



Project #: 527-A-00-03-00073-00  
Reporting Period: October – December 2003<sup>1</sup>  
SO13

## I. Summary of Activity Status and Progress

### a. *Introductory paragraph*

During this report period, WWF-PPO continued providing technical assistance to forest concessionaires in the Aguaytía area, such that 5 forest inventories for 2003 have been completed. Furthermore, in the components of Green Belt reforestation and secondary forest management, two local organizations made significant advances in field activities. The Peruvian Society for Eco-Development (SPDE) and the Ucayali Women's Association (AMUCAU), in coordination with WWF-PPO staff, guided the reforestation of 18 kilometers among 16 communities. In addition, site selection is underway to establish local community forests as well as concessions for reforestation within the Von Humboldt Permanent Production Forest. Local participants are preselected according to their signing of agreements for the voluntary eradication of coca.

### b. *Highlights*

- In terms of business management, WWF-PPO is providing technical assistance in the efficiency of the chain of production and the development of a business plan for the concession *El Aguajal*. For all five forest concessions, WWF-PPO is providing support in terms of accounting and taxation issues.
- During the report period, three concessions assisted by WWF-PPO sold 3,193.6 cubic meters of timber for USD 91,508. A total of 46 different clients purchased the timber.
- With its local partners – AMUCAU and SPDE – WWF-PPO facilitated the planting of 18 km. of seedlings. To complete this fieldwork, 16 communities – that have signed agreements to voluntarily eradicate coca – in the districts of Padre Abad and Irazola are participating in the variety of activities, generating a total of 1,926 temporary labor days.
- In terms of agroforestry systems, project personnel identified and selected 32 families among the communities of Centro Yurac, Tangarana, Alto Shambillo, Barrio Unido, Tahuantinsuyo, and Porvenir who are interested in integrating agroforestry in their plots. Fieldwork will commence during the next report period.
- WWF-PPO assisted in the development of technical dossier requesting permission from INRENA to mobilize 33 cubic meters of the species *bolaina* (*Guazuma crinita*) from the community of Centro Yurac.

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<sup>1</sup> Report Prepared by Diego Leslie, Conservation Program Officer ([diego@wwfperu.org.pe](mailto:diego@wwfperu.org.pe))

*c. Table of Activity Status*

<b>Activity Number</b>	<b>Activity Title</b>	<b>Status</b>	<b>Page number for more information</b>
1	Sustainable Forest Management in the Von Humboldt Forest Concessions: full forest inventories (100%), implementation of forest management plans, and forest roads	On-track	3
2	Buffer Zone Primary Forest Protection: the Von Humboldt Green Belt ("Franja Verde")	On-track	5
3	Community-based Secondary Forest Management, Agroforestry Systems and Local Forests	On-track	6
4	Von Humboldt-Aguaytía Small Loan Financial Service	On-track	8

**II. Detailed Description of Site Progress**

*a. Key short and long-term program objectives for the site.*

This project aims to achieve the following key objectives:

1. Prevent and mitigate coca cultivation within forest concessions located in Von Humboldt permanent production forest and their influence areas.
2. Create alternate income sources and employment opportunities not dependent on the illicit production of coca or illegal logging. Sustainable timber or agroforestry production must become viable economic alternatives and create enough incentive for coca producers and illegal loggers to voluntarily stop their current practices.
3. Contribute to the conservation of primary forest in the Von Humboldt permanent production forests and stabilize deforestation and soil degradation caused by migratory slash-and-burn agriculture in secondary forests in the area.
4. Support the improvement of forest control systems and reduce illegal logging in the province of Padre Abad.
5. Provide training and comprehensive instruction to key players in the pilot project area regarding all critical facets of forest product businesses and sustainable forest management, based on FSC principals and criteria.
6. Facilitate resource poor farmer and micro-enterprise access to short-term capital in the form of revolving funds in order to support their transition to modernized systems of forest use and to support long-term, sustainable business activities that do not rely on illicit coca production or illegal logging.

