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PROJECT ASSISTANCE COMPLETION REPORT

I. BACKGROUND DATA:

A. Project Title : Central Selva Resource Management

B. Project Number : 527-0240

C. Date of Authorization and amounts : June 25, 1982
\$ 22,000,000 Total
\$ 18,000,000 Loan
\$ 4,000,000 Grant

August 31, 1987
\$ 800,000 Grant

March 25, 1988
(\$ 1,680,000) Loan Deobligation

August 23, 1988
(\$ 8,230,000) Loan Deobligation
\$ 8,090,000 Total Loan
\$ 4,800,000 Total Grant
\$ 12,890,000 Project Total

D. Dates of Obligation and amounts : June 25, 1982
\$ 18,000,000 Loan
\$ 450,000 Grant

August 27, 1982
\$ 500,000 Grant

April 25, 1983
\$ 700,000 Grant

February 16, 1984
\$ 1,200,000 Grant

May 31, 1985
\$ 325,000 Grant

June 26, 1986
\$ 825,000 Grant

August 31, 1987
\$ 800,000 Grant

March 25, 1988
(\$ 1,680,000) Loan Deobligation

August 23, 1988
(\$ 8,230,000) Loan Deobligation
\$ 8,090,000 Total Loan
\$ 4,800,000 Total Grant
\$ 12,890,000 Project Total

- E. Food Program Local
Currency generations : \$ 8,000,000
- F. Other GOP Financial
Contributions :
- G. Other Donor Financial
Contributions : None
- H. PACD : September 30, 1987 (Original)
June 30, 1988
(Revised August 31, 1987)
September 30, 1988
(Revised March 25, 1988)
- I. Implementing Agencies : 1. Proyecto Especial Pichis Palcazu
(PEPP) for Palcazu Valley Rural
Development Program (PDR Palcazu)

: 2. Oficina de Proyectos Especiales of
the Instituto Nacional de Desarrollo
(INADE) for the Regional Development
Policy Support Component (Apoyo a la
Politica de Desarrollo Regional:
APODESA)

II. PROJECT PURPOSE:

To plan and execute a development project for sustained production in the Palcazu valley, and thereby test and institutionalize a methodology for the long range management of Peru's high jungle and its natural resources. At the end of the project a capacity would have been established within the GOP to develop and carry out similar development projects.

III. PROJECT INPUTS:

In order to achieve project objectives, the A.I.D. Loan and Grant financed technical assistance, training and equipment purchase in support of the following activities:

1. Forestry
2. Agricultural and livestock development
3. Protection
4. Continuous land-use inventory
5. Health and environmental sanitation
6. Road maintenance
7. Local project management
8. Regional development policy support (APODESA)

Activity 1: Forestry

A. Technical Assistance: Technical assistance was provided to help introduce and implement sustained-yield forest management and wood conversion systems in the Palcazu valley based on strip-cutting, animal draft logging and integral wood processing including "press-cap" preservation.

B. Training: Peruvian technicians, loggers, settlers and members of native communities received training in the above techniques. PEPP officials and YFC members attended 3 international forest management seminars.

C. Equipment Purchases: Logging and wood conversion equipment was provided to the Pichis Palcazu Special Project (PEPP) for use by, and subsequent transfer to the Yanasha Forestry Cooperative (YFC).

Activity 2: Agricultural and Livestock Development

A. Technical Assistance: A long-term agricultural research technical advisor conducted adaptive research on cropping systems suitable for the high rainfall and poor soils prevalent in the Palcazu valley, with emphasis on low input technologies. Short term assistance was provided in agroforestry.

B. Training: Field training was provided to native promoters and PEPP technicians in appropriate agricultural and livestock production techniques.

C. Equipment Purchases: Vehicles, spare parts, boats and outboard motors were provided. Funding was provided for acquisition of black-belly (tropical) sheep.

Activity 3: Protection

A. Technical Assistance: Technical assistance was provided in national park development and management, in the establishment of protection forests and in the creation of a communal forest reserve.

B. Training: Native community promoters and PEPP technicians were given field training in the management of parks and forest reserves.

C. Equipment Purchases: Vehicles and office furniture were provided for this component.

Activity 4: Continuous Land Use Inventory

A. Technical Assistance: Technical assistance was provided in land use ecology and in ecologically-based land capability classification of Palcazu valley lands.

B. Training: A manual on land capability assessment was prepared and distributed among project personnel and farmers.

C. Equipment purchases: Vehicles, office furniture, drafting and survey equipment were provided to the PEPP office for this component.

Activity 5: Health and Environmental Sanitation

A. Training: Training courses were provided for health post technicians, promoters and midwives.

B. Equipment Purchases: Vehicles, educational materials and basic medical supplies were provided.

Activity 6: Road Maintenance

A. Technical Assistance: A long-term technical advisor in road maintenance was provided, as well as short-term technical assistance in equipment maintenance.

