



# FINAL REPORT

OCTOBER 2011 – DECEMBER 2016

## ENVIRONMENTAL MANAGEMENT AND FOREST GOVERNANCE SUPPORT ACTIVITY (PERU BOSQUES)



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**Contract No. AID-527-C-11-00002**

**Cover photo:** The Manager of the Ucayali Regional Forestry Authority explains the institution's actions to Michael Froman (United States Trade Representatives), Brian Nichols (United States Ambassador to Peru), Fabiola Muñoz (Servicio Nacional Forestal y de Fauna Silvestre) and César Fourment (Anti-Illegal Logging Commission). Pucallpa, Ucayali, Peru. 2016. Photo: Lucas Benites – Peru Bosques.

### DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States government.

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# ACRONYMS

AIDSEP	Interethnic Association for the Development of the Peruvian Rainforest (Asociación Interétnica de Desarrollo de la Selva Peruana)
ARA	Regional Environmental Authority (Autoridad Regional Ambiental)
CONAP	Federation of Amazonian Nationalities of Peru (Confederación de Nacionalidades Amazónicas del Perú)
MAFS	Synchronized Forest Production Method (Método de Aprovechamiento Forestal Sincronizado)
MC-SNIFFS	Control Module for the National Forestry and Wildlife Information System (Modulo de Control del Sistema Nacional de Información Forestal y Fauna Silvestre)
MINAGRI	Ministry of Agriculture and Irrigation (Ministerio de Agricultura y Riego)
ORAU	Ucayali Regional ADIESEP Organization (Organización Regional de AIDSEP Ucayali)
OSINFOR	Forestry and Wildlife Resource Oversight Entity (Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre)
PNFFS	National Forestry and Wildlife Policy (Politica Nacional Forestal y de Fauna Silvestre)
PPB	Peru Bosques Project (Proyecto Perú Bosques)
PSGC	International Quality Management Program (Programa Internacional de Gestión de la Calidad)
PTPA	United States-Peru Trade Promotion Agreement
RLFFS	Regulations to the Forestry and Wildlife Law (Reglamento de la Ley Forestal y de Fauna Silvestre)
SERFOR	National Forestry and Wildlife Service (Servicio Nacional Forestal y de Fauna Silvestre)
TFFS	Forestry and Wildlife Court (Tribunal Forestal y de Fauna Silvestre)





# EXECUTIVE SUMMARY

The signing of the United States-Peru Trade Promotion Agreement (PTPA) in 2006 revealed a need to reduce Peru's illegal logging rates. As a result, the United States Agency for International Development (USAID) designed the Environmental Management and Forest Governance Support Activity, also known as Peru Bosques, with the goal of promoting a new inclusive, legal, profitable and sustainable forest-based economy. To do this, the project supports i) the Peruvian government improve its institutions, forestry regulations, and implementation, so the government can efficiently manage forestry resources, and ii) forestry companies and communities to improve their production processes, management abilities, and access to new markets. Implementation is based on three cross-cutting initiatives: communications, gender-based approach, and management and operations.

The Peru Bosques Project (PPB, in Spanish) was awarded to Chemonics International Inc. by USAID/Peru, and began activities on July 8, 2011 with an initial three-year period that ended on July 7, 2014. The contract was then renewed for another two years until July 7, 2016, and was finally extended until December 2016 to enable completion of activities related to development of the Control Module for the National Forestry and Wildlife System (MC-SNIFFS in Spanish).

The PPB focused its attention on national-level institutions in the forestry sector, and regionally in Loreto, Ucayali, and Madre de Dios. After more than five years of implementation, the project helped the government of Peru consolidate the forestry regulatory framework by supporting the development of a number of policies, regulations, and institutions, including: the National Forest and Wildlife Policy (PNFFS, in Spanish) that sets a long-term vision for forestry management; the Regulations to the Forestry and Wildlife Law (RLFFS) that implement the Forestry Law; the National Forestry and Wildlife Service (SERFOR, in Spanish), a new higher-level institution that leads forestry management in Peru; the Loreto, Ucayali, and Madre de Dios Regional Environmental Authorities (ARA, in Spanish) that integrate the regional governments' environmental units to provide improved user services; and the Forestry and Wildlife Resource Oversight Entity (OSINFOR, in Spanish) that, with improved operations, is helping make forestry production oversight more efficient.

The work to develop the MC-SNIFFS deserves a special mention. This system consists of three overall components: entities, procedures, and instruments. The PPB achieved the following:

- Developed processes within public and private entities for interacting with the MC-SNIFFS, including creating management procedures and regulatory proposals with public entities, and designing quality information generation schemes using traceability systems with private entities
- Donated \$250,000 in equipment to the SERFOR for 61 control posts
- Designed an optimum network of control posts, including appropriate locations, required staff, equipment, and infrastructure
- Developed the MC-SNIFFS web platform together with the SERFOR, redesigning processes, developing software, and performing field tests
- Provided guidelines for uploading enabling title data to the web platform

- Drafted a \$30 million public investment project proposal for implementing the MC-SNIFFS
- Trained 342 individuals on use and administration of the MC-SNIFFS web platform
- Developed the MC-SNIFFS Helpdesk, an online, software-based service that enables users to send system questions and suggestions for improvements and to receive answers and tips
- Developed manuals and video tutorials to guide users and managers in use of the MC-SNIFFS web platform

The project also developed forestry and business management practices, including: i) the Synchronized Forestry Production Method (MAFS) that promotes forestry production by improving planning and operational practices using technology, ii) a community-based rural tourism business model, linked to a biologically important area, that seeks to financially benefit local populations through the non-consumptive use of natural resources, and iii) business management tools and the International Quality Management Program (PSGC, in Spanish) for forestry and timber companies that seek to improve their companies' profitability. Through the program, companies can improve their business management, commercial intelligence practices, and timber transformation efficiencies and become leaders for legal local economies.

Additionally, the project implemented communication initiatives to promote the role of women and indigenous populations and share improvements to be adopted. A gender-based approach was employed across all project activities, including awareness-raising and intensive training, mandatory inclusion of gender considerations in all activities, and the identification of exclusion factors for indigenous women, to improve project interventions with this group.

The project achieved its stated goals (Annexes A, B, and C) one year before its completion. Beyond quantifiable achievements, the table below summarizes the project's overall interventions.

## EXHIBIT I. PROJECT SUMMARY

AREAS REQUIRING IMPROVEMENT	CHANGES ACHIEVED	ACTIVITIES	RECOMMENDATIONS
Regulatory framework needed updating	The Forestry Law was brought into effect within the framework of the new Forestry Policy that outlines a long-term roadmap for forestry practices in Peru	<ul style="list-style-type: none"> <li>• Support for development of the Forestry Policy</li> <li>• Support for development of the Forestry Regulations</li> <li>• Rules for promoting the forestry economy</li> </ul>	Complement drafted legislation with technical regulations agreed upon with forest users
New institutions were still pending	Establishment of the SERFOR, an entity with a higher state hierarchy and its own legal status	<ul style="list-style-type: none"> <li>• Creation of the SERFOR</li> <li>• Development of management documents</li> <li>• Transfer of management systems</li> <li>• Installation of internal management entities</li> <li>• Operational planning</li> <li>• Budget preparation</li> <li>• Human resources selection and training</li> </ul>	Implement a management system under international standards
Forestry control and oversight was based on a prior legal framework and did not consider current technological tools	Design of the MC-SNIFFS as a system for validating legal timber sourcing	• Design of the MC-SNIFFS, a process that involved working with stakeholder entities, procedures and media, all based on the new regulations and in a web-based environment	Implement the MC-SNIFFS and improve procedures and methods
Environmental functions distributed among regional governments	Establishment of ARAs, entities prepared for improving citizen attention and regional-level environmental management	<ul style="list-style-type: none"> <li>• Institutional design</li> <li>• Preparation of management documents</li> <li>• Preparation of supporting technical documents and the regulations to formalize their creation</li> <li>• Training</li> <li>• Sustainability plan preparation</li> </ul>	Implement management systems under international standards
Process for sanctioning violations of enabling titles pending consolidation	Improved sanctions application	<ul style="list-style-type: none"> <li>• OSINFOR technical support for:</li> <li>• Drafting Forest Court Regulations</li> <li>• Preparing the capacity development plan</li> <li>• Training in improved evidence collection</li> <li>• Definition of a scale for the fines to be imposed</li> </ul>	<ul style="list-style-type: none"> <li>• Include prior inspections in the OSINFOR's preventive function</li> <li>• Strengthen the Specialized Environmental Prosecutor's Office</li> <li>• Offer environmental training and sensitization for judges</li> </ul>
Insufficient budgets assigned to institutions in the sector	Funds raised with the government itself	<ul style="list-style-type: none"> <li>• Identification of project ideas</li> <li>• \$38 million in public investment projects drafted</li> </ul>	• Work on the final budgetary assignment of institutional budget items, showing the need for the same in light of

AREAS REQUIRING IMPROVEMENT	CHANGES ACHIEVED	ACTIVITIES	RECOMMENDATIONS
		<ul style="list-style-type: none"> <li>• Follow-up for inclusion in the Institutional Budget</li> <li>• Training</li> </ul>	PIP approval and/or implementation
Inefficient timber production chain	Improved productivity	<ul style="list-style-type: none"> <li>• Design training and implementation of the Synchronized Forestry Production Method</li> <li>• Internal traceability plans</li> </ul>	Replicate with other companies and incorporate implementation improvements
Lack of corporate management capabilities	Production management systems implemented	<ul style="list-style-type: none"> <li>• Corporate Management System design and implementation</li> <li>• Training through the PSGC</li> </ul>	Replicate with other companies and incorporate implementation improvements
Lack of capabilities among native communities to carry out forestry control and oversight activities within their territories	Strengthened community forestry oversight	<ul style="list-style-type: none"> <li>• With the PPB, the Ucayali Regional ADIESEP Organization set up two decentralized offices</li> <li>• Training for 30 monitors from 20 communities</li> <li>• Development of the Internal Regulations</li> <li>• Development of the Oversight Office sustainability plan</li> </ul>	Work to evolve toward the provision of Amazon-wide third-party services and promote good practices and regulations based on the reality of indigenous forestry management
Perceived incompatibility between conservation and commercial use in biologically important areas	Specialized tourism model established	<ul style="list-style-type: none"> <li>• Design and implementation of a business model based on non-consumptive activities</li> </ul>	<ul style="list-style-type: none"> <li>• Present at trade fairs to get both more and better quality customers</li> <li>• Offer training for improving services. Management and associativity should also be priorities</li> <li>• Collaborate with other USAID initiatives and other partners to improve connections with other conservation and tourism initiatives in its zone</li> </ul>

## SECTION ONE

# PROJECT INTRODUCTION

On July 24, 2006 Peru and the United States signed the United States-Peru Environmental Cooperation Agreement. The Agreement defined a framework for promoting bilateral and regional cooperation and had, as a long term goal, the successful ratification of the PTPA Environment Chapter and its Forestry Annex.

