



**Certification and Development of Forest Enterprises in the Peruvian Amazon:  
A Civil Society – Public – Private Alliance**

**Project #: 527-A-00-08-00027-00**  
**Reporting Period: Oct – Dec 2009<sup>1</sup>**  
**SO12**

**I. Summary of Activity Status and Progress**

**A. Introductory Paragraph**

The implementation period of this project is October 2008 to September 2011. This quarterly report informs on the progress for the first quarter of the second year of the project (October 2009 – December 2010), focusing on the main progress achieved and developed for this period in the three components of the project.

The project purpose is to promote responsible forest management and trade based on forest management best practices and recognized international standards, as well as, showing that through sound conservation and responsible management of the forests it is possible to contribute to sustainable economic development which directly benefits local peoples and enterprises.

The project also considers important to strengthen the performance of projects previously carried out by WWF-PPO on issues of responsible forest management, trade and forest certification.

In order to do so the project works with private forest enterprises (forest concessions and industries) and communities providing technical assistance to improve their forest management planning and activities through the implementation of forest and chain of custody certification. In addition to this, the project also works together with the government at different levels (national, regional and local) in order to promote sustainable forest management and certification, as well as, providing the necessary support to complete diverse tasks related to the forest sector.

Thanks to the efforts of WWF, USAID and its partners, the project's staff has assisted a number of companies and indigenous communities who have been awarded and/or maintained the certification for 441,915 hectares as well as certification of 14 Chains of Custody certificates in 12 companies for responsible and legal forest trade and management so far.

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## B. Highlights

The contribution of the activities carried out in this trimester to this overall progress is:

- The Four (04) companies that aimed to maintain the Forest Management certification (Consortio Forestal Amazonico - CFA, Aserradero Espinoza - AESA, Maderacre and Maderyja - representing 360,568 ha), also went through their annual evaluations and maintained their certificates during the past trimester WWF technical staff helped, and continues to help, the companies to solve some CAR's.
- After the annual evaluation of four (04) companies (Maderyja, Nature Wood, Turbina SAC, Nature America, Nature Wood, Turbina) all of them maintained their CoC certificates.
- After the annual evaluation all of the companies assisted by WWF maintained their Chain of Custody (CoC) certificates. WWF is currently still providing the necessary technical assistance to solve CAR's presented in the reports by the certifier bodies.
- Two (02) baseline studies have been carried out in Green Gold Forestry in Loreto and AESA in Madre de Dios in order to have accurate data about their productive processes.
- The Regional Government of Madre de Dios has started the process for the transference of functions and competencies from the Central Government in order to assume full responsibility of the administration and regulation of the resources in the region. WWF Peru, through the CERF project, has strongly supported them during this process by providing the necessary tools and by hiring specialists to streamline the process and make progress towards fulfilling it in an effective and fast manner.

## C. Table of Budget

Activity number	Activity title	Status	Balance Year 1 (a)	Budget Year 2 (b)	Total Budget (a) + (b)	Oct - Dec 09	Balance	Progress %
1	Forest Certification	On-track	33,079	132,410	165,489	17,139	143,064	10%
2	Markets and added value for certified products	On-track	742	37,090	37,832	8,211	27,342	22%
3	Governance and institutional strengthening	On-track	23,628	1,740	25,368	2,347	6,652	9%
4	Visibility /Communications and training material	On-track	11,313	6,700	18,013	209	17,804	1%
5	Monitoring	On-track	13,945	43,940	57,885	4,952	52,781	9%
6	Operational Costs	On-track	████	████	████	████	████	████
7	Indirect Costs	On-track	████	████	████	████	████	████
<b>TOTAL</b>			<b>85,636</b>	<b>394,329</b>	<b>479,965</b>	<b>124,723</b>	<b>314,941</b>	<b>26%</b>

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

\* Only USAID funds

## **II. Description of Site Progress**

### **A. *Key short and long-term program objectives for the sites.***

This project aims to achieve the following key objectives:

*Objective 1: Forest Certification.* To increase the certified forest area and consolidate the certification process in the Peruvian Amazon by providing technical assistance to forest concessions, indigenous communities and local forest industries to achieve forest management certification as well as for chains of custody certification from the forest gate to market.

