### ***Terms of reference for the forest industry consultant***

#### **Qualifications**

- Forest or industrial engineer or professional in a related discipline
- A minimum of 8 years of professional experience in the industry
- Experience in the development and implementation of forest industry studies and/or projects
- Verbal and written communication skills

#### **Duties**

- Implement a situational diagnosis on the technology used by timber enterprises in the project area and submit proposals for technological innovation and production improvements
- Provide technical assistance aimed at promoting the technological development of timber enterprises

### ***Terms of reference for business partnerships consultant***

#### **Qualifications**

- Economist, forest engineer or professional in a related discipline
- A minimum of 10 years of professional experience
- Knowledge of the forest sector
- Experience in the development and implementation of forestry studies and/or projects
- Verbal and written communication skills

#### **Duties**

- Organize events to raise awareness on the importance of participating in production partnerships
- Provide technical assistance for the development, maintenance and/or strengthening of business partnerships
- Submit a script proposal to produce, edit and publish a project video

### ***Terms of reference for the business financing consultant***

#### **Qualifications**

- Economist, forest engineer or professional in a related discipline
- A minimum of 5 years of professional experience
- Knowledge of the forest sector
- Expertise in accessing the formal financial system
- Verbal and written communication skills

#### **Duties**

- Implement a situational diagnosis on access to the financial system used by timber companies in the project area and submit innovative proposals for business financing
- Provide technical assistance to timber organizations to enable them to interact with formal and competitive financial services
- Prepare outreach documents on business financing for publication

## ANNEX 4. Micro, small and medium forest industry enterprises in Peru –2019

The following table shows the characteristics of each business category:

Business category	Characteristics
<b>Micro enterprises</b>	Companies with annual turnover up to a maximum of 150 taxable units (TUs), equivalent to US\$ 180,000
<b>Small enterprises</b>	Companies with annual turnover over 150 TUs and up to 1,700 TUs, equivalent to US\$ 2,040,000
<b>Medium enterprises</b>	Companies with annual turnover over 1700 TUs and up to 2300 TUs, equivalent to US\$ 2,760,000

TU (year 2020): 4,200 soles, equivalent to US\$ 1,200

Enterprise groups:

- **MSEs:** micro and small enterprises
- **SMEs:** small and medium enterprises
- **M&SMEs:** grouping MSEs and SMEs together (micro, small and medium enterprises)

### Distribution of forest enterprises by category –2019 (SUNAT)

Department	Enterprise category								Total	%
	Micro enterprises	%	Small enterprises	%	Medium enterprises	%	Large enterprises	%		
Lima	7,688	36.7	326	72.0	6	54.5	13	46.4	8,033	37.5
Ucayali	795	3.8	6	1.3	1	9.1	4	14.3	806	3.8
Madre de Dios	691	3.3	2	0.4	3	27.3	5	17.9	701	3.3
Other departments	11,753	56.2	119	26.3	1	9.1	6	21.4	11,879	55.5
<b>National Total</b>	<b>20,927</b>	<b>100</b>	<b>453</b>	<b>100</b>	<b>11</b>	<b>100</b>	<b>28</b>	<b>100</b>	<b>21,419</b>	<b>100</b>

## ANNEX 5. Recommendations of ITTO Expert Panel

### RESPONSE TO EXPERT PANEL RECOMMENDATIONS IN TABULAR FORM

**PD 912/20 (I)      Strengthening Technical and Business Management in the Timber Forest Industry of Peru**

Assessment by the Fifty-fifth Panel

A) Overall Assessment

The propose project intend to contribute to the sustainable development of the country's timber industry through the promotion of competitive market-oriented forest enterprises. The proposal was developed with strong adherence to the ITTO Manual for project formulation. However, the proposal needs to be further refined. Several of the proposed activities are worthwhile whereas some aspects of the proposal are out of the project control (exports, governance, and efficiency). The Panel considered that the proposal is too ambitious for its targets and it needs to be scaled back and focus on small and medium-sized business plan development, due diligence and efficiency in timber processing. 30 months is a short timeframe to achieve the stated large increase in exports.

B) <u>Specific Recommendations</u>	<u>Modifications made</u>
1. In Section 1.2.1, improve the section by citing on ITTO Action Plan 2013–2018;	<b><u>The references to the ITTO Action Plan 2013-2018 under Section 1.2.1 were improved</u></b>
2. In Section 1.3.2, Improve the section by describing conformity of the project with the GEEW and ESIA guidelines;	<b><u>Section 1.3.2 was improved by describing conformity of the project with the GEEW and ESIA guidelines</u></b>
3. In Section 3.3.1, improve the defined activities under Output 2 to make them correspond to the Problem and Solution Trees;	<b><u>A new Activity A2.1 was added and described so as to make activities correspond to the problem and solution trees. It was also necessary to renumber all activities; thus, previous Act. A2.1 became A2.2 and so on up to Act. A2.5. It was also necessary to add this new activity to the Work Plan (Section 3.3) and the Master Budget (Section 3.4.1), sharing costs with Act. A1.4</u></b>
4. In Section 2.1.1, improve the section by providing information on institutional communication and coordination and competence of the CNF as the EA;	<b><u>Section 2.1.1 was improved by providing information on institutional communication and coordination and competence of the CNF as the executing agency</u></b>
5. In Section 2.1.2, improve the section by adding information on pros and cons of the stakeholders, if any, and how such issue would be resolved;	<b><u>Section 2.1.2 was improved by developing information related to the pros and cons of stakeholders and actions needed to resolve identified issues</u></b>
6. In Section 2.2.1, improve the section by providing time bound of the indicators. Insert "... years after project completion" wording before listing the indicators;	<b><u>Section 2.2.1 was improved, providing timebound indicators and adding the recommended text, which was also reflected in Section 2.1.4 (Logical Framework Matrix)</u></b>
7. In Section 2.2.2, before listing the indicators, insert "At project completion:"	<b><u>The recommended text was adding before listing the indicators under Section 2.2.2</u></b>