On February 2009, the governments of the United States and Peru signed the PTPA, an agreement that defined new trade rules, commitments, and terms of cooperation. Following the framework set by the United States-Peru Environmental Cooperation Agreement, the PTPA included a chapter on environmental issues (Chapter 18) and an annex (Annex 18.3.4) that dealt specifically with issues of Forestry Sector Governance.

Against this backdrop, USAID/Peru designed the PPB to foster technical and financial cooperation between the governments and advance initiatives outlined in the PTPA's forestry annex. On July 8, 2011 USAID/Peru awarded the PPB to Chemonics International Inc. The Project received two extensions and ran until December 2016.

The PPB's strategy contributes to the third Development Objective of the United States Cooperation Strategy for the Development of Peru 2012-2016 regarding the sustainable management of natural resources in the Amazon Basin and glacier highlands. The PPB also worked on maintaining the ecosystem services of the Peruvian Amazon forest, conserving biodiversity and carbon capture through improved forest governance and environmental management by the Government of Peru, promoting land uses that will conserve forest landscapes including protected areas, and sustainable forest-based livelihoods.

The project's thematic areas responded to two intermediate results: 1) promote improved forest governance in Peru and 2) promote land use aimed at conserving forest landscapes. To do this, the PPB promoted the development of forestry regulations and local inclusive, legal, profitable and sustainable economic activities that will increase the sustainability of the livelihoods provided by the forest.

The project provided technical, training, and commercial promotion assistance to public and private stakeholders, organizations, and communities for achieving this strategy.

Schematically, the project worked:

With the government of Peru:

- a) Promoting a new regulatory framework at national and regional levels
- b) Strengthening new forestry institutions at national and regional levels

With the private sector and indigenous communities:

- a) Promoting a more inclusive, legal, profitable, and sustainable economy through the promotion of sustainable forest management, and
- b) Promoting the conservation of biologically important areas

## **PERU'S FORESTS AND FORESTRY SECTOR BEFORE THE PPB**

Peru has almost 73 million hectares of tropical, dry, and Andean forests, representing almost 60 percent of the country's territory. The biological diversity in the forests provide locally relevant economic activities and livelihoods to poor and extremely poor populations located mostly in the Amazon region.

Many of the businesses historically present in this region went out of business due to economic reasons or because of decreasing resources from predatory management. Although some still exist, neither their management nor their future are sustainable.

The Peruvian Amazon plays a fundamental role in conserving the biodiversity and ecosystem resources of the South American Amazon basin because it is an upper watershed with ecosystem processes that affect lower regions. However, real threats exist.

Approximately 103,000 hectares are deforested every year (Quantification and Analysis of Peruvian Amazon Deforestation for 2010-2011; 2013-2014, Ministerio del Ambiente, 2015), timber is illegally extracted, and animal and plant species are illegally traded. These threats stem primarily from changing land use from forest to agricultural, illegal mining, and the existence of a market unconcerned with product sourcing.

Before the PPB, the legal framework that regulated the Peruvian forestry sector was undergoing a transition process. A Forestry Law was enacted in 2011 (Law N° 29763), but had not taken effect due to a lack of regulations, institutional adjustments for implementation, and a lack of a PNFFS. These factors hindered the central government and regional governments' forestry management, with implications for the companies and communities involved in economic and conservation activities.

When the PPB began, the Peruvian state's regulatory framework was still in transition, and the government was embarking on national and regional institutional adjustments. The adjustments resulted in actionable tasks for communities and the private sector and an implementation method for the new procedures and regulatory framework.



The director of the SERFOR, the coordinator of the Process for Strengthening the Forestry Sector, and the vice president of the National Agrarian Federation, listen to a leader of the FENMUCARINAP-Arequipa, during a prior consultation process for the RLFFS. Lima, Peru. 2014. Photo: Francisco Cruz, the PPB



## SECTION TWO

# FOREST GOVERNANCE AND INSTITUTIONAL STRENGTHENING

Governance is a term used to describe the efficacy, quality, and sound guidance of the state that can be used to measure the states legitimacy. In the forestry sector, governance must have three elements: appropriate normativity, consolidated institutions, and good state-user relations.

The PPB began its activities in a challenging governance climate due to: i) the need to develop a PNFFS to set long-term objectives and frame the country's forestry efforts, ii) the Forestry Law at that time was outdated and contained disparities, iii) the newly enacted Forestry Law could not come into effect due to a lack of regulations, iv) new institutions needed to be created based on the National Policy for Modernizing Public Management toward 2021, and v) regional normativity needed to be updated and aligned with government policies.

Thus, the PPB proposed six milestones through which the country could create a better climate for developing forest governance, starting with the state as the promoting authority, and improving regulatory and institutional frameworks. The milestones are: 1) PNFFS: long-term guide on forestry management; 2) Forestry Regulations: implements Forestry Laws; 3)



Promotion Standards: promote economic dynamism; 4) SERFOR: improved national leadership; 5) ARAS: improved service in regions; and 6) OSINFOR: improved oversight effectiveness.



## REGULATORY FRAMEWORK

Under these conditions, the project set to work on three overall regulatory topics.

### NATIONAL FORESTRY AND WILDLIFE POLICY

The PNFFS guides Peru's long-term forestry and wildlife management. It takes into account the different points of view of forest users, regional governments, local governments, sector authorities, academia, and civil society.

The lack of a PNFFS meant that conservation and sustainable production of forest and wildlife were not prioritized government initiatives. Recognizing this, the PPB proposed improving the PNFFS as its first milestone. In 2013, the Project provided technical assistance to the General Forestry and Wildlife Directorate (now the SERFOR), by incorporating relevant experiences and lessons learned from countries such as Guatemala, Bolivia, Costa Rica, and Colombia. This effort enriched the PNFFS's strategic vision, improved the consistency between its sections, its governance and gender focus, and the facilitated the development of an explanatory memorandum.

On August 14, 2013 a policy was enacted by Supreme Decree N° 009-2013-Ministry of Agriculture and Irrigation (MINAGRI) that aimed to guarantee the sustainable operations of the forestry sector, creating coherence through a healthy relationship between those that are governed and those that govern.

### REGULATIONS TO THE FORESTRY AND WILDLIFE LAW

The second milestone, and the greatest challenge for the project and Peruvian forest governance, was to implement the new Forestry Law by developing, enacting, and applying the RLFFS. To do so, the first step was to work on its content per the procedures established by Peruvian law.

The RLFFS's importance lay in bringing into effect the new Forestry Law N° 29763, which had been developed six years prior and served to update the highest national-level regulations for the sector.

**"For developing the regulations, we require support from international technical cooperation, and in this case especially from USAID through the Peru Bosques Project."**

**— LUCETTI ULLILEN, FORMER  
GENERAL POLICY DIRECTOR,  
SERFOR**

Additionally, the RLFFS set the foundation for consolidating the forestry concessions model that begun with the previous law. To do so, the project took into consideration the new PNFFS and the National Policy for Modernizing Public Management toward 2021.

The project provided technical assistance to the SERFOR on the RLFFS development and economically and logistically supported the SERFOR, the Interethnic Association for the Development of the Peruvian Rainforest (AIDESEP), and the Federation of Peruvian Amazonian

Nationalities (CONAP) with the prior consultation process. A prior consultation is the process in which a law that could affect indigenous peoples' rights is submitted for their evaluation.

Finally, the Project supported the SERFOR by helping develop 59 complementary technical standards to the RLFFS, after its enactment.

The RLFFS contains a sustainable, balanced vision for forestry production and conservation, based on the inclusion of indigenous peoples, participation of different stakeholders, and market mechanisms that promote new forestry production models that will help reverse or reduce the factors that influence forest degradation and the loss of unique landscapes.

The RLFFS includes the institutionalization and legitimation required for a forest governance model that involves a greater dialogue between government institutions, as well as civil society at large, and private companies.

The greatest challenge for achieving this dialogue was the implementation of the prior consultation, described below.

## **PRIOR CONSULTATION FOR THE RLFFS**

Peruvian tropical forests hold great natural and cultural diversity and are home to many native communities and cultures. They also contain forestry resources, the sustainable production of which must be promoted by the government.