*Objective 2: Markets and added value for certified products.* To ensure the economic sustainability of certification of private and indigenous community forest enterprises based on the introduction of technological innovations to improve the efficiency and productivity, the generation of national and international market links demanding certified timber products, and the provision of technical assistance to achieve added-value increase in the certified timber products through, diversification and improvement of the quality of their product range.

*Objective 3: Governance and Institutional strengthening.* To contribute to the development of a favorable institutional climate for the promotion of forest certification and chains of custody, in conjunction with improved governance, control and regulation of the forest sector, within the context of an effective civil society – public – private partnership

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

**Objective 1: Forest Certification**

	<b>Outcome</b>	<b>Baseline</b>	<b>Progress October – December 2009</b>	<b>Progress January – March 2010</b>	<b>Progress April – June 2010</b>	<b>Progress July – September 2010</b>
1.1	360,000 ha in selected forest concessions and indigenous communities achieve forest certification	-	<p><i>PAUJIL (46,914 ha): Elaboration of GFMP and AOP completed. Both documents presented to authorities</i></p> <p><i>AMATEC (20,940ha): Documents presented to authorities</i></p> <p><i>Green Gold Forestry (38,456ha) 01 new administrative division proposal 01 AOP 2010 01FGMP 2010</i></p> <p><i>IC Belgica Inventory and census completed. Information processing</i></p> <p><i>02 Forest inventories in 02 IC's: Inkare(3,748 ha) Puerto Esperanza (19,117 ha)</i></p> <p><i>01 GFMP in process in Mencoriari</i></p>	-	-	-
1.2	425,000 ha maintain the forest management certification	05 companies maintain the FSC certificate - 426,272 ha: AIDER, FRH – Forestal Rio Huáscar, Carlos Muñoz, CFA – Consorcio Forestal Amazonico, M&M – Maderacre & Maderija, AESA – Aserradero Espinoza	<p><i>Technical support provided to solve CAR's from annual evaluations to: Maderacre, A&amp;A SAC, Maderyja, AESA</i></p> <p><i>AIDER (35,000 ha): Support provided to solve CAR's from annual evaluation.</i></p>	-	-	-

	Outcome	Baseline	Progress October – December 2009	Progress January – March 2010	Progress April – June 2010	Progress July – September 2010
1.3	12 forest enterprises and timber products manufacturers are awarded with chain of custody certification	03 companies achieved certification prior to the signature of the contract with USAID with funds from WWF (Lucofi, Universal Flooring 1 & 2)	01 new timber processing company received its CoC certificate ( <i>Peru Green Designs</i> )  <i>EBALECO:</i> <i>01 Action plan</i>	-	-	-
1.4	10 forest enterprises and timber products manufacturers maintain the chain of custody certification	10 companies maintain CoC certification (Fast Trade, FRH, M&M, AESA, Palacios, GEA, Alida, Exportimo, Triplay Amazónico, Carlos Muñoz)	<i>All the timber processing companies that were evaluated in this trimester have maintained their CoC certificates assisted by WWF.</i>	-	-	-

#### Objective 2: Markets and added value for certified products

	Outcome	Baseline	Progress October – December 2009	Progress January – March 2010	Progress April – June 2010	Progress July – September 2010
2.1	50% of increasing harvest volume (round wood) by introduction of best sustainable forest management practices and increasing range of harvested species	03 companies evaluated CY08-S1: * CFA: Vo: 14,700 m3 Sp: 2007: 5 out of 20 = 25%  * AESA: Vo: 11,500 m3 Sp: 2007: 7 out of 16 species = 43%  * Puerto Esperanza IC Vo: 336 out of 603m3 Sp: 4 out of 4 species = 100%	02 new baseline studies carried out in this trimester ( <i>Green Gold Forestry, AESA</i> )  01 baseline study on productivity in <i>IC Belgica</i>	-	-	-
2.2	New investment of \$ 1 million in new technologies, infrastructure and staff training done by private companies	-	<i>No data collected in this period</i>	-	-	-

	Outcome	Baseline	Progress October – December 2009	Progress January – March 2010	Progress April – June 2010	Progress July – September 2010
2.3	40,000 m3 of certified wood sold on national and international markets by the end of the project, equivalent to \$12 million dollars	-	<i>No data collected in this period</i>	-	-	-