**b. Activity Description**

**i. Activity Title : Sustainable Forest Management in the Von Humboldt Forest Concessions: full forest inventories (100%), implementation of forest management plans, and forest roads**

**ii. Summary of major achievements and progress**

- WWF-PPO completed the remaining forest inventory for the forest concession *World Green Peru*. In addition, the data from all five forest inventories for the concessionaire beneficiaries has been processed. Presently, WWF-PPO technicians are assisting the five concessions in the drafting of the Annual Operating Plans for the still applicable 2003 harvest period. The area inventoried for these AOPs cover a total of 3,790 hectares.
- During the reporting period, a total of 865 temporary labor days were utilized in the implementation of forest inventories, boundary demarcation, and tree identification. Of this total, 606 labor days were generated through forest inventory activities.
- As part of the inter-institutional agreement signed between WWF-PPO and the local office of INRENA in Aguaytía, representatives completed the drafting of detailed workplans that have as a primary focus activities to combat illegal logging. Complementary to this collaboration, a potential agreement signed between the WWF-PPO and the central office of INRENA will further coordination in the field. Furthermore, this support has contributed to 04 successful raids against the transport of illegally harvested timber. Among these, three raids focused on timber extracted from the Von Humboldt Permanent Production Forest, while one raid was successful against illegal loggers mobilizing timber from Pucallpa. Approximately 45 cubic meters of timber was confiscated by the authorities.
- During the report period, additional conversations took place between the timber buyer *GEA* and the forest concessionaires representing *World Green Peru*, *Consortium Wood Fine Forest*, and *Von Humboldt Forest*. The details, including prices, of potential timber sales have been solidified, demonstrating the buyers' sincerity. In particular, *Fine Forest* is showing significant interest in making a deal, although details of the contract – including the financing of a forest access road – need to be completed. WWF-PPO is assisting this process by preparing a technical study of the road construction. For the concession *El Aguajal*, WWF-PPO is providing technical assistance in the efficiency of the chain of production and the development of a business plan. For all five forest concessions, WWF-PPO is providing support in terms of accounting and taxation issues.
- WWF-PPO continues implementing capacity building activities for forest concessionaires as well as field personnel as needed. Themes covered in 3 workshops include the principles and implementation process of Voluntary Forest Certification and administrative practices (including taxation, accounting, and organizational structure). In addition to these formal courses, WWF-PPO staff provided on an informal and continuous basis training in topics of a technical, legal, administrative and economic nature, as the need arose.
- During the report period, advances were made in the provision of technical assistance for forest road construction. A total of 12 km for the concession *Von Humboldt Forest* was constructed during this report period. WWF-PPO is supporting a consultant who will develop technical reports that detail the construction of the forest roads for concessions assisted by the Von Humboldt- Aguaytía and CEDEFOR projects. Furthermore, for the concessions *Von Humboldt Forest* and *Consortium Wood Fine Forest*,

digital plans have been completed for the secondary roads and primary access road of the two concessions, respectively.

**iii. Table of progress in meeting key activity benchmarks**

<b>Benchmark Number</b>	<b>Benchmark/Output</b>	<b>Status</b>
1.1	<b>100% Forest Inventories 2003</b>	
1.1.1	Development and implementation of participatory planning process for forest inventories	On-track
1.1.2	Forest brigades implement preliminary field work for forest inventories	On-track
1.1.3	Data collected and processed, cartographic information developed and georeferencing complete	On-track
1.1.4	Annual Operating Plans submitted to INRENA and approved	On-track
1.2	<b>Development and Implementation of Forest Management Plans</b>	
1.2.1	Forest Management Plans designed in a participatory manner	On-track
1.2.2	Forest harvest carried out according to low impact practices	On-track
1.2.3	Environmental impact mitigation plan developed	On-track
1.2.4	Establishment and implementation of three control posts in Von Humboldt permanent production forests, in close collaboration with INRENA	On-track
1.2.5	Forest Management Plans submitted to INRENA and approved	On-track
1.3	<b>Forest Road Network</b>	
1.3.1	Design of forest road network and improvement of key access ways and skid trails	On-track
1.3.2	Development and implementation of monitoring and evaluation system to measure the effectiveness of mitigation measures for forest roads, based on environmental impact mitigation plan	On-track

**iv. Key management issues**

Despite promoting consortia and business deals between concessionaires and timber buyers, WWF-PPO has faced considerable resistance by concessionaires that are more accustomed to working individually and informally. Market studies show that there is a consistent and substantial demand among companies in nearby Pucallpa for 20,410 cubic meters of timber from 25 species. The bottleneck remains with the concessionaires in the forest. For the concessionaires in Aguaytía, one limitation is reliable access to their concession in order to extract timber. WWF-PPO is assisting concessionaires by contracting a consultant to design environmentally friendly and efficient access roads. Nevertheless, some concessions are

apprehensive towards access road construction, as it also provides a passage to illegal settlers. In light of this, WWF-PPO is coordinating with INRENA, PETT and the concessionaires to mitigate the threat of illegal settlers.