The prior consultation to the RLFFS was implemented to make progress toward a forest governance model that combined both government and indigenous interests. This process was a challenging one. For example, this was the first time that the government and indigenous peoples would discuss a law of this scope and importance; the process revealed technical and legal complexities as well as logistical and financial limitations. The process also began in a climate of distrust due to a lack of familiarity between the involved parties and their inherently different worldviews.

In January 2014, the PPB implemented direct technical, financial, and logistical initiatives with the AIDESEP and CONAP, the two main indigenous organizations that together account for more than 90 percent of the native Peruvian communities in the Amazon. This support was provided through an approach that used contracts subject to the fulfillment of commitments and results. Community representatives, therefore, had access to funds that provided them with informed participation without technical or financial middlemen.

Before the formal start of the prior consultations, AIDESEP and CONAP carried out information, management, and negotiation capacity building activities to foster dialogue between the parties and build a climate of respect and openness.

The PPB approached the prior consultation process with three objectives in mind: i) ensure that the organizations' opinion was independent from government financing, ii) educate indigenous organizations in the prior consultation process and during the regulations drafting process and, iii) strengthen indigenous participation, from grassroots to leadership levels, with a gender-based and generational approach.

The PPB also funded the participation of AIDESEP and CONAP in all the meetings related to the prior consultation process and the workshops held by the SERFOR. Nearly 1,900 indigenous persons participated in the entire process, 747 of which were women.

The prior consultation process for the RLFFS ended in March 2015, defining a clear path for its enactment and achieving a historic agreement between the indigenous people from the Amazon and the government. After the events at Bagua, where police officers and indigenous people died in conflicts over discrepancies in the environmental regulations, and after years of strife, the indigenous peoples and the national forest authorities reached an agreement that provided a social foundation for the regulations to flourish.

Beyond the impact the application of the new RLFFS will have on sustainable forestry production, the experiences gained by the state and civil society prove that consensus can be built around the most important topics for the population's development. This is especially true if there is a willingness to promote dialogue and the means for citizens to be informed and empowered.

After the enactment of the RLFFS', the PPB supported the two main national Amazonian indigenous organizations, CONAP and AIDESEP, through the Ucayali Regional Organization (ORAU), to make contributions to the RLFFS technical standards. CONAP drafted seven technical standards and AIDESEP provided inputs to 15 standards. These technical contributions were used by the SERFOR as inputs for drafting forestry management standards that include active participation of indigenous communities.

## **REGULATIONS PROMOTING THE FOREST ECONOMY**

The Third Milestone was to generate regulatory conditions to drive sustainable forestry production, as a mechanism for improving relationships with users.

The PPB helped develop the Supreme Decree No. 015-2013-MINAGRI dated November 22, 2013. This national decree, collects the initiatives of regional concessionaires to establish the mechanisms for: i) simplifying updates to the general forestry management plan, iii) simplifying submission and implementation of the annual operations plan for previous years, iii) recalculating the debt for production rights in the event of proven lack of imputability, and iv)

**"Peru Bosques has supported us technically and financially; we learned how to dialog transparently, without intermediaries. Without Peru Bosques support the Regulations to the Forest and Wildlife Law would not have been possible."**

**— OSEAS BARBARÁN,  
CONAP PRESIDENT**

approving the transfer of balances in 30 days. These regulations impacted the formalization and renewed activities of 15 concessions, representing 300,000 hectares where activity had been frozen. The regulations thus produced an economic impact on concessionaires and regional governments.

In the Ucayali region, technical, procedural, and regulatory foundations were developed for a simple and low cost process for transporting timber to a sawmill within the region. Under this system, the regional forest authority authorizes companies to print out their own numbered internal Forestry Transportation Guides, which can only be done at printers authorized by the National Superintendent for Customs and Tax Administration. Thus, when companies move timber, they can use these guides without having to request authorization for each movement; the sawmill can only receive timber if it arrives with this document.

## INSTITUTIONS

The forest governance model can only generate social, environmental, and economic value if the institutions that support it improve their dialogue. Key institutions were identified for this purpose:

### SERFOR

The new Forest and Wildlife Law established the SERFOR, a leading institution in the forestry sector that promotes sustainable and participatory management of forest and wildlife resources. The SERFOR also promotes the use of ecosystem services and provides quality services that contribute to the well-being of all citizens.

This institutions capacity building process was the Fourth Milestone defined by the PPB for the Peruvian forest governance model.

Specifically, the Project supported the creation of the SERFOR by supporting the transition of the institution's role from a subsidiary in the MINAGRI to an autonomous configuration with high-level prerogatives regarding national public policy.

The PPB technical assistance supported the implementation and institutional strengthening of the SERFOR by building institutional and individual capacity. During the transition phase, this support primarily consisted of transferring management systems and adopting the characteristics of a higher-level institution. This provided the initial foundations for internal implementation and consolidation, including, among other aspects, the installation of internal administration bodies, operational planning, budget creation, and selection and training of the appropriate human capital for holding positions within the SERFOR's organic units.

**"Peru Bosques is having a real impact on the Amazon. They are good allies, helping us to build capabilities at the SERFOR."**

**— FABIOLA MUÑOZ, FORMER  
EXECUTIVE DIRECTOR, SERFOR**

The project also helped the SERFOR build their capacity to manage the inter-institutional processes, services, and connection mechanisms it is responsible for. This was necessary so the SERFOR could respond to the sector's challenges and dynamics in a timely manner.

The Project provided specific technical and financial support to strengthen the SERFOR's role in forestry control and oversight. Highlights of this include the development of a public investment project for nearly \$30 million to implement the MC-SNIFFS specifically, the donation of equipment for 61 forest control posts, and in particular, the development of the MC-SNIFFS, described further below.

## **MC-SNIFFS**

The National Forestry and Wildlife Information System is a set of procedures for integrating, systematizing, analyzing, and making available reliable national forestry and wildlife data and resources. It consists of several subsystems or modules: Inventory, Forestry Cadastre, Knowledge Management, Trade Promotion, and Control.

The Control Module for the National Forestry and Wildlife Information System (MC-SNIFFS) is justified by the signed amendment to the PTPA and its Forestry Annex (Annex 18.3.4) wherein the government of Peru commits to “design systems to verify the legal source and [...] to reliably trace specimens from extraction, to transportation, processing and export.”

Thus, the goal of the MC-SNIFFS is to integrate, articulate, systematize, analyze and make national forestry information available so appropriate controls can be implemented.

Conceptually, the MC-SNIFFS has three components:

- I) Entities, either public or private, that can be of four types: i) the owner, which is the SERFOR, with full administrator's rights to the system, ii) internal users, represented by the regional forestry authorities, with permissions for querying and entering official information, iii) information sharers, such as the National Identification and Civil Registry, the Tax Administration Superintendent, the College of Engineers, and the National Bank (*Banco de la Nación*), with which the SERFOR transfers and requests information, iv) external users, including enabling title holders, who can enter and query their own information and the status of their processes.
- II) Processes, which organize the internal operations of each of these entities and their relationships.
- III) Mediums, which could be: i) recurring, such as electricity, water, internet, fuel, nourishment, ii) hardware, including equipment and infrastructure, iii) software, like the MC-SNIFFS web platform and the Helpdesk service, iv) personnel, both quantity and quality and v) legislation. All these mediums enable the entities to act using the processes.

The project worked with these three components to:

- Carry out processes within public and private entities so they can interact with the MC-SNIFFS, creating administrative procedures and regulatory proposals in the public entities and designing methods for quality information generation through traceability systems in the private entities
- Donate \$250,000 in equipment to the SERFOR for 61 control posts
- Design an optimum network of check points, including appropriate locations, required staffing, equipment, and infrastructure
- Develop the MC-SNIFFS web platform together with the SERFOR, redesigning processes, developing software and performing field tests
- Provide guidelines for uploading enabling title information to the web platform
- Develop a public investment project for the SERFOR for close to \$30 million for MC-SNIFFS implementation
- Train 342 people on MC-SNIFFS web platform use and management
- Develop the MC-SNIFFS Helpdesk, an on-line software-based service that enables users to send system questions and suggestions for improvements and to receive answers and tips
- Develop manuals and video tutorials to help with use of the MC-SNIFFS web platform

The MC-SNIFFS' activities mentioned above were carried in parallel to the development of the RLFFS. As a result, there was close coordination between the regulations drafting team and the software development team, as many procedures included in the RLFFS needed to be reflected in the MC-SNIFFS. This situation gave rise to significant software development delays in addition to the SERFOR's team capacity building through trainings. The trainings are an activity that still require support, mainly due to the transition of public servants during the change of administration in July 2016.

Despite these challenges, the PPB delivered a functional system to the government of Peru that changes the national forestry control paradigm, improving the efficiency of all of its stakeholders and ensuring proper timber traceability from the forest to production locations and markets. The system requires commissioning by the SERFOR.

## **REGIONAL ENVIRONMENTAL AUTHORITIES**

The regional Amazonian governments in San Martín, Amazonas, Loreto, Ucayali and Madre de Dios, who together form part of the Amazon Inter-Regional Council, signed the "Grey Towers Declaration" in Pennsylvania, United States, on October 27, 2011, during an internship promoted by the United States Forest Service. Under this declaration, they committed to creating environmental authorities that will unify the responsibilities of regional government institutions in charge of approving, granting, and overseeing environmental management and natural resource rights and management documents.

Thus, the PPB provided technical assistance to the regional governments of Loreto, Ucayali and Madre de Dios for designing and drafting management documents, supporting technical reports and regulations that formalize the creation of these regional environmental authorities. All of

the initiatives were consistent with the National Policy for Modernizing Public Administration toward 2021.

The importance of creating these regional environmental authorities (ARAs) is that by consolidating the environmental units from different sectors of the regional government, they will provide improved services to users by reducing lead times, improving response times, and simplifying interactions between the government and its citizens. This support constituted the Fifth Milestone of forestry governance, directly addressing improved public relations through user assistance.

