



Project #: 527-A-00-02-00134-00
Reporting Period: October – December 2003¹
SO12

I. Summary of Activity Status and Progress

A. Introductory Paragraph

The primary objective of this project is to achieve permanent sources of income from sustainable forest management and production for families of the project area. Recognition of the forest as a principal source of income will provide increased incentives to families to practice sustainable management. During this report period, WWF-PPO, through the CEDEFOR project, provided technical assistance to a total of 108 forest concessionaires. At the same time, technical assistance is being provided to facilitate the implementation of the forest concessions process in Loreto. In addition to the forest concessions, specialists assisted the Matses Community – who presides over 450,000 hectares of Amazon forest – in the development of its General Forest Management Plan and Annual Operating Plan. In the field in Huánuco and San Martín, WWF-PPO is coordinating with local institutions – including SPDE, AMRESAM, the local government of Bella, and the Tingo María National Park administration – to recuperate degraded areas (many abandoned coca fields) and implement reforestation activities with the local governments.

B. Highlights

- WWF-PPO, through the CEDEFOR project, is providing technical assistance to 108 concessionaires that were awarded forest concessions in the first and second rounds of public bidding, in the departments of Madre de Dios, Ucayali, San Martín and Huánuco.
- WWF-PPO is coordinating a capacity building and communications campaign for the forest concessions process in Loreto, where 4.7 million hectares will be offered in public bidding. Towards this end, an office has been opened up in Iquitos to attend to the public.
- AMRESAM completed the establishment of 18 Forest Management Committees in the Tocache province. A capacity- building course was held to discuss the Forestry and Wildlife Law, the forest concession contracts, and fundamental aspects of sustainable forest management.
- The *Consorcio Forestal Amazónico* – close to FSC certification – sold 136 cubic meters of the lesser known species *Cachimbo* (*Cariniana domestica*) to Exportimo, to form part of the furniture maker's potential U.S. bound exports.

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C. Table of Activity Status

Activity Number	Activity Title	Status	Page number for more information
1	Community Forest Management	On-track	3
2	Forest Concession Implementation/ CEDEFOR	On-track	4
3	Environmental Education and Awareness Raising	On-track	10
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6	Environmental Planning and Prioritization	On-track	13
7	Lesser Known Species	On-track	14

Status Categories: Completed, On-track, Delayed, Mixed performance, Pending, Canceled

II. Description of Site Progress

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

i. Alternative Development Program

This project aims to achieve the following key objectives:

1. Prevent and mitigate habitat loss and freshwater ecosystem degradation, in the form of deforestation and forest fragmentation, soil runoff alteration, siltation, and hydrologic cycle disruption.
2. Create alternate income sources and employment opportunities not dependent on the illicit production of coca or illegal logging.
3. Provide training and comprehensive instruction to key players in the project area regarding all critical facets of forest product businesses and sustainable forest management, based on FSC principals and criteria.
4. Conduct restoration and reforestation pilot activities in order to mitigate the environmental damage caused by coca growing in the project area, and to promote sustainable forest management and voluntary forest certification as alternatives to coca growing.
5. Raise awareness among local communities and governments regarding sustainable forest management, voluntary forest certification, restoration, and reforestation.

ii. CEDEFOR

This project aims to achieve the following key objectives:

1. Promote forest certification of up to one million hectares of forest under the principles and criteria of the Forest Stewardship Council (FSC).
2. Provide technical support to the Ministry of Agriculture, INRENA and forest stakeholders to improve the ecological integrity of over ten million hectares of highly biodiverse and permanent production forests in priority Global 200 ecoregions in Peru, carry out forest ecosystem monitoring,

combat illegal logging, and develop and implement forest policy with effective enforcement and regulations.

3. Provide technical assistance and training to 140 forest micro-enterprises and an additional 10 strategically and objectively selected forest concessions targeting resource poor loggers, indigenous communities, and small and medium scale businesses, to implement community-based participatory forest management, design and implement forest inventories and management plans, introduce best business practices, transform and market forest products, promote economic competitiveness and Voluntary Forest Certification. These ten forest concessions will be selected based on ecologically defined criteria including proximity to Global 200 Ecoregions and the biodiversity value of the specific forest landscape.
4. Sponsor, through sub-grants to specialized NGO partners, the establishment of a financial services system based on small, self-managed revolving loan funds to generate essential working capital for cost effective forest management and product marketing to position Peru's forest industry in the domestic and international market.
5. Implement a capacity building and grassroots organizing initiative to support government and civil society organizations to establish a strong forest authority for effective and transparent forest control and supervision.