<p>8. In Section 3.4.3, significantly reduce contribution of ITTO to payment of project personnel by increasing share of EA or scaling down rates of monthly pay or both;</p>	<p><b><u>ITTO's contribution to project staff payments was significantly reduced in section 3.4.3; CNF's contribution was increased and the monthly fee payments were reduced; it was therefore necessary to update the budget tables in sections 3.4.1, 3.4.2, 3.4.3, and 3.4.4. The figures of the proposed budget on the first page and in the Project Brief (page iv) have also been updated accordingly</u></b></p>
<p>9. In Section 3.4.4, increase share of EA in payment of personnel component;</p>	<p><b><u>The share of the executing agency in the payment of the personnel component was increased by US\$ 44,500 in section 3.4.4</u></b></p>
<p>10. In section 4.1.3, add in the Project Steering Committee representatives of donor country/s and at least the primary and secondary stakeholders;</p>	<p><b><u>In Section 4.1.3, representatives of donor countries and primary and secondary timber processing associations were added to the Project Steering Committee</u></b></p>
<p>11. In Section 4.3.2, explain how policy makers will have access to using developed tools and policy briefs. Also clarify on how the EA will facilitate mainstreaming of project outcomes into national policy and strategies for forest industry development;</p>	<p><b><u>In Section 4.3.2, it was explained how policymakers will have access to the tools and policy briefs developed. It was also clarified how the executing agency will facilitate the mainstreaming of project outcomes into national policies and strategies for forest industry development</u></b></p>
<p>12. Include an Annex that shows the overall assessment and specific recommendations of the 55<sup>th</sup> Expert Panel and respective modifications in tabular form. Modifications should also be highlighted (<b>bold and underline</b>) in the text.</p>	<p><b><u>This Annex 4, which shows the overall assessment and specific recommendations of the 55th Expert Panel, has been included, as well as the respective modifications in tabular form. The modifications have been highlighted in bold and underlined throughout the text.</u></b></p>

## ANNEX 6. Financing provided for project PD 912/20 Rev. 2 (I)

Under Decision 1(LIX) adopted at the 59th session, held on 13-17 November 2023, in Pattaya, Thailand, funding was allocated by ITTO (Government of Japan) in the amount of US\$ 180,000 to finance the implementation of Phase 1 of project PD 912/20 Rev.2 (I).

ITTC(LIX)/12  
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### ANNEX

#### Financing during 2023 for Projects, Activities and Concept Notes

(i) Projects:	
PD 808/16 Rev.5 (F) Phase I Conservation of African Barwood ( <i>Pterocarpus Erinaceus Poir</i> ) in the Gazetted Forests of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities (Côte d'Ivoire) – Budget revised in 2023 [Japan \$320,000 (Note 2)]	\$320,000.00
PD 916/21 Rev.2 (F) Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia) – Balance funded / budget revised in 2023 [Japan \$200,000 (Note 2)]	\$200,000.00
PD 935/23 (I) (CN-23025) Promoting Sustainable Wood Use for Domestic Market in Malaysia [Japan \$212,088 (Note 2 and Note 3)]	\$212,088.00
PD 903/19 Rev.2 (F) Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia (Malaysia) [USA \$140,000 (Note 4)]	\$140,000.00
<b>PD 912/20 Rev.2 (I)</b> Strengthening Technical and Business Management in the Timber Forest Industry of Peru (Peru) [Japan \$180,000 (Note 4)]	\$180,000.00

## **ANNEX 7. Submission of the modifications to PD 912/20 Rev. 2 (I)**

**Considering the budget allocated for the implementation of Project PD 912/20 Rev.2 (I), the proposal has been redesigned to be carried out in two phases: Phase 1 for a total of US\$291,439, with ITTO contributing US\$166,847 from the Government of Japan and the National Forestry Chamber (CNF) contributing US\$124,592; and Phase 2 for a total of US\$368,542, with ITTO contributing US\$205,706 and the CNF contributing US\$162,836.**

**The amendments made to the project document for the two-phase implementation are highlighted in bold and underlined on the cover page, in Sections 3.1.1 and 3.1.2, and in the budget tables in Sections 3.4.1, 3.4.2, 3.4.3 and 3.4.4.**