**“The ARA is important because its mission is to focus natural resource-related activities and administrative aspects, which used to be spread out amongst other units.”**

**— FILOMENO ENCARNACIÓN,  
FORMER REGIONAL NATURAL  
RESOURCE MANAGER, LORETO  
REGIONAL GOVERNMENT**

The first stage of the PPB’s efforts to establish ARAs entailed: customizing their institutional design to each ARA’s reality, developing and aligning management tools adapted to each region’s reality, training, development of public investment projects for financing, and improving procedures for providing environmental, forestry, and wildlife-related services.

As a result of this first stage, a process that lasted almost three years, the ARAs of the three aforementioned regional governments were established. Each authority is at different levels of implementation, corresponding to specific political, administrative, human and budgetary challenges within each region.

The second stage of project support focused on drawing up an institutional sustainability plan for the Loreto, Ucayali and Madre de Dios ARAs. This plan provides a roadmap for developing effective and efficient sustainable institutional performance conditions, tailored to user demands. This document was drawn up as a foundation to provide USAID with decision-making elements for future interventions.

## **OSINFOR**

The SERFOR and the regional forestry authorities are government agents that manage and promote natural resources. The OSINFOR is the supervisory, and therefore punitive, body for forest users. While the SERFOR creates the conditions for forestry production, the OSINFOR ensures production is done in compliance with established environmental and legal standards.

The PPB’s Sixth Milestone is support for the OSINFOR by providing technical assistance to support institutional, conceptual, and operational topics.

The PPB’s support to the OSINFOR began when OSINFOR had a change in its Executive President. As part of the transition in the executive office, OSINFOR conducted a benchmark diagnostic to review what resources the institution required to effectively implement their mandate. Additionally, they conducted an in-depth analysis of its mission and identify areas of improvement.



The diagnostic and analysis results revealed that the lack of a Forest Court, an entity responsible for settling appeals brought by title-holders against OSINFOR resolutions, was hindering an appropriate administration of sanctions.

Whenever the OSINFOR detects an administrative violation in a concession, such as a violation related to management documents, it determines whether the appropriate sanction was a fine or forfeiture, depending on the severity of the violation. In both cases, the decision is communicated to the concessionaire, and the latter can submit a request for reconsideration resolved by the line agency within the OSINFOR that issued the sanction. If the resolution issued by this line agency regarding the reconsideration request does not satisfy the concessionaire, it can submit an appeal. This appeal is received by the same line agency and, without issuing an opinion, it sends it to the Forest and Wildlife Tribunal (TFFS, in Spanish). After a five-day period, during which the TFFS must issue a resolution — an element of the process rarely observed because the TFFS was not operating — the concessionaire could invoke the Judicial Power, which generally acted by overruling the sanction imposed by the OSINFOR, allowing the concession or permit to continue operating with no sanctions whatsoever.

Thus, the TFFS regulations were one important outcome of the Projects technical assistance. For seven years the TFFS had postponed its operations and was established based on these regulations and on the work done by that entity for appointing its members.

Another area for improvement identified, was that the information collected by the OSINFOR in the field was often disallowed as evidence because of the way in which it had been collected. Therefore, the project drew up the Five-Year Audit Manual, which covered several key aspects to turn audits into legal and efficient evidence for verifying compliance with the general forestry management plans by forestry concessionaires. The criteria for determining the OSINFOR's scale of penalties for forestry issues was also defined, to bring these penalties in line with the violations committed.

“Peru Bosques supported us with penalty definition, and we implemented their methodological and conceptual proposal on our own.”

— MÁXIMO SALAZAR, EXECUTIVE  
PRESIDENT, OSINFOR

The PPB worked on establishing uniform criteria for the professionals working in the OSINFOR audit unit; some of them classified certain findings at concessions and permits as punishable while others did not. The PPB implemented trainings on subjects, including: forestry crimes: the four basic topics; general theory of evidence, OSINFOR oversight and indictment principles required by the law enforcement chain; and punitive administrative law. Finally, the project contributed to the institution's capacity development plan, drafting a methodological proposal to institutionalize these topics and related capacity building processes.

## FUNDRAISING



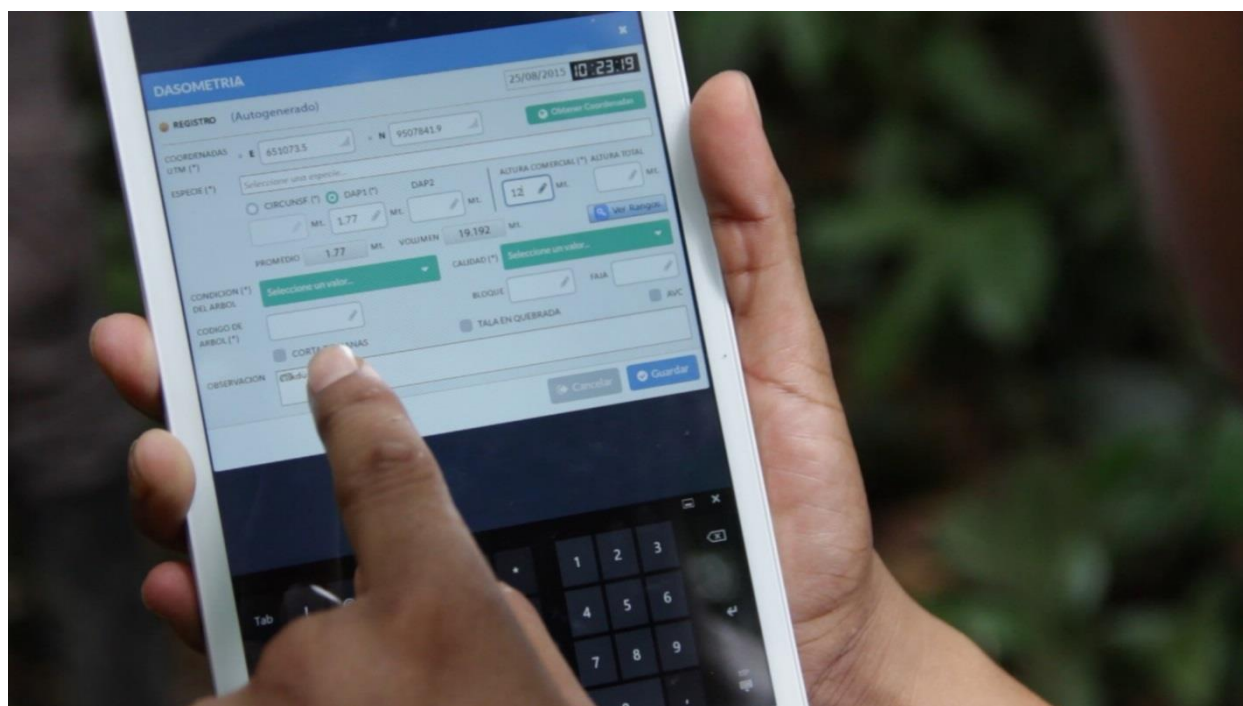
Although fundraising is not an entity but an activity, it is being highlighted because of the importance it has for strengthening institutions and, as such, was cross-cutting to all six milestones.

Funds have been raised through public investment projects to make the activities supported by the PPB, or those directly related to them, sustainable.

This can be seen in the following table:

#### EXHIBIT 2. LEVERAGED GOVERNMENT FUNDS

ENTITY	PUBLIC INVESTMENT PROJECT (PIP)	AMOUNT
Regional Government – Loreto	PIP 220245 Improvement of forestry control and promotion services in the Lower Amazon Basin - Mrcal. Castilla – Loreto	\$500,059.36
Regional Government – Loreto	PIP 223050 Improvement of productive conservation and biological diversity co-management services at the Ampiyacu – Apayacu ACR and its area of influence, Pebas District, Mariscal Ramón Castilla Province, Loreto Region	\$841,515.52
Regional Government - Loreto	PIP 228305 Installation of tourism services in the Tamshiyacu Tahuayo Regional Conservation Area and its buffer zone, Fernando Loes District, Maynas Province – Loreto	\$1,398,637.03
Regional Government - Loreto	PIP 2309148 Creation of the Loreto Regional Government's Loreto Regional Authority	\$4,885,698.56
Regional Government - Ucayali	PIP 111546 Environmental Services Recovery Biodiversity Conservation Native Communities RC El Sira Buffer Zone	\$3,573,497.45
Regional Government - Ucayali	PIP 115204 Recovery of Forest-Based Environmental Services for soil protection in native communities in the Aguaytía and San Alejandro river basins, Padre Abad Province – Ucayali Region	\$44,928.06
SERFOR	PIP 264427 Creation of the Control Module for the National Multi-Departmental Forest and Wildlife Information System	\$33,687,947.06
<b>TOTAL LEVERAGED FUNDS</b>		<b>\$44,932,283.04</b>



The Synchronized Forestry Production Method registers forest census data in a tablet, replacing the traditional field notebook. Iñapari, Madre de Dios, Peru. 2015. Photo: Fernando Verano.

### SECTION THREE

# FOREST MANAGEMENT AND ECONOMIC DEVELOPMENT

In its broadest sense, forest management is an instrument for sustainable economic development that would promote compliance with the law and contribute to governance from the side of forest users.

The PPG has contributed to formalizing the forestry business at forestry concessions, transformation centers and native communities, improving processes, and training direct stakeholders. The PPG also helped define new ways of thinking breaking with the inertia of traditional activities, to boost all the links of the economic forestry management chain to make the activity sustainable.