iii. Lesser Known Species

This project aims to achieve the following key objectives:

1. Identify lesser known timber species that have characteristics that make these species likely candidates for sale in national and international markets, working in close collaboration with businesses in Madre de Dios, Ucayali, and Lima.
2. Determine the behavior of individual or groups of lesser known species selected for industrial testing (with emphasis on workability, drying, and finishing characteristics), according to the intended use of these species.
3. Working closely with key timber businesses, facilitate these business' access to national and international markets for promising lesser known species identified through the project, with particular emphasis on United States markets.

b. Summary of Progress for Site (if this provides added value or clarity, otherwise skip this)

c. Activity Description

Activity Title : Community Forest Management

i. Summary of major achievements and progress

- During this report period, advances were made in the promotion of sustainable management activities among Ashaninka indigenous communities in the Ene River Valley. PROCAM (*Promoción y Capacitación Amazónica*) continues as the implementer of WWF-PPO's activities in the area. In response to the unstable sociopolitical climate in the community of Quiteni, PROCAM – in consultation with WWF-PPO – has opted to focus its efforts on the community of Potsoteni. It has revised its workplan accordingly. One of the next steps in the field will be the validation of the community forest inventory, in order to compare results with the information provided in the contract the community presently has with a timber company.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
1.1	Capacity building and technical support for sustainable forest management and VFC: forest inventory, GFMP, AOP	On-track
1.2	Census and forest inventory training and development	On-track
1.3	Support forest micro-enterprise and community-based business development	On-track
1.4	Forest management plan design and development	On-track
1.5	Forest certification field scoping	Pending
1.6	Conduct forest activity rapid assessment	Pending
1.7	Identify Communities participating in forest management	Completed

iii. Key management issues

The presence of the Shining Path terrorist group in the area continues to present a challenge to conducting project activities. During an excursion to the region during the previous report period, PROCAM personnel were fired upon while in transit by river to the project site. The perpetrators were not from the communities. Continued coordination and open communication with authorities will assist PROCAM in advancing with planned activities. PROCAM has also taken additional safety precaution measures in order to continue with planned activities.

CEDEFOR component I: Assistance to Forest Concession Implementation

i. Summary of major achievements and progress

- CEDEFOR continues providing technical assistance to the Matses indigenous community, located in the department of Loreto. During the report period, the WWF-PPO consultant – exclusively dedicated to the activities with the Matses – processed the data collected from the forest inventory. This information was then incorporated into the drafting of the General Forest Management Plan. Of a total forested area of over 450,000 hectares, the community has designated approximately 80,000 hectares (17.5%) as appropriate for immediate forestry activities under a management plan, of a total of 279,060 ha reserved for sustainable forest management. The Matses have prioritized 20% of the total area for conservation. In addition, WWF-PPO assisted in the development of an Annual Operating Plan, so that the community may begin mobilizing timber once river transport is seasonally feasible.
- WWF-PPO is providing technical assistance for the first public forest concessions bidding in Loreto, which was formally launched on November 28, 2003, and which will offer as forest concessions 4.7 million hectares. Participants are required to submit technical dossier on February 10, 2004. Towards this end, WWF-PPO has implemented a two- phase strategy. The first phase consisted of facilitating the organization of the Coordination Committee, comprised of diverse stakeholders; the planning of awareness-raising activities; and training of other trainers and providers of technical assistance to potential concessionaires. The second phase of WWF-PPO's strategy for the Loreto

forest concessions process consists of selection of priority watersheds and potential forest concessionaires in the area to whom offer technical assistance.