WWF-PPO has increased support to 18 forest concessionaires in and around Puerto Inca. Responsible to the Aguaytía office, new personnel have been hired to work permanently in a awareness- raising campaign for the public in the area. Despite WWF-PPO’s commitment to assisting the forest concessionaires, an unpredicted setback is the inability of PETT to participate in the area. As the division of INRENA dedicated to land titling, PETT was requested to assist in the landuse conflict resolution and boundary demarcation that is required for the 18 forest concessions in Puerto Inca. Unfortunately, due to administrative setbacks – including the removal of the director and key staff – PETT will not work in the area until, at the earliest, March 2004. Meanwhile many concessionaires remain unable to access their concessions because of threats from settlers along the road.

**i. Activity Title : Buffer Zone Primary Forest Protection: the Von Humboldt Green Belt ("Franja Verde")**

**ii. Summary of major achievements and progress**

- The local organizations responsible for implementation of the Green Belt reforestation component – the Peruvian Society for Eco- development (SPDE) and the Ucayali Women’s Association (AMUCAU) – began activities in the field. During this report period, significant advances were made clearing the land (a 41 km stretch) for future reforestation. Of this total, 18 km. of seedlings have already been planted. In this area, 16 communities in the districts of Padre Abad and Irazola are participating in the variety of activities, and a total of 1,926 temporary labor days were generated.
- In order to comply with their contract with WWF-PPO, SPDE and AMUCAU are providing follow up to the establishment of the Forest Management Committees. As a preliminary step, WWF-PPO trained the organizations on how to facilitate the effective operation of these stakeholder committees. The two Forest Management Committees under development pertain to the Aguaytía and San Alejandro watersheds, respectively.

**iii. Table of progress in meeting key activity benchmarks**

<b>Benchmark Number</b>	<b>Benchmark/Output</b>	<b>Status</b>
2.1	<b>Land Tenure Conflict Resolution and Boundary Demarcation Carried Out in the Forest Concessions</b>	
2.1.1	Participatory demarcation of the “Green Belt”, verification in the field, and INRENA approval secured	On-track
2.1.2	Data collected regarding land tenure claims and legal rights, including field verification, and legal processes completed to resolve conflicts	On-track
2.2	<b>Institution of Forest Management Committees and Participatory Forest Management</b>	

2.2.1	Establishment of Forest Management Committee for the Aguaytía River Basin, consisting of forest concessionaires and relevant local players	On-track
2.2.2	Implementation of a capacity building program directed towards grassroots community groups	On-track
2.3	<b>Implementation of Reforestation Program</b>	
2.3.1	Design and implementation of reforestation and management program in the buffer zone, in collaboration with forest management committees and other local players	On-track
2.3.2	Implementation of capacity building workshops necessary for reforestation program implementation	On-track

**iv. Key management issues**

WWF-PPO, in collaboration with the institutions SPDE and AMUCAU, is implementing reforestation activities only in communities that have signed an agreement to eradicate coca. In order to reach many of the work sites, technicians are required to walk through communities that have not signed eradication agreements. Project personnel are often therefore placed in uncomfortable social situations in which they need to negotiate their passage with community members who are not able to benefit from the project.