The management of biological areas of importance has also improved as a counterweight to the intensive use of these areas, such that places exist for the protection and sustainable use of biodiversity with alternative economic activities that promote conservation.

## FOREST MANAGEMENT

### FORESTRY CONCESSIONS

Timber production performed in Peru in recent decades yielded large profit margins due to abundant resources, a market that did not care about product sourcing, and a weak state. When these three circumstances changed, forestry companies used to the lax timber regulations and enforcement were unprepared to improve their production and become more efficient.

To mitigate this situation, the PPB made the Synchronized Forest Production Method (MAFS, in Spanish) available to forestry companies. The MAFS is an innovative methodology developed by the project that permits modern management, with robust and reliable information on forestry production operations. The MAFS is based on a census that uses global geo-positioning technology and different types of automation.

The MAFS' ease of adoption and implementation allowed companies to quickly evolve toward a planned operating model that overcame the limitations of the traditional method. Adoption of the method by Maderacre and Catahua, two companies in the Madre de Dios region, has shown that operating improvements (cost, time, performance) have a positive impact on business productivity and profitability. The MAFS method also promotes policies that advocate making a forest with improved management a lasting source of competitive advantage — something difficult to achieve with traditional methods.

One key aspect of the MAFS, from a business perspective, is that the method is low cost and provides benefits in terms of profitability and competitiveness. With higher levels of

profitability, companies can invest more in implementing improved social and environmental practices. The benefits of the MAFS implies a fundamental change in the way businesses interact with the environment. Now, businesses will be able to benefit from better profits and access to markets if they offer legal timber and if the forest maintains its vitality.

Technology transfers from the Project to the companies have generated a new knowledge base within them. Companies incorporated capabilities to continue innovating upon the synchronized method and are able to test their own improvements. Their improved and sustained business performance means companies that apply this method are using the best practices in the sector. The success of the MAFS demonstrates that there are significant benefits to innovative methods of production. The implementation of the MAFS can help reduce the use of timber from improperly supported sources.

**“The Peru Bosques Method provides us with quality, responsible results in half the time.”**

**— WALTER ORMEÑO, HEAD OF  
OPERATIONS, INDUSTRIAL  
MADERERA ZAPOTE**

## **COMMUNITY FORESTRY OVERSIGHT**

Illegal logging is one of the greatest environmental, economic, and social challenges the country must deal with. Proper management helps prevent conflicts arising from improper forest usage, and guarantees livelihoods based on the sustainable use of its natural resources.

Forestry monitoring is an initiative promoted by the ORAU indigenous organization and supported by the PPB. Monitoring has provided native communities and the companies that work with them a negotiation framework for producing forest resources on community land. Under this initiative, trade agreements between native communities and timber companies are governed by profitability and sustainability standards; both sides win, and, above all, the forest is conserved.

Project support has helped strengthen a simple yet effective structure within the ORAU, capable of transferring knowledge and technology that will benefit communities and help improve their forest governance. Key guidance materials were developed to help communities improve sustainable forest use and a network of monitors has been created within the communities. Many of these have internalized their oversight work to improve their relationships and business dealings with external operators.

Monitors provide auxiliary support to regional and forest authorities in areas of conflict resolution. Their training in basic techniques related to the subject provide them with rapid recognition and trust from their communities. Monitors now have a technical platform that works as a foundation to provide valuable long-term services to their own communities and to the companies or operators that want to enter long-term relationships with them.

Together with the PPB, the ORAU established two decentralized offices, trained 30 monitors from 20 communities, and drew up the monitors' Internal Regulations and Sustainability Plan. Then, the ORAU replicated the training for 600 people with project support, which led to them collaborating toward community control and oversight of 240,000 hectares of forest.

*"Those of us that live in the forest have the right to make use of it, but we need to do so responsibly. The monitors supported by Peru Bosques help toward this."*

**— MAX SILVA, FORMER  
COORDINATOR, COMMUNITY  
FOREST OVERSIGHT - ORAU**

## **BIOLOGICALLY IMPORTANT AREAS**

Work in biologically important areas was performed based on a source/sink dynamic, a concept under which these spaces propagate species of plants and wildlife that then spread to other areas, such as concessions and native communities, where they are then used.

Interventions were performed using two approaches: i) the biosphere reserve, i.e., a core area with little to no intervention, then a wider, concentric area with less restrictive use permits, and, finally, a third larger ring with more intensive, although always sustainable, use permits, and, ii) the island theory, that ensures the places chosen are large enough to fulfill their mission as sources, or are at least close enough to each other to create patches through which plants and wildlife can flow, thus maintaining the region's biodiversity.

This work was carried out in protected areas with direct local use, in particular the El Sira Community Reservation; the Tamshiyacu Tahuayo Community Regional Conservation Area (ACR, in Spanish), the Ampiyacu Ampayacu ACR and the Alto Nanay Pintuyacu Chambira ACR, all in Loreto, as well as the Imiría ACR, in Ucayali. These areas were chosen because their location complements biological corridors, they have less support from the government and international cooperation, and local populations use their resources.

The implemented initiatives improved the management of these areas through the development and implementation of master plans, prior consultations, management plans, training, control and monitoring plans, sustainable use plans, public investment projects, and equipment donations. As a result of the comprehensive implemented activities, 2,623,322 hectares within biologically important areas have been reported as operating under improved management.

## **ECONOMIC DEVELOPMENT**

### **BUSINESS MANAGEMENT**

Timber production has been fueled either by the comparative advantage of available valuable raw materials, or by the opportunity to receive income by attending growing local markets. These companies face the challenge of formalizing the business and driving effective corporate management. They face at least one of two hurdles: (a) The relative youth of the transformation link means that most businesses have not capitalized sufficiently to invest efforts and resources into the adoption of modern business management or into productivity. They are therefore subject to a low-cost, low-performance value chain, where illegal activities become mixed up with formal ones; (b) In their environment they have no access to business development

services or to mechanisms that could help them understand higher-value markets and how they could have access to them.

One of the project's initiatives was cooperation with the private sector involved in forestry production and the transformation links of the timber production chain. The PPB sought to support companies that could drive a responsible forest economy, within a framework of competitiveness, modernity, and legality. The project provided technical assistance aimed at improving business management, based on productivity, competitiveness, and commercial intelligence.

**"Not only did they help us improve as a company within our plant, but also in our offices. Peru Bosques came in to cement the company; our production has increased and we have new markets."**

**— ROSA INÉS MARTÍNEZ,  
DEPUTY MANAGER FOR  
INDUSTRIAS DEL  
MACHIHEMBRADO DANIELLA**

Taking into account the use of methodologies and instruments that belong to a pre-existing integrated corporate development service proposal, and considering the needs of forest-based timber businesses, the PPB developed an intervention strategy centered around the implementation of improvement plans based on the pillars that determine business management success: i) increased productivity, ii) improved competitiveness, iii) new development capabilities and iv) the application of commercial strategies.

The implementation process has been successful insofar as the measures contained by improvement plans have been the product of participatory situational diagnostics with each company receiving assistance. The resulting information has allowed channeling the type of interventions that will best fit these companies' needs, possibilities, and potential.

The best improvement plan proposals have supported to two groups of companies in a similar way. With smaller and younger companies, technical assistance has covered almost all the pillars of business management, from defining the organization's vision, strategic objectives, and cultural values (at a level of strategic management), through the creation of management systems and organizational capabilities, to operational practice innovations within the production process. Assistance for medium-sized and older companies has focused on refining internal policies and management instruments, improvements and/or adjustments to plant layouts and operator training, cost management per production line, and implementing commercial intelligence mechanisms.

The business management tools used were: i) Diaf, a corporate diagnostic tool that analyzes a company's status and its required strategic planning, ii) Sconeff, an automated tool to analyze the behavior and distribution of the income, expenses, and costs involved in timber production, iii) Mafin, an administrative and financial procedure manual that allows formalizing work systems and guaranteeing compliance with legal and administrative regulations, iv) Sifefs, a management accounting tool used to analyze business performance based on certain indicators like production costs, operating expenses, sales income, gross profit, net profit and break-even point, allowing decisions to be made based on accounting and financial information.

The International Quality Management Program (PSGC, in Spanish) was also used with forestry companies, in partnership with the Ministry of Production, the Ucayali regional government, and the Belgian Development Agency. This program brought about organizational-level changes with training and technical assistance for managers and workers that focused on increasing productivity, competitiveness, and sales and strengthening the micro and small businesses where they work.

Through these activities, the Project achieved important outcomes, including:

- i) \$3,328,689 in increased sales for forest companies, surpassing the PPB's goal by 232.87 percent. This was achieved through the technical assistance the project provided for improving production processes
- ii) 911,721 hectares under improved natural resource management, representing 101.30 percent of the PPB's overall goal, through improved practices based on training and accessible technology
- iii) 3,706 people trained in natural resource management, surpassing the PPB's overall goal by 77.48 percent

## LA MINGA TURÍSTICA

The PPB searched for an economic model that could apply the theory that the local population can make profitable use of its natural resources. The model would bring together profitability, legal compliance, sustainable management, and inclusion, to create a functional and replicable model.

At the end of 2014, the regional government of Loreto requested technical support from the PPB to develop a tourism plan for the Tamshiyacu Tahuayo ACR. The technical assistance included a visit to the zone with the objective of opening up the tourism business.

In 2015, the PPB measured the tourism and the supply of tourism sites of the area. A commercial strategy was developed based on this and *Minga Turística* was born. *Minga Turística* is a tourism and sustainability initiative shared by the communities of El Chino, San Pedro, Diamante Siete de Julio, and San Juan de Yanayacu. It was legally incorporated with five tourist products: catch-and-release sport fishing, sport hunting, hiking, volunteer services, and the sale of culinary and artisanal products.