- WWF-PPO continues to invest significant effort in assisting private businesses as well as native communities in their incorporation of specific criteria established by the Forest Stewardship Council (FSC). A total of 36 initiatives were identified for Voluntary Forest Certification, representing a total of 1,565,000 ha that are in the process of evaluation and monitoring. Despite these efforts, WWF-PPO's assistance (via CEDEFOR) to the *Consortio Forestal Amazonico* (CFA), the Peruvian forest consortium closest to certification, has been significantly harmed by the influence of illegal loggers over the past year. During the report period, WWF-PPO staff assisted in the development of the documentation required for Voluntary Forest Certification of the various administrative and technical processes associated with sustainable forest management. In addition, it completed the capacity building plan for the administrative and field personnel of the CFA. In November, WWF-PPO coordinated the sale to *Exportimo* of 136.4 cubic meters of Lesser Known Species timber (*Cariniana domestica*) destined for commercial studies of its potential for the U.S. furniture market.
- CEDEFOR is providing technical assistance to concessionaires that were awarded forest concessions in the first and second rounds of public bidding. In the department of Madre de Dios, CEDEFOR works with enterprises that manage 28 forest concessions awarded in the first round of public bidding (621,265 hectares). As a result of the second round of public bidding in Madre de Dios, 10 additional concessions were incorporated for technical assistance (66,986 hectares). In Ucayali department, CEDEFOR is providing technical assistance to 27 forest concessionaires (812,930 hectares), of whom 10 (128,479 hectares) were incorporated following the second round of public bidding. In San Martín and Huanuco, CEDEFOR specialists continue assisting 12 and 26 forest concessionaires, with a total of 165,853 and 164,245 hectares, respectively.
- The elaboration of general forest management plans (GFMP) and annual operation plans (AOP) is underway. Following their revision by technical staff, they are submitted to INRENA for its approval. In Madre de Dios, a total of 05 GFMPs have been completed (188,924 hectares). In terms of AOPs, 05 have been completed for concessions located in the district of Tahuamanu. In Ucayali department, WWF-PPO has facilitated the elaboration of 17 GFMP (527,367 hectares): 11 have been submitted to INRENA for its approval, 03 are under revision, and 02 are underway. In San Martín, 03 AOPs have been presented to INRENA for its approval, while 02 forest inventories are underway in order to draft the AOPs for two other concessions. In Huánuco, 10 inventories were completed for a total area of 2500 hectares. WWF-PPO assisted in the development of 20 reports requesting permission to mobilize timber prior to the approval of the AOPs. AOPs and GFMPs will enable forest concessionaires to conduct their harvests according to the principals of sustainable forest management.
- In each of the departments of Madre de Dios, Ucayali, Huánuco, and San Martín, 20 permanent evaluation plots of one hectare each are being installed in forest concessions to assess the multiple impacts of sustainable forest management on forest ecology. During the report period, 08 and 12 plots were installed in San Martín and Huánuco, respectively. In Ucayali, 07 parcels were installed for evaluation purposes. In conjunction to this, WWF-PPO has trained field personnel in species identification and permanent evaluation plot design and implementation. In San Martín, WWF-PPO technicians executed 06 supervisions of inventory activities, to assure accuracy in data collection.
- The use of Geographic Information Systems (GIS) is vital to the planning of field activities as well as the development of management and operating plans. During the report period, GIS specialists from all of the WWF-PPO field offices attended a capacity building and planning workshop facilitated by the SIG staff in Lima. In San Martín and Huánuco, 03 and 02 maps, respectively, were developed as

part of the preparation of requests to mobilize timber from 05 concessions. In addition, maps for each of the AOPs and GFMPs were developed and presented as complementary information to INRENA.

- During this report period, CEDEFOR continued to strengthen the capacities of forest enterprises in forest management activities. Training has been continuous and informal, oftentimes taking place in the field. In order to complete forest inventories and monitor timber mobilization activities, WWF-PPO regularly trains new technicians in tree identification, data collection, and use of GPS and compass.

ii. Key management issues

The majority of forest concessionaires continue to suffer from a lack of capital required to implement necessary improvements in infrastructure and complete field activities as a pre-requisite to legally mobilizing timber. Furthermore, while many concessionaires have already submitted operating plans to INRENA, they continue to experience considerable delays in obtaining its approval prior to extracting timber.

Lacking INRENA's authorization, many loggers continue to pursue illegal avenues in order to generate profits. In particular indigenous communities are being manipulated to provide access for the illegal traffic of timber, with the approval by INRENA of GFMPs that may be technically deficient. WWF-PPO continues to coordinate closely with INRENA and other parties to plan and execute concerted actions to mitigate illegal logging. In addition, WWF-PPO has implemented numerous supervisions of concessionaires that receive its technical assistance, ensuring that data collection is accurate and timber extraction activities are restricted to approved areas.