B. Equipment Purchases: Vehicles, road-building and workshop equipment were provided for road and equipment maintenance.

Activity 7: Local Project Management

A. Technical Assistance: Short-term technical assistance was provided in several areas for initial implementation studies. Two long-term advisors in anthropology were assigned successively to the project in order to develop its social component, in both native community and settlers' areas, in particular the development of the Yanasha Forestry Cooperative.

B. Training: Training was provided to native promoters and to PEPP extension staff in skills related to the improvement of local production, resource management and environmental activities.

C. Equipment Purchases: Vehicles, boats, office furniture and equipment were provided, including computer hardware for project implementation monitoring.

Activity 8: Regional Development Policy Support (APODESA)

A. Technical Assistance: Long-term technical assistance was provided in natural resource management development policy and regional planning, including creation of a geographical information system (GIS).

B. Training: Workshops and short courses were held in aspects of development and resource management, including agroforestry and colonization processes. Staff of INADE (National Development Institute) benefited from A.I.D.-sponsored scholarships for study in Brazil and the United Kingdom.

C. Equipment Purchases: APODESA received computer hardware and software, drafting and cartographic instruments, office furniture and materials under the project.

Level of Effort (Contractors' Technical Assistance):

(a) <u>RONCO CONSULTING CORP.</u>	<u>Person/months</u>
Foreign long-term T.A.	168
Short-term (including local) T.A.	172
Administrative personnel	10

Total:	350
(b) <u>TROPICAL SCIENCE CENTER</u>	
Foreign long-term T.A.	138
Short-term (including local) T.A.	61

Total:	199

TOTAL:	549
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PROJECT OUTPUTS/ACCOMPLISHMENTS

As a result of the Project, development of the Palcazu Valley is under way using technologies that maximize long-term productivity and the use of land according to its capability.

The Yanachaga-Chemillen National Park (123,000 has.), the San Matias National Forest (145,000 has.) and the Yanesha Communal Reserve (37,744 has.) have been established and are under management.

The Yanesha (native) Forestry Cooperative (YFC) has been established and is operating a sustained-yield natural forest management and production system based on strip cutting. Its wood processing complex is producing lumber, telegraph posts and charcoal for export as well as local consumption.

Over 200 has. of coffee, cacao and papaya plantations have been established as well as a nursery for 460 has. of coffee.

Agroforestry and agro-silvo-pastoral systems were developed and tested; rotational hair-sheep modules were established on planted/improved pastures. Products produced in the valley were graded excellent by a packing company.

Agroforestry experiments were conducted on low-input production systems using annual/tree crops with grasses and legumes.

Land tenure, land capability and land use map coverage were obtained in areas not covered by air photography.

Truck and maintenance vehicles and equipment were purchased and a road maintenance center is operating. Regular maintenance was carried out on 114 Km of roads. Logging and local roads were opened.

A medical center and four health posts were established. Midwife training was provided. 29 Yanesha health promoters were trained and operate under the supervision of 15 professionals. Valley-wide vaccination campaigns were conducted on a regular basis.

A regional development policy support group (APODESA) is operating in the valley providing policy guidance and information for resource-use planning to government agencies. Its services include a library and documentation center and a Geographical Information System (GIS) which handles data from the valley and other High Jungle development projects.

LESSONS LEARNED

Project Orientation

The GOP's concept of the Palcazu project was that of a more or less traditional, agriculturally oriented, road based colonization exercise, a concept that was to some extent excusable as the scanty weather data initially available suggested a rather moderate rainfall regime.

Although A.I.D.'s initial position was certainly more conservationist than that of the GOP, it was information acquired during project execution, particularly rainfall data, that really convinced the Agency that project

emphasis should be experimental and should highlight sustained yield forest management as the principal productive activity, with agroforestry, silvo-pastoral systems and low-input agriculture in a secondary role.

The conclusion to be drawn from this experience is that, although the A.I.D. technical team was able to reorient its activities in time to avoid serious consequences, any future project of this nature must be based on reliable rainfall records covering a reasonable time-span.

2. Sharing of Information

The divergence of views on project concepts between A.I.D. and the GOP was at least partly due to there being no Spanish translation of the Project Paper, in particular of Annex III:

Exhibit A: Environmental Report (JRB Associates);

Exhibit B: Sustained Yield Management of Tropical Forests (Tropical Science Center)

Information of this basic nature must be available to host government technicians in their own language, especially in projects involving innovative concepts that may be easily misunderstood.

3. Routing of Marginal Highway

The GOP's decision to build the Marginal Highway that passes through the Palcazu valley was taken before signing of the ProAg and involved construction from south to north. This meant it entered the most fragile, mountainous area first, placing at risk the environmental integrity of this area by opening up to logging and to random settlement land which should be devoted to watershed protection.

Any future project of this nature, especially if it involves use of PL 480 funds for highway construction, should stipulate proper environmental analysis prior to any road building program.

4. Land Capability and Land-Use Planning

In spite of the foregoing, and of serious disagreements among agencies involved concerning land capability methodology and findings, the fact that a serious effort was made to base project development on land capability is a positive feature of this project. It made it possible to draw up a rational land-use plan, including demarcation of protection areas and of the Yanasha communal reserve.