**"We want to be a solid association that will provide tourists with every facility for their comfort. We want tourists to be happy when they leave us. Thanks to Peru Bosques, I think we are achieving this."**

**— GUSTAVO PAIVA, PRESIDENT,  
LA MINGA TURÍSTICA**

Of all these products, catch-and-release sport fishing and the volunteer services were developed the most, establishing profitable and sustainable activities in a high-fidelity market niche with a quality product. The success of these activities was achieved by adequately identifying market demand, generating healthy associations between service providers, establishing an appropriate location within the tourism value chain, having knowledge of



available natural resources, and developing a highly specialized product based on the previous four points.

In just seven months of operation, the four communities that make up *La Minga Turística* have already received 99 tourists from Argentina, France, the United States, and England, and have entered a trade relationship for selling sustainable products, like the *camu camu* fruit, a cherry like fruit that grows in bushy riverside trees, with a gourmet restaurant in Lima.



Consultant demonstrates the use of GPS and a tablet for carrying out a synchronized census of trees on concessions. Madre de Dios, Peru. 2015. Photo: Fernando Verano.



## SECTION FOUR

# GENDER-BASED FOCUS

The PPB defined early on that the implementation of a gender-based focus would be based on quantitatively and qualitatively improving the participation of women in all its activities. The goal was to incorporate them and make their opinion, visions, and experiences with natural resources visible; this was particularly the case for indigenous women.

The PPB made gender-based focus cross-cutting using three pillars: i) awareness and intensive training for the PPB team, ii) the mandatory inclusion of gender-based focus in PPB activities, verified by monitoring and evaluation, iii) identification of exclusion factors for indigenous women in the Peruvian government's environmental policies, as a benchmark to define a methodology that would allow their full participation in operational and strategic decisions related to their homes and their livelihoods.

Through these pillars, the PPB gained 4,644 women participants in the different activities it implemented, representing 32 percent of all participants.

These activities were, for example, RLFFS dissemination and training for women leaders in Selva Central and Ucayali, in which 60 percent of the participants were indigenous women. This activity was carried out to gather their contributions to the proposed regulations, and was executed through the National Network for the Promotion of Women in close coordination with the SERFOR between January and March 2014.

In regional regulations, the Operating and Functional Regulations for the ARA Ucayali has formally established functions for making a gender-based focus cross-cutting; a regional organization exists that has taken on this responsibility in the forestry sector. Profiles and positions for professionals who will take on this responsibility need to be established in the next management documents to be approved.

The RLFFS proposal has included a gender-based focus by promoting the participation of women and trying to set inclusion quotas as a first step. This point was highlighted during the presentation of the proposal to civil society on Tuesday, December 30, 2014, which was promoted by the PPB technical assistance.

There is a lack of women's participation in forestry production, both traditionally and in general, especially in the initial links of the production exchange, and increasingly in the links related to primary and secondary transformation, sales, and handicrafts. In many cases, the leading roles are mainly held by men, obscuring women's roles in forestry activities.

The project therefore committed to two initiatives: i) promote the participation of women and ii) make their role visible. Promoting the participation of women was achieved through invitations to PPB activities, with adequate messages, mediums, and languages. For example, radio announcements were performed from 5 to 7 a.m., targeting women doing domestic chores. When activities included workshops, a space was set aside as a nursery for child care.

Through training, more opportunities were also created for women in the forestry sector, strengthening their business management capabilities, and promoting financial opportunities in the sector's value chain and other connected activities.

The PPB worked on making women's role visible by offering exclusive workshops for women to identify the activities they participate in and include them into PPB tasks related to those topics. One notable case of promoting gender inclusion was the participation of women in the Ucayali International Quality Management Program (PSGC), where they represent 36 percent of participants. Another example was the participation of women in training at forestry companies, where 14 percent of the participants were women. They were particularly involved in trainings for the implementation of the new forest census protocol, timber cubing, tele-detection, identification of high-value forests for conservation, and the single window for foreign trade.

The project also achieved 37 percent participation by women in strengthening the social and environmental capabilities of key stakeholders (regional governments, indigenous organizations, and civil society) on the Ucayali Table for Reducing Emissions from Degradation and Deforestation.

"I had good ideas, but I needed technical support. With the support provided by Peru Bosques from USAID to women entrepreneurs, I implemented them."

— LLAMELY TEJEDO, MANAGER,  
TEJEDO ARTS

In areas of biological importance, women also had considerable visibility, with 23 percent and 26 percent participation from women in the master plan for the Imiría Regional Conservation Area in Ucayali, and in updating the master plan of the El Sira Community Reserve, respectively. Additionally, 24 percent of women were trained in forestry management planning, sales, control, and oversight.

The project ensured that PPB broadcast materials, such as notes, success stories, and videos, highlighted the role of women in the forest sector. Materials produced by the PPB during its third year show women in caretaking roles, but also holding positions as government employees and public servants, participating in the production chain in secondary transformation plants for plywood production, and as plant managers.

For example, the PPB created success stories highlighting the experience of companies led and composed of women, including the case of Pro Mujer Oriente, a handicrafts company that achieved production improvements through the PSGC. The success story about Pro Mujer Oriente highlights the value of women from indigenous populations as repositories of knowledge on medicinal plants and seeds. This story shows how creating a source of income for women that have suffered violence provides them with an opportunity for achieving financial independence.

The project also produced a success story on for Ms. Llamely Tejedo, who was supported by the PPB on commercial intelligence topics. Ms. Llamely Tejedo is a woman entrepreneur who works in precious wood handicrafts and exports to the United States and Europe and has proven that it is possible to succeed as a woman entrepreneur.



**Marcel Gondonneau**, a well-known national sport fishing entrepreneur and the owner of Sport Fishing Peru, shows off a Tucunare, the emblematic species of the lakes along the Tahuayo River. Tamshiyacu Tahuayo Regional Conservation Area, Loreto, Peru. 2015. Photo: Pamela Montero.

## SECTION FIVE

# GOOD PRACTICES IN PROJECT MANAGEMENT

This chapter highlights PPB actions that had good results and could be useful for future interventions.

The structure and operation of the MC-SNIFFS was designed with the SERFOR from a forestry control and oversight perspective, with the Regional Forest Authority to design its practical use and application, and with users by focusing on how to design a system to better serve their needs. This allowed the development of a system with the ability to control timber and, simultaneously, help users have the information they need to manage their production, making its adoption more feasible.

Under Law N° 29785 on the Right of Prior Consultation of Indigenous or First Nations, when a law is to be enacted that could possibly affect indigenous rights, a consultation process must be implemented with native communities before it can be enacted, and their participation expenses must be covered. In practice, however, the indigenous stakeholders that were invited to the consultation hid their opinions out of fear that expressing an opposing opinion would cause a revocation of the invitation to meetings and a restriction of the indigenous representation. To avoid this conflict of interest, the PPB funded the indigenous organizations participation in the consultations and organized trainings for their representatives how to prepare effective proposals that would serve their communities best interest during the negotiation process.

The direct work done by the PPB with the AIDESEP and CONAP was done in three stages: i) training in administrative and financial procedures, ii) technical and administrative assistance, and iii) monitoring. The steps were laid out in a model contract that was subject to meeting commitments and providing results and removed any technical or financial intermediaries.

The PPB carried out extensive government fundraising for public entities through the National Public Investment System and, although this doesn't solve the lack of long-term planning for the development of public investment projects, it helps cover insufficient resources and support improved scheduling.

The PPB promoted innovation with planned management practices aimed at seeking innovative improvement practices. Some of these practices include providing time to reflect on problems, discussing solutions, keeping different communication channels open for ideas no matter the employee's position, and establishing ambitious, yet realistic goals. The development of the MAFS, the business management system, and implementation of the rural community tourism business model, are the outcomes of these practices that the project applied to an established situation that seemed ossified.

The establishment of a planning (technical, administrative, and financial), information storage and web-based reporting system helped accelerate internal processes with smaller budgets and activity approval times, closer and more objective monitoring through verifiable media, and timely and accurate reporting with permanently available information. The project has presented this system to several USAID partners, including the Technical Assistance Project-Ministry of the Environment, Association for Research and Comprehensive Development, the SERFOR, the OSINFOR, Center for Technological Timber Innovations, Andean Amazon Conservation Initiative, and Pronaturaleza, so they can make use of this experience.

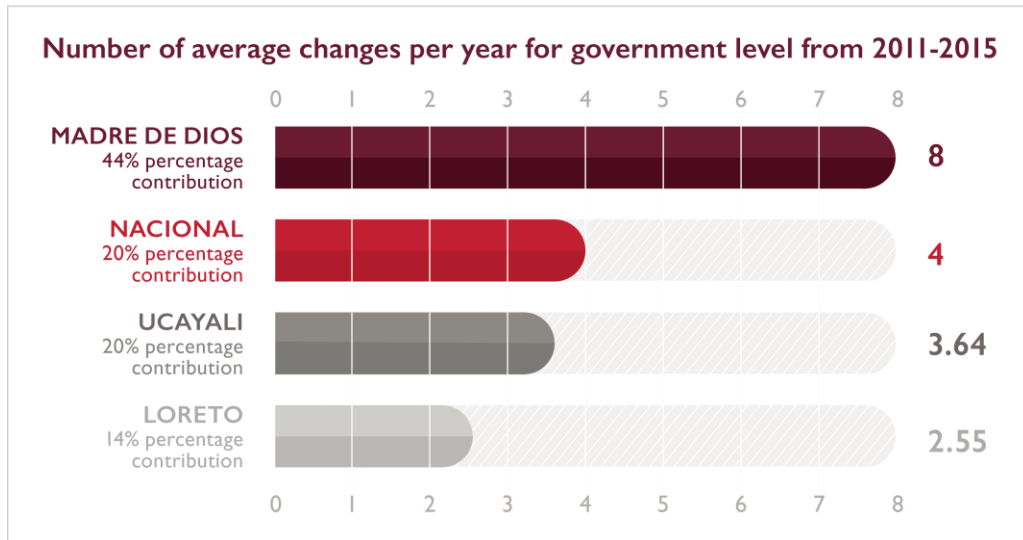
The project implemented data quality studies, represented by reliability analyses of its results. These studies were performed twice by persons independent of the PPB. The methodology used is more demanding than the one required by USAID, ensuring compliance with quality standards. These studies were shared with and approved by USAID.