While WWF-PPO continues to actively promote the formalization of the forest sector as its overall goal, events in Loreto have hindered the smooth implementation of the forest concessions process. A recent Supreme Decree signed by the Peruvian president extended the period to mobilize timber from pre-existing permissions, until the end of June 2004. Faced with the option to continue logging on informal permits or participate in a concessions process that implies financial and technical investment, many loggers in the region are resisting the shift towards concessions. In light of this sentiment, WWF-PPO is coordinating a capacity building and communications campaign to inform the public of the societal and economic benefits to the forest concessions system.

CEDEFOR component II: Business management, marketing and financial services developed

i. 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 implemented. 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.
- Destined to cover the labor costs of forest inventories, small credits were previously awarded to 10 micro-enterprises in Ucayali and 14 in Madre de Dios. Of these, 08 credits in total have been completely repaid by the concessionaires. Of these, 07 have been categorized as appropriate subjects to receive future loans. WWF-PPO transferred these funds to the Caja Rural of San Martín, a regional savings and loan bank, for the administration of the loans. WWF-PPO has been very closely

monitoring the use of the small grants, ensuring that the beneficiaries comply with the conditions of the loans.

- In Madre de Dios and Ucayali, WWF-PPO specialists in accounting completed a comprehensive study of the accounting procedures, costs and incomes, with the accountants that represent 15 and 19 forest enterprises, respectively. As follow up, WWF-PPO developed a monitoring scorecard to continue assessing advances in the businesses' management efficiency. An accounting specialist was recently hired to assist forest concessionaires in San Martín and Huánuco.
- A total of 16 forest enterprises in the department of Madre de Dios participated in business management courses aimed at strengthening their entrepreneurial skills. Specific topics covered in the 5 courses offered were chains of production and functions and organization of a forest enterprise. In Ucayali, 2 courses were offered and covered topics such as organization, budgets, costs and planning, legal issues, and accounting. The courses took place in Sepahua with 24 participants representing 10 forest enterprises; and in Pucallpa with 26 participants representing 9 forest enterprises. In San Martín and Huánuco, WWF-PPO specialists facilitated a course on *Marketing, Financial Services and Accounting* for 30 and 20 participants, respectively, representing forest concessionaires in the area.
- In Madre de Dios, WWF-PPO provided technical assistance to promote the establishment of two consortia, in the districts of Tahuamanu and Manu. In Tahuamanu, 4 forest concessions are involved in negotiations, while in Manu, 5 forest concessions are considering forming a consortium. Towards this end, WWF-PPO business management specialists facilitated a workshop on consortium development for 35 participants, representing 6 forest concessionaires. In Ucayali, initial discussions among forest enterprises have yielded potential interest in the formation of 4 distinct consortia, potentially bringing together 10 forest concessionaires. To promote these activities, WWF-PPO staff are preparing a workshop on production chains and business plans for interested concessionaires. In Huánuco, WWF-PPO is facilitating the development of necessary documentation in order for 5 forest concessionaires to attain legal status as a consortium. The total area that would be managed by the consortium is 33,722 hectares.
- WWF-PPO determined the market demand for the Central Corredor (Pucallpa, Lima) and the Southern Corredor (Arequipa, Puno, Juliaca, Cusco). In Pucallpa, 6 timber exporters have been analyzed; all 6 companies market products with added value (e.g. moldings, floors, plywood), and have a combined monthly demand of 20,410 cubic meters of timber from 25 species. In Greater Lima, WWF-PPO is presently studying the potential timber demand of 50 companies. For the Southern Corredor, studies identified 37 companies that have interest in a combined monthly volume of 10,757 cubic meters from 21 species. WWF-PPO business specialists are assisting these companies in the identification of timber suppliers, and as such, are supporting the development of a coordinated chain of custody of timber from the forest to the factory. As a related activity, WWF-PPO assists in the drafting of business plans for the forest concessionaires.
- WWF- PPO, through CEDEFOR, is publishing a monthly bulletin in coordination with PROMPEX. A total of 1000 copies of the fourth issue of *PRONFOR* will soon be distributed nationally in print, as well as to approximately 600 forest businesses and institutions electronically. *PRONFOR* provides updated information regarding national and international timber markets in a concise and user- friendly format.

ii. Key management issues

Formal forest enterprises represent a new venture in Peru. To date, many are improvised, composed of a group of individuals who aim to increase the area of forest under their control. CEDEFOR attempts to

mitigate this level of informality through integral capacity-building that incorporates all aspects of business management. Nonetheless, many of the micro-enterprises are still lacking further training in order to formalize their activities.