### Objective 3: Governance and Institutional strengthening

	Outcome	Baseline	Progress October – December 2009	Progress January – March 2010	Progress April – June 2010	Progress July – September 2010
3.1	<p>Three regional governments are supported by the project to strengthen their capacities to assume administrative and forest control competencies, and are capable:</p> <ul style="list-style-type: none"> <li>To approve management documents within the deadlines established in the administrative procedures regulations</li> <li>To implement control and supervision activities and operate an improved and efficient monitoring system in coordination with OSINFOR.</li> <li>To have instruments of forest strategic planning for the mid and long term</li> </ul>	<p>03 work agreements signed with the regional governments of San Martin, Ucayali and Madre de Dios</p> <p>01 Strategic Plan in San Martin</p>	<p><i>01 consultant hired to work inside the DGFSS in order to streamline administrative procedures.</i></p> <p><i>Project's beneficiaries are being benefited directly from this action (AMATEC, Paujil, Green Gold Forestry).</i></p> <p><i>WWF supported and participated in the elaboration of High Conservation Value Forests indicators.</i></p>			
3.2	The Peruvian government establishes budgetary commitments for a minimum of US\$ 1 million to promote forest certification and legal forest trade	03 work agreements signed with the regional governments of San Martin, Ucayali and Madre de Dios	<i>The regional Government of Madre de Dios has been supported to complete the process for the transference of functions and competencies from the central government</i>			

## ***C. Activity Description***

### **Component I: Forest Certification**

#### **i. Summary of major achievements and progress**

##### ***1.1 360,000 ha in selected forest concessions and indigenous communities achieve forest certification***

- ***Companies:***

The project is still focusing its efforts on the work with the forest concessions of PAUJIL (46,914 ha.), AMATEC (20,940 ha.) and Green Gold Forestry (38,456 ha) in order to achieve forest management certification and the progress so far has been very positive, even though there has been another change in the administration of AMATEC and PAUJIL once more. WWF has not received a formal notification on the willingness from AMATEC and PAUJIL to continue or not with the certification process but it is expected to have a positive decision from the companies. The FM certification of these companies is programmed to take place by the end of this year.

These are the activities carried out in these companies in this trimester:

- PAUJIL and AMATEC: WWF team has supported these companies in the elaborations of the GFMP's and AOP's and in the streamlining of the process for documents approval within the DGFFS.
- Green Gold Forestry: WWF team provided technical assistance in the elaboration of the AOP 2010 and the GFMP 2010 with a new administrative division.
- Pucallpa Export (EyJ Matthei): WWF staff is still coordinating to implement the action plan elaborated in the previous trimester.

- ***Indigenous communities:***

Private investing company Asesorandes has stopped working with the IC Belgica by mutual agreement. WWF is still working with the IC Belgica in technical issues in order to achieve forest certification. WWF believes that a regency model will be more suitable for the certification scheme.

- IC Belgica: WWF technical staff completed the work related to the forest census and inventory. Currently the information is being processed to elaborate the technical documents.
- The IC's of Inkare and Puerto Esperanza were assisted to have accurate volumes of their standing wood by carrying out a forest inventory in each IC.
- The IC Mencoriari was provided with technical assistance to carry out the forest inventory. The information is now being processed and the FMP (Forest Management Plan) is being elaborated.

### 1.2 425,000 ha maintain the forest management certification

All of the certified beneficiaries were assisted throughout their annual evaluations and maintained the certification. The NGO AIDER (Regency scheme for 05 IC's) was also evaluate during this period and maintained the certificate although presented some CAR's that are already being addressed to be solved.

Some other activities were carried out in this trimester:

- *Companies:*
  - Maderacre, A&A SAC, Maderyja, and AESA: received technical support to solve CAR's from annual evaluations.

Status	N° Concessions	Forest Concession	Ha	Total
Certified Forests Concessions	5	Consorcio Forestal Amazónico Maderacre Maderyja Aserradero Espinoza A&A Peru SAC	180,508 ha 98,932 ha 81,129 ha 46,346 ha	406,395 ha

- *Indigenous communities:*

AIDER has received technical assistance in order to maintain the certification of the 05 indigenous communities under its regency and was evaluated presenting some CAR's which are being attended by our team provided the support necessary to solve them for the next evaluation. The staff of WWF was invited to participate in the Annual Congress of Certified Indigenous Communities and visited the plantation their working on.