Four financial audits were performed over the PPB's lifetime. Each audit was carried out over a week by persons independent of the PPB. The results always contained minor recommendations that were elevated quickly to the appropriate levels, and shared with and approved by USAID.

The PPB did not have its own brand due to USAID guidelines, and so dissemination was based on success stories, videos, highlights, and case studies as well as formal reports. The PPB received positive feedback and requests for information from third parties in response to the projects communication documents. The positive response demonstrates that the PPB was successful in making its activities visible and creating awareness. Annex D contains materials prepared throughout the lifetime of the PPB.

The political environment in countries like Peru is constantly changing. As a result, it is important to review and analyze the project's evolution and the assumptions inherent to its design to implement mitigation and contingency actions. One of the tools used throughout the PPB has been a chart, similar to the one shown below, of the main events that could affect the normal course of its activities. The graph provided a visual and panoramic view of the trends to be aware of during implementation.

### EXHIBIT 3. EVENTS AFFECTING PPB ACTIVITY







Youth from the El Chino Community. Tahuayo River, in the buffer zone of the Tamshiyacu Tahuayo Community ACR, Loreto, Peru. 2015. Photo: Diego Montoya.

## SECTION SIX

# RECOMMENDATIONS FOR MAKING THE RESULTS SUSTAINABLE

The SERFOR has been created and established, but it still requires support for its internal operations. The support should include an institutional management system based on international standards and best practices.

Along these same lines, follow-up of the agreements with the SERFOR must be institutionalized through periodic high-level meetings (quarterly or semi-annually) that seek to leverage opportunities and promote political will. Specifically, this should be applied to the commissioning of the MC-SNIFFS, to be carried out in the coming months of 2017.

It is important to stress that development of the PNFFS and the RLFFS — with its prior consultation — has had two main results: legislative consolidation of a vision for managing the country's natural resources, and rapprochement between the government and civil society, including indigenous populations. The development of national and regional technical and operational normativity should help weave together the best proposals, collecting those made by forest users and, taking advantage of this rapprochement, institutionalizing them through roundtables for discussion.

Commissioning the MC-SNIFFS should be a priority for the forestry sector during the initial months of 2017. To do this, an implementation program or plan must be designed including stakeholders, tasks, milestones and results. It is important that the plan merges the interests of the SERFOR, the OSINFOR, the Ministry of the Environment, and the regional forest authorities. To facilitate the design of an integrated approach of implementation, the parties can access documents developed by the project, including the implementation plan for this subsystem, the Optimum Control Post Network, the Timber Forest Control Protocol, the MC-SNIFFS public investment project, and the procedures for using the MC-SNIFFS web platform.

Regional forest authorities have a great opportunity for consolidation, especially in Loreto and Ucayali. The consolidation should be based on the goal of improving citizen services, an objective which will grant them the legitimacy and recognition they will need to succeed. Regional authorities could refer to the ARA sustainability plan developed by the PPB for guidance. They could also consider establishing a management system.

The OSINFOR, is a much more suitable institution for fulfilling its mission due to its institutional level, its direct dependence on the Presidency of the Council of Ministers and its budget. This entity intervenes after trees have already fallen, and, as the government, it must



promote compliance with approved management plans. Technical assistance must focus on the following: preventive training for enabling titleholders that move the greatest volume; penalties that include mandatory training; and prior inspections that provide more recommendations than penalties.

The public investment projects are a great way to provide supported institutions with resources and should continue in the future. It is important that the projects be included in the entity's institutional budget, because sometimes, even when their viability has been established, the entity may disallow them. It must be acknowledged that although important sums of money can be raised through this channel, they should be used for specific actions, as it is better that institutional allocations for recurring actions, such as MC-SNIFFS operation, be made in the annual budget.

The MAFS must be replicated at other forestry operations that have not been reached by the PPB. This will allow them to lower costs, improve productivity, and facilitate their integration with the MC-SNIFFS. To do this, the MAFS Manual, traceability plans, natural resource training plan, and a critical mass of professionals with sufficient knowledge to bring about change are available.

The community forest monitoring system was developed to perform control and oversight for timber production. This concept needs to evolve to provide services to third parties in the Amazon region and to promote best practices and normativity based on indigenous forest management realities.

Regional conservation areas are still being managed in isolation, so the creation of regional systems should be promoted for sharing lessons learned, information, and end goals, and which will have a clear relationship with the National System of Government Protected Natural Areas. This will provide efficiencies and tangible results for local populations, which should be the center of attention and joint work.

One of the main actors in the value chain is the sawmill, a transformation process where a log becomes a board. This process has an inefficient use of raw materials. It is therefore important to work with sawmills to expand coverage of the improvements implemented by the PPB, improving their management and generating auditable information for control and for the MC-SNIFFS commissioning. To do this, company improvement plans, PSGC materials, and traceability plans developed by the project are available.

The traditional trend for economic ventures related to forest-based goods and services is to produce what local populations have available, seek a market for those products, and cover the entire value chain, from production, to transportation and sales. This approach is not feasible because i) the products produced by communities cannot necessarily be placed on the market, and ii) because the different links require specialization. With this in mind, the PPB evaluated market requirements, analyzed what different populations can produce, clearly segmented the economic chain, and developed the model of *La Minga Turística*, which can be replicated based on the way the model was generated, allowing other opportunities to be identified, not necessarily related to the activity itself.

In the specific case of support for *La Minga Turística*, a long-term management plan needs to be generated that will translate the expectations of its members into concrete actions and goals. Commercial exhibitions at trade fairs are also required to improve sales and generate more income. Consolidating the operation with training for improving services, management, and associativity must also be a priority. Finally, cooperation should be generated with other USAID initiatives and other partners, so it can improve its engagement with other conservation and tourism activities in the same area.

# ANNEX A: ACHIEVEMENT OF GOALS

## APRIL TO DECEMBER 2016 (ADDENDUM NO. 16)

OBJECTIVE/INDICATORS	UNIT	PROJECT GOAL	PROJECT ACHIEVEMENT	PROJECT ACHIEVEMENT (%)
I1. Number of persons receiving training supported by the U.S. government in natural resource management and/or biodiversity conservation	# of persons	80	148	185%
I2. Number of forestry authorities with the MC-SNIFFS web platform installed along the Ucayali-Lima corridor	# of forest authorities	4	4	100.00%
I3. Number of MC-SNIFFS-related capability improvement plans and manuals produced	# of plans and manuals	20	20	100%