As mentioned in the sustainable forest management section, most concessionaires suffer from a shortage of economic resources in order to operate effectively and formally. WWF-PPO is attending to this deficiency most directly in the implementation of the Trust Fund through the Caja Rural de San Martín. Nevertheless, the Caja requires as a pre-requisite to access credit a general forest management plan and annual operating plan approved by INRENA. As mentioned previously, INRENA's approval oftentimes is delayed. In addition, concessionaires often lack capital to implement activities prior to the preparation of the management plans. WWF-PPO is assisting many of these concessionaires with small loans to complete forest inventories.

CEDEFOR component III: Institutional strengthening and forest policy consolidation

i. Summary of major achievements and progress

- WWF-PPO continues to actively participate in the Regional Forest Dialogue Roundtable meetings in Madre de Dios, San Martín and Ucayali. During the report period, WWF-PPO assisted forest concessionaires and members of the Ucayali Forest Producers Association (APROFU) to draft a proposal to the First Minister, Beatriz Merino, requesting her involvement in identifying a solution to the logging rights fees. At the national level, WWF-PPO continues to participate in the biweekly meetings of the National Forest Dialogue Roundtable. The Transition Committee, formed to find a solution to the logging rights fees, submitted a proposal to INRENA. The Committee has not received a response from INRENA.
- WWF-PPO continues to provide financial and technical support to the Peruvian Council for Voluntary Forest Certification (PCVFC). During this report period, the PCVFC made a preliminary visit to Yanasha communities in the department of Pasco. In coordination with the INRENA special project, FAMPE, and the German cooperation agency, GTZ, the PCVFC is working with the 16 communities in the area to develop a proposal for Community Forest Certification. These communities are in the buffer zone of the Yanachaga- Chamillén National Park, the Yanasha Communal Reserve, and the San Matias- San Carlos Protection Forest. The next step is to execute a forest inventory. In coordination with its board of directors, the PCVFC also recently revised its strategic plan for the next three years, and drafted its annual operating plan for 2004.
- WWF-PPO continues to facilitate the formation and build capacity of Forest Management Committees at the local level. In the department of Madre de Dios, 02 additional Committees were installed and are presently functioning. With the technical support of WWF-PPO, these Committees were formed in the districts of Tambopata and Manu. In San Martín, a total of 18 Committees have been established and initial capacity-building has taken place under an agreement with AMRESAM. These Committees raise awareness among forest resource users regarding options for access to forest resources and forest management according to Peruvian laws, and facilitate dialogue with communities that have been encroaching on forested areas. Ultimately, CEDEFOR aims to ensure that these Committees serve as supervisors of sustainable forest management efforts and collaborators in anti-illegal logging efforts.
- As part of the agreement with the Ucayali forest concession association (ACOFU), WWF-PPO specialists trained 05 accounting students of the Ucayali National University to assist member concessionaires in this area. Coordinations in Madre de Dios with FADEMAD have facilitated

technical assistance in landuse conflict resolution and boundary demarcation. In San Martín, WWF-PPO is preparing to sign an agreement for cooperation with ACOFORSAM.

- In Ucayali and Madre de Dios, CEDEFOR provided technical support for the elaboration of 04 project proposals that are now receiving funding from FONDEBOSQUES. In Madre de Dios, WWF-PPO signed a contract with FONDEBOSQUES so that portable sawmills could be purchased for the following concessionaires in the district of Tahuamanu: EMINI SAC, Paujil SAC, EMFORPORTILLO SRL and EMETCI SAC. Another project in Madre de Dios is coordinated by *Asociacion para la Conservacion de la Cuenca Amazonica* (ACCA). As part of the agreement, portable sawmills were purchased for concessionaires located in the Tambopata district. Each of these projects were granted a total of \$100,000.

ii. Key management issues

CEDEFOR continues to focus on strengthening the National and Regional Forest Policy Roundtables, and implementing Forest Management Committees. These institutions form the foundation for stable and gradual moves towards sustainable forest management, establishing a fluent dialogue and active negotiations between forest sector stakeholders, and countering the problems of misinformation that have characterized the forest sector for many years. Unfortunately, inherent to efforts to organize multiple the different parties involved, the logistics and financing required to gather people for meetings, present challenges to their efficient success. Furthermore, while the Roundtable at the national level is permanent, its regional counterparts suffer from instability.