Future projects should however insure common ground among all participating agencies concerning land capability evaluation criteria and their application in the field.

5. Credit Program

The provision of a substantial credit line for palm-heart production and marketing was not preceded by a thorough logistic analysis or market study.

Major components of this nature should relate to better known and studied

production lines, or be preceded by thorough promotion campaigns.

6. Livestock Production

Extensive cattle raising based on an ever-expanding area of poor pastures was, and still is, the principal commercial production line in the valley. The belief, implicit in the project concept, that this activity could easily be replaced by environmentally preferable activities such as more intensive cattle raising or tree crops, without infrastructure changes and economic incentives, was unrealistic.

A parallel project component, swine raising based on the "pijuayo" palm, met with indifference or opposition from farmers, because pigs are not traditional in the project area and because protein deficiencies would have to be met by expensive imports from the Coast.

As with other activities proposed in the Project Paper, more in-depth study should be carried out before basing a project on far-reaching changes in farming systems.

7. Counterpart Agency Capability

There was over-optimism regarding the GOP project office's ability to implement a package of innovative project activities.

A project of this nature, however enlightened technically, would benefit from more intensive involvement of counterpart personnel in its initial stages, in order to insure mutual understanding with regard to project goals.

8. Chief of Party

One basic factor in the success of this project was the array of professional talent assembled by A.I.D. and its contractors on the project site.

The relationships among advisors and with GOP staff would, however, have been more efficacious if A.I.D. had named a chief of party for the field site as well as an over-all chief of party based in Lima.

9. Regional Development Policy Support

The idea of creating this component was a logical expression of A.I.D.'s concern for the high jungle's ecosystems and of the need for soundly based development planning.

However, the institutional form given to the component was not able to insure its effectiveness. At the time of signing the ProAg, responsibility for high jungle development planning had been given to the Prime Minister's Office, despite the National Planning System's (INP-ONERN) legal mandate and installed capacity for performing these functions.

The new institutional structure set up in the Prime Minister's Office was short-lived, and this project component became an advisory group attached to the Special Projects Office of the new National Development Institute (INADE) and known as APODESA.

This body's lack of any legal status, its low ranking in the official hierarchy and the extremely broad scope it was supposed to cover, combined to seriously limit its effectiveness. Substantial project funds had to be devoted to building infrastructure and an administrative base for PEPP headquarters in the Palcazu. Utilization of existing organizations could have saved funds and resulted in more sustainable achievements.

This experience indicates a need for caution in endorsing politically-motivated institutional changes by newly-elected governments, and suggests that the existing institutions (INP-ONERN) in the resource planning field would have been more appropriate beneficiaries of project assistance.

VI. FINANCIAL SUMMARY:

<u>A. A.I.D. Contribution</u>	<u>US\$</u>
<u>Loan Funds Cumulative by PACD:</u>	
Amount Obligated	8,090,000
Amount Committed	8,090,000
Accrued Expenditures	7,919,694
Amount Unexpended	170,306
<u>Grant Funds Cumulative by PACD:</u>	
Amount Obligated	4,776,702
Amount Committed	4,776,702
Accrued Expenditures	4,773,876
Amount Unexpended	2,826
<u>B. Food Program Local Currency Generations</u>	I/.29,748,000
<u>C. Other GOP Financial Contributions:</u>	None
<u>D. Other Donor Financial Contributions:</u>	None

VII. MISSION ASSESSMENT OF PROJECT

The Central Selva Resource Management Project concept embodied a vision of sustainable development that was impressively innovative and idealistic. It was also courageous, for it dared to flaunt the vested interests of politicians, loggers and resource predators and to defend the historic rights of native peoples.

Perhaps the most interesting achievement of this project was its gradual transformation to a field research institution. Although some problems remain unsolved, the project eliminated some of its less realistic plans and showed the way toward sustainable development.

Among Central Selva's achievements, the following merit special mention:

- the protection of the upper watershed areas by creation of the Yanachaga-Chemillen National Park and of the San Matias Protection Forest.
- protection of the territorial rights of the Amuesha native communities, including creation of the Yaneshá Communal Reserve which

acts as a protection area and as buffer zone for the national park.

- the provision of alternatives to deforestation for small settlers and native farmers through stable systems involving production of coffee, hair-sheep and tree-crops.
- creation of a functioning model for training of rural health visitors and social workers.
- institution of a community-level planning system for natural resource use.
- implementation of South America's first forestry cooperative for sustained productive management of natural forest.
- creation of an institution to guide high jungle development.
- training of a generation of professionals and technicians in concepts and techniques for sustainable development.

Clearances:

NRD:JSalvo (i.d.)
D/OARD:RGriego (i.d.)
OARD:ERupprecht (i.d.)
PDO:LJackson
PROG:CKassebaum
CONT:PKramer
DD:ASilva
D:CBuck

NRD:CSaito:rmp:vr
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NRD:CSaito:rmp

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