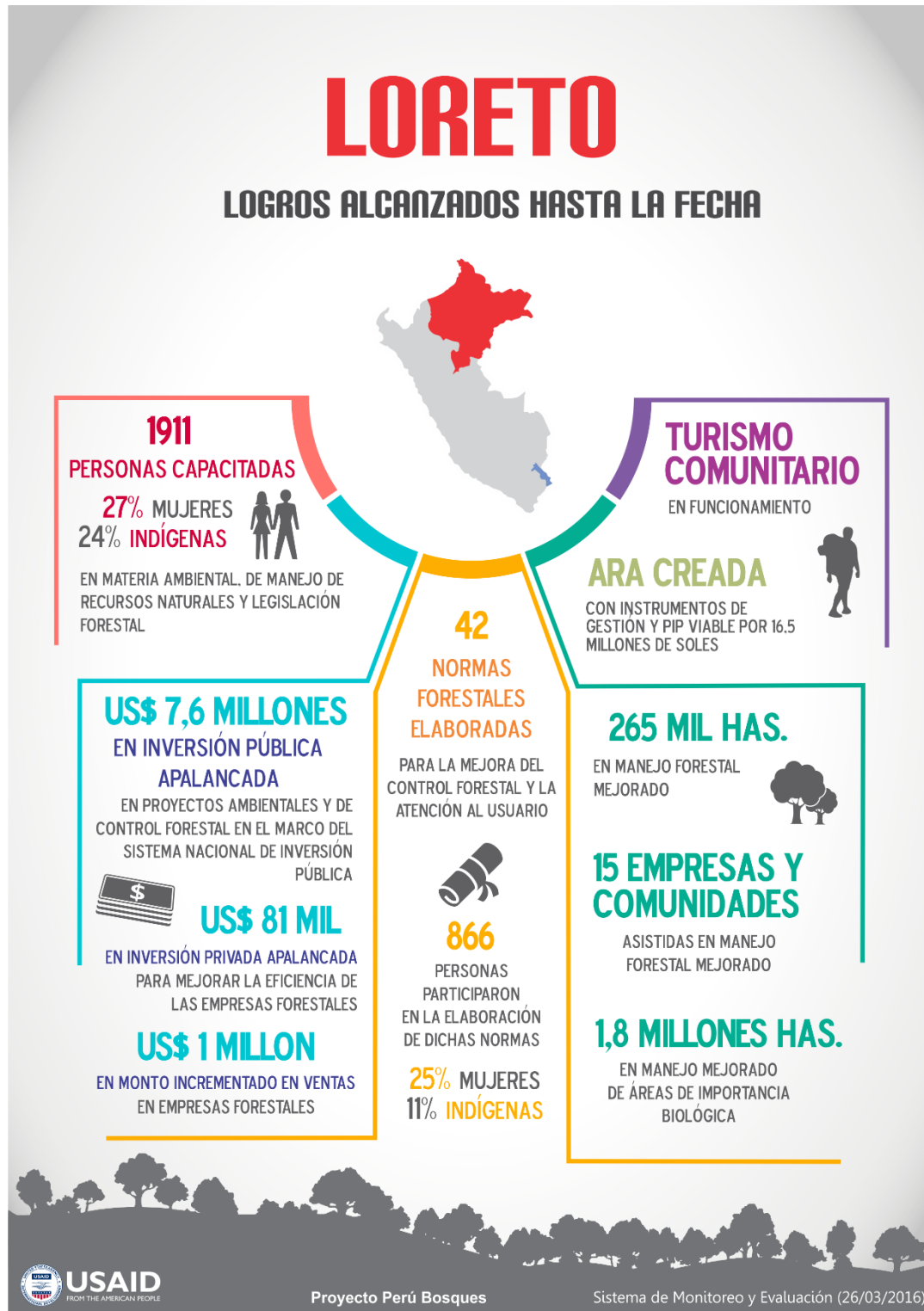
# ANNEX B: GOAL ACHIEVEMENT

## PROJECT GOAL ACHIEVEMENT (UNDER THE 2015-2016 WORK PLAN)

INDICATORS	UNIT	PROJECT GOAL	PROJECT ACHIEVEMENT	PROJECT ACHIEVEMENT (%)
1. Improvement in the performance of Peruvian forestry agencies in the implementation of activities included in the PTPA Annex on Forest Sector Governance with project support	%	50	50	100%
2. Number of policies, laws, agreements, or regulations promoting sustainable natural resource management and conservation, including forest concession annual operating plans that are implemented as a result of U.S. government assistance	No. of regulations	1,650	2,341	141.88%
3. Number of people receiving U.S. government-supported training related to forest and natural resources sector governance	No. of persons	6,000	6,203	103.38%
4. Number of people from civil society who participate in the process for elaboration of laws, policies, strategies, plans, agreements, or regulations addressing improvement in the forest and natural resources sector as a result of U.S. government assistance	No. of persons	1,500	4,553	303.53%
5. Progress with the implementation of direct support to the MC-SNIFFS by Peru Bosques	%	100	100	100%
6. Amount of new public and private investment for forest regulation enforcement, natural resources management, and/or biodiversity conservation leveraged as a result of U.S. government assistance	\$	5,500,000	45,123,188.69	820.42%
7. Number of hectares under improved natural resource management as a result of U.S. government assistance	No. of hectares	900,000	911,721.39	101.30%
8. Number of hectares in areas of biological significance under improved management as a result of U.S. government assistance.	No. of hectares	1,200,000	2,623,322.82	218.61%
9. Quantity of greenhouse gas emissions, measured in metric tons of CO2 reduced or sequestered as a result of U.S. government assistance in natural resources management, agriculture, and/or biodiversity sectors	Metric tons of carbon emissions	213,975	322,586.00	150.76%
10. Amount of increase in sales of goods and services produced by assisted MSMEs or communities in the targeted regions (disaggregated by gender and ethnicity)	\$	1,000,000	3,328,689.43	332.87%

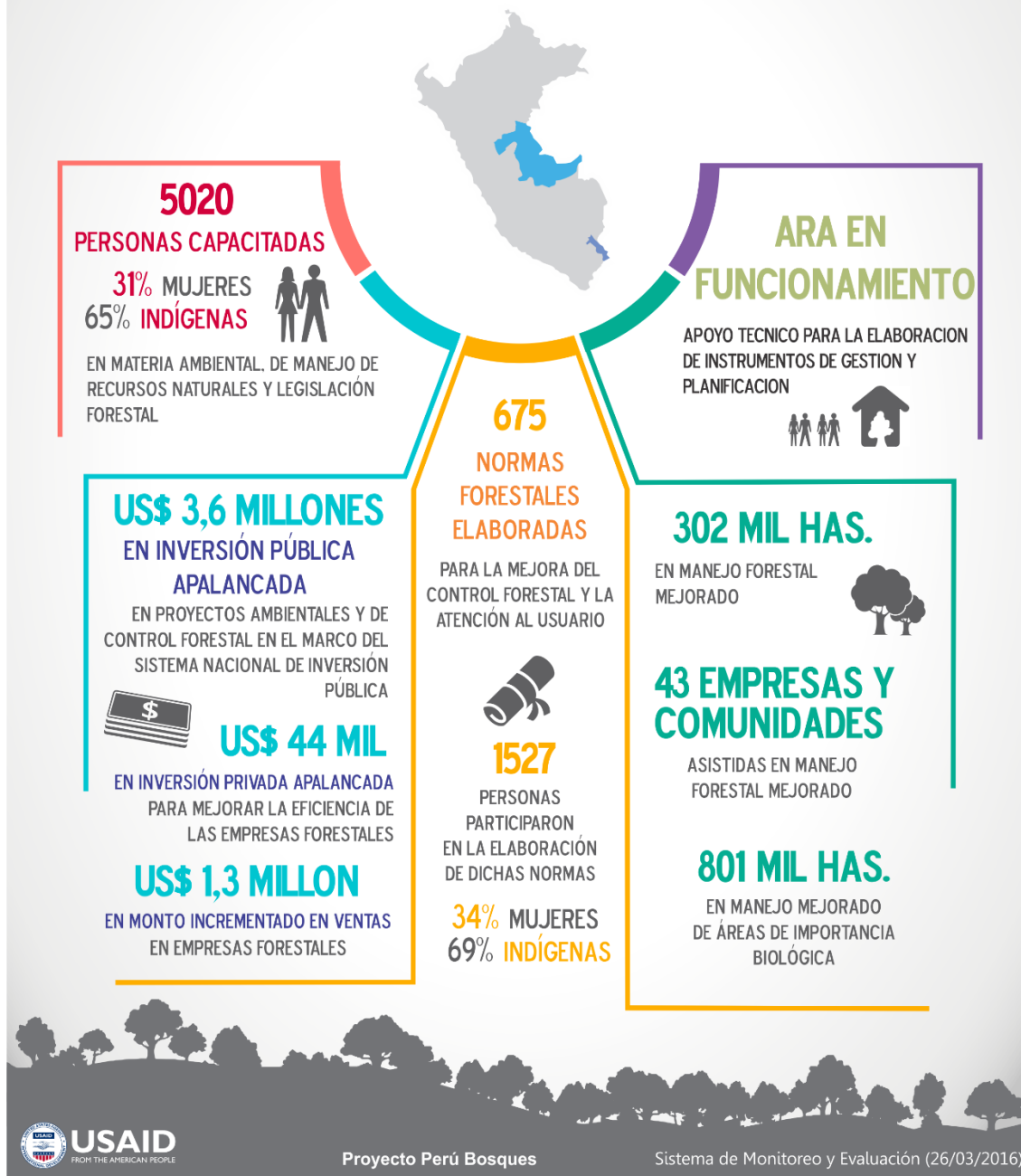
<b>11. People receiving U.S. government-supported training in forest-based business development, natural resources management, and/or biodiversity conservation (disaggregated by gender and ethnicity)</b>	No. of persons	2,100	3,706	176.48%
<b>12. Number of MSMEs, associations, or communities assisted</b>	No. of companies or business groups	60	64	106.67%
<b>13. Percentage of vulnerable population participating as beneficiaries who benefit from U.S. government-funded activities (indigenous groups, women, youth, people with disabilities).</b>	%	60	62.37	103.95%

# ANNEX C: GOALS ACHIEVED PER REGION



# UCAYALI

## LOGROS ALCANZADOS HASTA LA FECHA





# MADRE DE DIOS

## LOGROS ALCANZADOS HASTA LA FECHA



# ANNEX D: MATERIALS TO DISSEMINATE PROJECT INFORMATION

## Success Stories:

Tejedo Arts  
Forestry oversight  
Pro Mujer Oriente  
Training overseers and businesspeople  
Strengthening businesswomen  
Improving forestry institutions  
Improving resource management in biologically important areas  
Increasing economic opportunities  
Growing with quality  
Seeds that strengthen  
Empowering women entrepreneurs

## Case Studies:

Synchronized Forestry Production Method  
Prior Consultation: Restoring dignity to decision-making  
Business Management: Sustainable forest businesses  
SERFOR: Institutional transition and strengthening  
*La Minga Turística*: Rural community tourism

## Videos:

### Institutional:

- Protect and Prosper, [video](#) (Eng)
- Proteger y prosperar, [video](#) (Spa)

### Topical:

- Rodal Semillero Tahuamanu, [video](#)
- International Quality Management Program, [video](#) (Eng)
- Programa Internacional de Gestión de la Calidad, [video](#) (Spa)
- Forestry Oversight Initiative, [video](#) (Eng)
- Veeduría Forestal Comunitaria, [video](#) (Spa)
- MC-SNIFFS [video](#) (Eng)
- MC-SNIFFS [video](#) (Spa)

Testimonies:

- ❓ Prior Consultation, [video](#)
- ❓ *La Minga Turística*, [video](#)
- ❓ New technologies for forestry concessions, [video](#)
- ❓ Forestry business management, [video](#)

Promotional:

*Minga Turística*

- [Video](#) 1 minute (Spa)
- [Video](#) 30 seconds (Spa)
- [Video](#) 1 minute (Eng)
- [Video](#) 30 seconds (Eng)

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