While close coordination exists between WWF-PPO staff in the field and their INRENA counterparts, the instability in the state agency – most recently reflected in the significant turnover of staff – hinders marked progress in the identification of solutions to concessionaires’ problems. Furthermore, INRENA lacks vital resources in order to combat effectively and continuously illegal logging that continues to plague the concessions process.

iii. Table of progress in meeting key activity benchmarks

Activity Number	Activity Title	Status
1	Forest management and forest certification	On track
2	Business management, marketing and financial services developed	On track
3	Institutional strengthening and forest policy consolidation	On track

Activity Title: Environmental Education and Awareness Raising

i. Summary of major achievements and progress

- With respect to this component, WWF-PPO has primarily been working in San Martin, Huánuco and Aguaytía to strengthen Forest Management Committees. These Committees primarily consist of forest concessionaires, farmers, and representatives of indigenous communities, local governments, and INRENA. The Committees serve to raise awareness among forest resource users regarding options for access to these resources and forest management according to Peruvian laws, and to facilitate dialogue with communities that have been encroaching on forested areas. Ultimately, WWF-PPO aims to ensure that these Committees serve as supervisors of sustainable forest management efforts and collaborators in anti-illegal logging efforts.
- In San Martin, WWF-PPO continues to provide financial and technical support to AMRESAM (*Asociación de Municipalidades de la Región San Martín*) in order to establish and build capacity among 18 Forest Management Committees. During the past quarter, AMRESAM facilitated a capacity building workshop in which 14 of 18 Committees were represented. Presidents of each of these committees discussed topics including general aspects of the Forestry and Wildlife Law, the forest concession contracts, and fundamental aspects of sustainable forest management. The second component of this workshop, in which WWF-PPO staff also participated, focused on conveying the different steps of preparing sustainable management plans for the Committees.
- WWF-PPO signed an agreement with the *Instituto de Formación de Facilitadores para el Desarrollo Local* (TARIPAQ), to implement awareness- raising activities with regards to forest concessions. In particular TARIPAQ continues to actively participate in the National Forest Dialogue Roundtable. TARIPAQ assisted in the drafting of a proposal by the Roundtable for the National Forest Meeting on November 27-28, 2003. In addition, it coorganized a presentation regarding CITES to the Peruvian Congress. Furthermore, during the report period, TARIPAQ published three issues of the Bulletin *Alerta Forestal*, which serves to disseminate information to public and private institutions about the forest concessions process throughout the country.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
3.1	Community based Environmental Education and awareness raising for local community habitat restoration: awareness raising campaign addressing soil degradation due to cultivation of illicit crops and illegal logging in target sites of upper catchments and sub-catchments in the Aguaytía river basin	On-track
3.2	Local government reforestation: forest conservation and reforestation awareness raising campaign targeting Alto Aguaytía	On-track
3.3	Sustainable forest management and VFC in Von Humboldt: awareness raising and education campaign addressing Forest Law implementation and VFC and targeting small growers of the Aguaytía Small Timber Loggers Association	On-track
3.4	Provide EE assistance to training for forest concessions processes and VFC implementation	On-track
3.5	Community forest management and VFC campaign targeting selected indigenous communities (Cashibocatacaibo and Shipibo-conibo ethnic groups) in Von Humboldt	On-track
3.6	Provide EE assistance to training in Community Forest Mgmt and VFC	On-track

3.7	Environmental education in support of conflict resolution in forest resources use	Pending
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iii. Key management issues

Regarding the establishment of Forest Management Committees, social unrest (strikes, protests, etc.) generated by coca growers in the project area as well as terrorists (in the case of San Martín) has discouraged some local community leaders from participating in project activities. Working with provincial leaders, WWF-PPO has identified those local community leaders interested in collaborating with project activities regardless of pressure from this sector. Considerable efforts have also been invested in communicating sincerely and consistently the project objectives, as a necessary requisite for developing a level of trust with the local communities.