**i. Activity Title : Community-based Secondary Forest Management, Agroforestry Systems and Local Forests**

**ii. Summary of major achievements and progress**

- WWF-PPO, in coordination with SPDE and AMUCAU – who are responsible for the implementation of this component of the project – continued to facilitate the site selection for reforestation concessions and agroforestry systems. Participating communities were all pre-selected according to the list of communities that have signed agreements with DEVIDA for the eradication of coca. As a preliminary step, technicians are in the process of preparing technical reports to request from INRENA permission to designate a specific area as appropriate for reforestation concessions. In terms of agroforestry systems, project personnel identified 32 families among the communities of Centro Yurac, Tangarana, Alto Shambillo, Barrio Unido, Tahuantinsuyo, and Porvenir who are interested in integrating agroforestry in their plots. Priority in the site selection process has been given to those communities located nearby sources of drinking water.
- Advances continue in the establishment of a local forest in the community of Tangarana. As a prerequisite to begin field activities, WWF-PPO revised the technical dossier after a preliminary draft had been submitted to INRENA. In order to complete the dossier, forestry technicians refined measurements that had been taken in the field, to define the area and boundaries of the local forest. In addition, preliminary steps have been taken to establish local forests in the communities of Asunción de Aguantillo, Maronal, and Pampa Hermosa.
- WWF-PPO assisted in the development of technical dossier requesting permission from INRENA to

mobilize timber from the community of Centro Yurac. Requests for two distinct areas were made to harvest the species *bolaina* (*Guazuma crinita*). A total of 33 cubic meters of timber from an area of approximately 14 hectares is included in the technical dossier.

**iii. Table of progress in meeting key activity benchmarks**

<b>Benchmark Number</b>	<b>Benchmark/Output</b>	<b>Status*</b>
3.1	<b>Development of detailed vegetation cover, forest potential, and land use change characterizations and analyses for the project area most impacted by coca cultivation</b>	On-track
3.2	<b>Secondary forest and agroforestry systems management</b>	
3.2.1	Design of long-term forest development plan for the San Alejandro and Aguaytía area, which considers land use planning, necessary services for the area, and potential local markets	Pending
3.2.2	Implementation of forest inventories, forest harvest using improved infrastructure, and reforestation plan	Pending
3.3	<b>Local Forest Management</b>	
3.3.1	Local forest target sites identified, selected, and verified in the field	Complete
3.3.2	Development and implementation of training and awareness raising strategies targeting local communities and governments	On-track
3.3.3	Forest Management Plans developed, approved by INRENA, and implemented in local forests	On-track

**iv. Key management issues**

Meetings have been held on a regular basis between WWF-PPO personnel in Aguaytía and other operators in the region, including DEVIDA, Chemonics, and INRENA, among others. These have served to synchronize actions in the area, and thus mitigate the risk of propagating competing or contradicting efforts. In particular, the various operators have been able to jointly determine the proposed areas for activity implementation, through sharing information and communicating strategies.

Unfortunately, there remains some contradictory activities in the field. While the Von Humboldt Permanent Production Forest is legally protected from agricultural activities and additional human settlements, farmers continue to invade forested areas to establish coca plots. Subsequent to contact with PDA operators, many choose to abandon their coca crops to benefit from infrastructure projects (running water and roads) and land titling. The effect is a potential promotion of such settling in the VH Forest, and continued deforestation of forest in the buffer zones of the forest concessions. WWF-PPO is in the process of identifying sites within the VH Forest for reforestation concessions. But until now, reforestation concessions have still not been

authorized by INRENA. WWF-PPO continues to work with other operators and INRENA to find an effective solution to the management of the area.

**i. Activity Title : Von Humboldt-Aguaytía Small Loan Financial Service**

**ii. Summary of major achievements and progress**

- Developed by WWF-PPO in close collaboration with the Caja Rural de San Martín (CRSM), the financial services mechanism is in the process of being utilized. WWF-PPO is contracting consultants who will facilitate the formation of consortia among forest concessionaires. The consortia will then apply for loans from the CRSM. By promoting the consortium as the loan recipient instead of individual concessionaires, WWF-PPO is ensuring that the maximum added value is given to the timber products.

**iii. Table of progress in meeting key activity benchmarks**

<b>Benchmark Number</b>	<b>Benchmark/Output</b>	<b>Status*</b>
4.1	<b>Design and Implementation of Small Loan Financial Service Mechanism</b>	
4.1.1	Design of participatory small loan financial service mechanism, including financial sustainability plan	Complete
4.1.2	Promotion and establishment of small loan financial service	On-track
4.2	<b>Monitoring and Supervision of Small Loan Financial Service</b>	
4.2.1	Design and implementation of monitoring and supervision system	On-track
4.2.2	Design and implementation of training plan in support of credit system	On-track

**iv. Key management issues**

- N/A

**III. Success Stories and Other Appendices**

When appropriate and possible, include one or more one-page success stories appropriate for public dissemination.

- N/A