Status	N°	Forest Concession	Ha	Total
Certified Indigenous Communities	1	AIDER – Regency Scheme (05 IC's): Callería Curiaca del Caco Preferida de Charasmana Pueblo Nuevo del Caco Puerto Belén	35,000	35,000 ha

### 1.3 12 forest enterprises and timber products manufacturers are awarded with chain of custody certification

WWF Technical team visited the transformation plant of EBALECO (second transformation industry) in order to elaborate an action plan to implement the measures required to adapt the company's processes to the FSC standards and be able to achieve the CoC certification. Certification is expected to be awarded by the next period.

### 1.4 10 forest enterprises and timber products manufacturers maintain the chain of custody certification.

The timber processing companies that were evaluated in this trimester have maintained their CoC certificates assisted by WWF. All of these companies have been assisted in different

topics, mostly related to CoC procedures training and reformulation of CoC manuals in order to maintain their CoC certificates (Maderacre, Maderyja, AESA, Nature Wood, Turbina SAC, and Nature America)

## **ii. Key management issues**

The problems appear to be the same throughout the project. They are mainly related to continuous changes inside the companies' structure and administration, and the financial capacity of the companies.

The IC Mencoriari and the IC Belgica have desisted from working with their partners due to some differences that appeared in the way, specifically economic affairs. This represents an issue that needs to be addressed since the technical team of the project considers very important to have the indigenous communities working with a partner such as private company.

## **Component II: Markets and Added Value for Certified Products**

### **i. Summary of major achievements and progress**

#### **2.1** *50% of increasing harvest volume (round wood) by introduction of best sustainable forest management practices and increasing range of harvested species<sup>2</sup>*

Four (04) companies (Maderacre, Maderyja, Turbina y Transforestal CCC) were supposed to have their baseline studies ready by this period; however this did not happen since the consultant in charge of the work was robbed and lost a great amount of the information collected in the companies. The consultant is still working with the information left and is doing some extra work to recover and recollect the missing information.

Part of the team of WWF worked in the baseline studies for the forest concessions Green Gold Forestry and AESA; and in the IC Belgica to have more detailed information of their productive processes.

#### **2.2** *New investment of \$ 1 million in new technologies, infrastructure and staff training done by private companies.*

No progress to be reported. This activity is being monitored but no information has been collected since the last trimester of the year corresponds to the end of the fiscal year for Peruvian companies. For this matter the information is not available until the companies finish processing it.

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<sup>2</sup> According to the information gathered from official sources, the production of round wood during the past five years shows an important increase. These figures support the intention to achieve a 50% increase in the harvesting volume.

This growth in the production reflects an improvement in the forest sector regarding management and logging procedures. WWF has contributed to this growth through the project CERF since 2007. This project intends to strengthen mainly the productive systems, markets and technological innovations and expects a volume increase close to 50%.

**2.3** *40,000 m3 of certified wood sold on national and international markets by the end of the project, equivalent to \$12 million dollars.*

The information has not been collected for the same reasons exposed before.

## **ii. Key management issues**

Most of the companies are still recovering from the “big pause” the economic world situation created and are reestablishing business links with their clients. Some companies are still overstocked and are trying to redirect their products or find new markets for them. GFTN is working with them to establish business links and promote their entrance of new certified products to these markets.

## **Component III: Institutional Strengthening and Governance.**

### **i. Summary of major achievements and progress**

**3.1** Three regional governments are supported by the project to strengthen their capacities to assume administrative and forest control competencies, and are capable:

It is important to mention that WWF has supported and participated in the elaboration of High Conservation Value Forests (HCVF) indicators for the national Certification Initiative, specifically elaborating the indicators and criteria for the principle 9 of the FSC standards, related to HCVF.

*3.1.1. To approve management documents within the deadlines established in the administrative procedures regulations.*

WWF continues to hire a consultant to work with the DGFFS to determine the status, follow and streamline the processes in the DGFFS related to documents approval and other requests from the beneficiaries. Green Gold Forestry has been benefited one more time thanks to this initiative of having someone inside the DGFFS working hand in hand with our beneficiaries by having received the approval of its reformulated GFMP.