Activity Title : Local Government Reforestation

i. Summary of major achievements and progress

- In Huánuco, WWF-PPO began implementing reforestation activities in coordination with the local authorities of the Bella community. During this report period, 5 hectares were planted. Participants constructed a community-owned nursery for fruit, ornamental and timber trees. The nursery can produce up to 20,000 plants/year. There are presently 6,000 plants in the nursery that will be planted in the field during the next report period. In addition, the participants have produced another 14,000 saplings in family nurseries near the planting sites. These plants will also be planted in the field during the next report period. With the support of this project, the Bella local government has finished designing a official registry system to record forest plantings within its jurisdiction. The next step is to share the experiences with other local governments in the region. The registry is important to effectively keep track of forest plantings and develop a basic system of forest and environment monitoring.
- In San Martín, AMRESAM signed a contract with WWF-PPO in September to coordinate the reforestation efforts in degraded forest areas in the district of Campanilla, province of Mariscal Cáceres. The first step in preparation of the field activities was to contract a specialist as coordinator, to facilitate the process of site selection. The following watersheds were selected for reforestation activities: Mashuyacu, Balsayacu, Shumanza (in the area of Nuevo Jaén), and Camarón. The selection criteria included the presence of illicit crops, location in the ADP area, location in buffer zones of forest concessions and natural protected areas, and socio-ecological zoning.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
4.1	Prioritize and select local governments and target sites	Completed
4.2	Develop integrated reforestation plans and design and implement reforestation program and environmental awareness program	On-track
4.3	Support local government establishment and management of nurseries and seedlings in three local government target sites	On-track

iii. Key management issues

Activity implementation is highly dependent on local governments' disposition to make available adequate time and human resources. As one of the primary goals of this project is to strengthen the capacity of local governments, WWF-PPO and its partners must devote the appropriate effort to ensure success. In particular, the delay in field advances can be attributed to the formalizing of the agreements with the communities and the contracting of required personnel. Therefore, WWF-PPO and AMRESAM are drafting a proposal to redefine the activity cronogram such that the project be completed in a timely and effective manner.

Activity Title : Prevention and Mitigation of Environmental Impacts

i. Summary of major achievements and progress

- WWF-PPO, in coordination with the *Universidad Nacional Agraria de la Selva* (UNAS) and *Sociedad Peruana de Ecodesarrollo* (SPDE) is implementing habitat restoration activities with 150 families in the area of influence of Tingo María National Park and the communities of Esperanza and Nuevo Jerusalén. During the report period, an additional 84 hectares of native species were planted, bringing the total to date to 104 hectares recuperated. As a source of saplings, temporary nurseries were established in family plots; this technique has proven cost- effective and educational for the participating families.
- During the report period, a total of 1400 labor days were utilized, the majority in tree planting activities. An additional 1800 labor days will be generated as a result of habitat restauration efforts.
- WWF-PPO is developing a database for the internet to provide updated information on restauration advances. Students of the UNAS are implementing the activity as a class project. A preliminary working version of the database and accompanying maps will be made available during the next report period.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
5.1	Design habitat restoration plan (with the <i>Universidad Nacional Agraria de la Selva</i> – UNAS)	Completed
5.2	Soil type and erosion analysis in target areas	On-track
5.3	Habitat restoration program: design and implement habitat restoration and monitoring training program with local communities	On-track
5.4	Recovery program: Phase 1 – implement habitat restoration plots; Phase 2 – develop and implement a habitat restoration monitoring system for restoration plots; Phase 3 – strengthen habitat restoration plots with additional vegetation cover and promote transitional vegetation cover	On-track

iii. Key management issues

During the report period, UNAS faculty and administrative personnel went on strike. Lectures were suspended although most other activities were carried on with some limitations. Thus, the training program suffered a major delay. It is planned that suspended lectures will be recovered during January –

February 2004. In spite of the strike, WWF-PPO was able to continue the training of 10 students on issues related to Spatial Analysis, Forest Landscape Restoration and Project Planning.

Activity Title : Environmental Planning and Prioritization

i. Summary of major achievements and progress

- Previously, a final report of the activities conducted by the CDC was completed. It should be published during the next report period and distributed to stakeholders.

ii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
6.1	Identify, select and develop grant for the NGO responsible for Landscape and Land Use change analysis (WWF)	Completed
6.2	Develop a biogeographic and cartographic database and gather, systematize and synthesize cartographic data (CDC)	Completed
6.3	Design GIS and analyze and interpret satellite images (CDC)	Completed
6.4	Develop vegetation map description, analysis and geo-referencing (CDC)	Completed
6.5	Develop methodological proposal for the identification of High Conservation Value Forests (HCVF) (CDC)	Completed
6.6	Coordinate workshop to define criteria for selecting areas of HCVF (CDC/WWF)	Completed
6.7	Facilitate identification, prioritization and analysis through a conservation status assessment of remaining blocks of HCVF's, river basins and sub river basins for conservation within the context of the ADP (CDC)	Completed
6.8	Land use change patterns: time series analysis and methodological proposal (CDC)	Completed
6.9	Develop and submit ecological and environmental zoning (EEZ) proposal for land and natural resources use zoning in identified priority sub-catchments, and submit final report (CDC)	Completed
6.10	Threats analysis and terms of reference for restoration and mitigation of environmental service's degradation, soil erosion and siltation assessment in selected sub-catchments (WWF)	Pending
6.11	Analysis of road improvement and anthropogenic pressure impact on forest cover in the ADP area (CDC)	Completed
6.12	Deforestation and forest fragmentation analysis, and workshop to validate findings and results (CDC)	Completed
6.13	Ecosystems Alterations: impact assessment of rehabilitated roads and Final Report	Completed

iii. Key management issues

N/A

Amendment to ADP: Promoting Lesser Known Species Harvesting, Industrialization and Marketing to Support Sustainable Forest Management in the Peruvian Amazon

i. Summary of Major Achievements and Progress:

- Exportimo continues performing testing at the industrial scale of the timber species *Cachimbo (Cariniana domestica)*. To complete this activity, it purchased 136 cubic meters of this species from the *Consortio Forestal Amazónico*. During the next report period, Exportimo will begin testing the species *Capirona (Calycophyllum spruceanum)*. The purpose of these studies is to eventually use this species to make furniture for the United States market. With an eye on the domestic market, the enterprise Magensa is conducting tests of industrial viability on the species *Bolaina blanca (Guazuma crinita)*. A total of 91 cubic meters of this species is being studied for potential use in the fabrication of doors and boards.
- In terms of marketing and promotion, the Consortium MADEPIVES constructed prototypes of furniture utilizing 3.6 cubic meters of the species *Panguana (Brosimum utile)* and *Huimba (Ceiba samauma)* for display in the Expo entitled *Casa Cord*. In collaboration with MADEPIVES, CITE Madera assisted the carpenter consortium by offering it the use of their drying and processing equipment. The *Casa Cord* fair was attended by the general public who were interested in purchasing furniture. WWF-PPO assisted its partners, donating the timber. In addition, it was successful in attracting several local television stations (TV-7, TV-5, TV-2, TV-4) to provide coverage of the event.
- In October, WWF-PPO specialists facilitated a workshop in Madre de Dios for 50 forest concessionaires and students from the University of Madre de Dios. Topics included information related to the promotion and commercialization of lesser known species timber. In particular, the results of the analysis of the Southern Corredor (Arequipa, Puno, Juliaca, Cusco) timber demand were shared. Concessionaires and WWF-PPO staff discussed the possibility of their providing LKS timber with added value to markets in the Southern Corredor. Unfortunately, because of the lack of infrastructure and the resulting high cost in transporting the timber from the area, the potential for these concessionaires to access these markets with a variety of species is unlikely. It is only profitable with highly valued species.
- CITE Madera and Consortium MADEPIVES completed behavioral tests on a total of 25 cubic meters of *Panguana (Bosimum utile)*, *Utucuro (Septotheca tessmannii)*, and *Huimba (Ceiba samauma)*. This analysis serves to evaluate their use for furniture production. Results of the tests are presently being compiled in a technical report that CITE Madera and Consortium MADEPIVES will submit to WWF-PPO.

ii. Table of Activity Status

Activity Number	Activity Title	Status
1	Community-based Micro-enterprise and “On-the-ground” Technology Development	On-track
2	Knowledge	On-track
3	Species Promotion	On-track
4	Cooperation	Pending

iii. Key management issues

- WWF-PPO's partners have encountered as the principal difficulty to implementing project activities, the lack of a consistent and reliable source of timber. Many of the concessions are dependent on climatic and seasonal conditions in order to mobilize timber. In addition, due to a lack of capital, they request buyers to offer an advance payment of up to 30 days before receiving the timber. Furthermore, it is difficult for concessions to offer competitive prices compared to timber from indigenous communities and agricultural plots. WWF-PPO is working closely with its partners as well with the concessions to implement extra measures to ensure that timber used for project activities originates in legal forest concessions, with authorized permits and paperwork. Nonetheless, this effort has generated unanticipated delays in obtaining supplies of lesser known species for investigation. In order to resolve this issue, WWF-PPO has been working with project partners to identify concessionaires successfully transporting timber, with access to lesser known species, and aims to strengthen relationships between these concessionaires and timber buyers.

III. Success Stories and Other Appendices

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