*3.1.2. To implement control and supervision activities and operate an improved and efficient monitoring system in coordination with OSINFOR*

Nothing to be reported for this trimester

*3.1.3. To have instruments of forest strategic planning for the mid and long term*

The Regional Government of Madre de Dios has already started to work in the area of natural resources management and is committed to complete the process of transference of functions and competencies from the central government.

**3.2** The Peruvian government establishes budgetary commitments for a minimum of US\$ 1 million to promote forest certification and legal forest trade

As a part of the process for the transference of functions and competencies from the central government the Regional Government of Madre de Dios is investing and has a

special budget to implement all the measures required to complete this process. It also comprehends diverse projects related to the administration of the forest resources and the promotion of forest certification.

## **ii. Key management issues**

There is still a lack of normative of functions and clarity in the responsibilities, there is also several and limitations in the use of funds designated to the process of transference of functions and competencies. In addition to this, the staff of the Regional governments is not fully prepared to administrate the resources and assume responsibilities while the process is underway.

The process of drafting the new Forest Law is taking more time than expected. This leaves several things pending regarding the forest sector, such as legal gaps, delays in administrative work and generates uncertainty among the stakeholders since drastic changes are expected.

Another big challenge is the Controlled Wood and SLIMF scheme. There is still a lot to do to train and make people aware of these issues. Peru does not have evaluated and controlled wood sources yet but companies are showing interest in working on this matter. It is necessary to count on legal wood sources since it is a requirement of the FSC CoC standards to supply the timber transformation companies.

It would be important to cover areas such as staff training and methodologies /tools exchange between actors in the network to further strengthen the existing capacities and create new ones where required.

## **IV. Success Stories and Other Appendices**

The company AESA has been nominated as a leader/model company in Latin-America by the FAO due to their hard work towards responsible and sustainable forest management in their operations. The company will be included in a FAO publication in the upcoming months explaining their work and their own experience on sustainable management and certification.

Part of our staff was invited to participate in the annual conference of Certified Indigenous Communities, which took place in the city of Pucallpa in the Ucayali Region in early December of last year. They were also invited to the “Forestry Week” celebrated in the Agrarian National University (Universidad Nacional Agraria de la Molina) in November. Alfredo Rodriguez and Carlos Cubas were contacted to be lecturers in both events to talk about forest certification, fair trade and sustainable forest management. This is important because it promotes and strengthens the forest certification process in Peru.

## ACRONYMS

AESA	Aserradero Espinoza
AOP	Annual Operative Plan
ATFF	Technical Administration for Wild Flora and Fauna
CAR	Corrective Action Required
CEDEFOR	Certification and Development of the Forest Sector – Peru
CERFOR	Forest Certification Project from INRENA
CFA	Consortio Forestal Amazonico
CoC	Chain of Custody certification
DGFFS (FORMERLY INRENA)	Dirección General Forestal y de Fauna Silvestre – General Direction of Forests and Wildlife
FC	Forest Concessions
FMU	Forest Management Unit
FORIN	Indigenous Forest Project
FSC	Forest Stewardship Council
PERU GFTN	Forest Trade Network - Peru
GFMP / PGMF	General Forest Management Plan – Plan General de Manejo Forestal
GFTN	Global Forest Trade Network
HCVF	HIGH CONSERVANCY VALUE FORESTS
IC	INDIGENOUS COMMUNITIES
INRENA	National Institute for Natural Resource Management
LKS	Lesser Known Species
MINAG	Ministerio de Agricultura
MDD	Madre de Dios
MOU	Memorandum of Understanding
M&M	Maderacre y Maderija
PCA	Parcela de Corta Annual – Annual Felling/Cutting Lot
RIL	Reduced Impact Logging
OSINFOR	Office for Supervisión of Forest Timber Resources
SAS	Stepwise Approach System towards Forest Certification
SNIP	Sistema nacional de Inversiones Públicas
TLC - FTA	Free Trade Agreement
TAA	Technical Assistance Agreement
USAID	US Agency for International Development
WWF-NL	World Wildlife Fund – Netherlands
WWF – PPO	World Wildlife Fund – Peru Programme Office