INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT PROPOSAL

TITLE:	TRACEABILITY OF TIMBER PRODUCED BY FOREST CONCESSIONS AND NATIVE COMMUNITIES IN MADRE DE DIOS AND UCAYALI
SERIAL NUMBER:	PD 621/11 **Rev.3** (M)
COMMITTEE:	ECONOMIC INFORMATION AND MARKET INTELLIGENCE
SUBMITTED BY:	GOVERNMENT OF PERU
ORIGINAL LANGUAGE:	SPANISH

SUMMARY

This project will be implemented with small and medium timber producing enterprises (SMEs), including native communities and forest concessions in Madre de Dios and Ucayali, as well as timber processing and marketing SMEs, located in the two aforementioned regions as well as in Lima and Arequipa. The project will promote the use of timber sourced from forests under sustainable forest management, with the aim of enhancing the transparency of timber marketing and improving forest governance in the Peruvian Amazon region through the participation of indigenous peoples and small and medium enterprises as key stakeholders in the conservation of forests.

Furthermore, the project will build the capacities of farmers, technical personnel and other administrative and executive staff in the management of forest businesses. It will also develop and propose a traceability system that will allow producers to certify the legal origin of marketed timber. The volume of timber harvested from sustainable sources will be increased and guaranteed by a forest certification process and, upon project completion, a timber traceability model will be available and implemented by the SMEs in the regions of Ucayali, Madre de Dios, Lima and Arequipa.

EXECUTING AGENCY	NATIONAL FORESTRY CHAMBER -- CNF
DURATION	27 MONTHS

BUDGET AND PROPOSED FUNDING SOURCES	**Source**	**Contribution in US$**
	OIMT	**349,032.00**
	CNF	**278,125.00**
	TOTAL	**627,157.00**

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PROJECT BRIEF

Traceability involves a series of closely interlinked technical and operational procedures that provide for the registration of all products from the source or place of origin of the raw materials, through their processing stages and transport, to the final marketing stage. This benefits forest concessions (producers) and timber companies (processors) by giving them credibility, ensuring the legality of their products in the market (consumers) and providing an efficient monitoring and management system for the competent forest authority.

Several Peruvian initiatives have emerged through the implementation of different projects aimed at preventing and correcting the deficiencies detected to date in timber logging, transport and marking procedures, and specialized software has been developed to this end. A brief survey of the functioning and policy implementation of these companies has revealed that very few of them use these types of tools to monitor and obtain detailed data about their production.

This project is based on the experience gained in three previous projects that were submitted and/or financed by the ITTO and endorsed by the DGFFS i.e. Project PD 421/06 (F) "Strengthening of the Production Chain for Timber from Forest Concessions and Other Forests under Management", implemented by CNF; the project on "Capacity Building for the Production and Marketing of Certified Timber by Indigenous Communities in Ucayali, Peru", submitted by the NGO AIDER; and the project proposal of the NGO BSD "Geo-electronic forest traceability applied to timber sourced from 191,718 ha of forests belonging to six indigenous communities and one forest concession in the Ucayali Region", which were the basis for the formulation of this project proposal, incorporating lessons learned and strengthening the elements requiring improvement.

The main problem that has been identified is the limited capacity of SMEs to prove the legal origin of their timber supply. This results in lost opportunities to access better markets that demand proof of legal origin and sustainable management of the timber to be traded.

The Project's development objective is: "*To contribute to increasing the trade in timber of legal origin sourced from sustainably managed forests of native communities and forest concessions in the Peruvian Amazon Region*". The achievement of this objective will be measured by the increase in the volume of exported certified timber that is sourced from forest concessions and native community forests; the use of certified timber by central and regional government institutions for their public works projects; and the overall demand for certified timber in the market.

This development objective will be achieved through the following specific objective: "*Strengthen the capacity of small and medium forest enterprises to demonstrate and verify that the timber produced and traded is sourced from forest concessions and native community forests that are under sustainable forest management*". The achievement of this objective will be measured by the establishment of a market-recognized national forest certification system.

The project will benefit 15 community enterprises and SMEs in the Ucayali, Madre de Dios, Lima and Arequipa regions. It is expected that after project completion, community enterprises and SMEs will be able to manage their forest businesses, achieve satisfactory returns and demonstrate the legality of their products by promoting the establishment of a national traceability system, thus improving the sustainable management of their forests. Furthermore, it is expected that legally sourced timber will have better commercial opportunities and will be incorporated into the national production chain, thus increasing the volumes of sustainably sourced timber in the market.

Expected project outputs include: the adoption of a timber traceability system by timber enterprises and native communities; capacity building for the technical personnel of target enterprises so as to have good timber production and marketing monitoring and control systems; and strengthening of forest enterprises in business management activities.

The project will be implemented through the following implementation strategies: (i) develop and validate a traceability system; (ii) promote the marketing of certified timber; (iii) develop training

courses on timber product monitoring and control, (iv) provide technical assistance to SMEs and native communities; (v) promote the sharing of experiences in timber certification and traceability among entrepreneurs, forest concession holders, native communities and forest professionals; (vi) organize training workshops on business management tools; (vii) provide ongoing technical assistance to community enterprises and SMEs so as to strengthen their management capacities.

With regard to sustainability, the project will develop the capacities of community members and businessmen to manage their forest business initiatives. The transfer of knowledge and the dissemination and promotion of ITTO principles and guidelines will ensure that not only forest producers but civil society at large will become aware of the need to produce traceable products and thus ensure that timber activities are no longer considered to be plundering forest resources and can actually contribute significantly to the GDP. At the social level, the project will implement a facilitation strategy aimed at building local capacities and empowering men and women with the proposal for the sustainable production and marketing of certified timber. The technical assistance provided by the CNF (National Forestry Chamber) will ensure the practical application of the knowledge acquired through training courses for production forest management stakeholders represented by forest concession holders, native communities and forest enterprises. In view of the institutional support it enjoys and the experience it will have gained through the implementation of the project, the CNF, or one of its associated institutions, plans to become a certifying agency to certify the legal origin of timber through the traceability system.

A possible risk envisaged by the project could be that the Government stops promoting sustainable forest management practices, which this would create a conflict with the provisions of the current national forest legislation. In order to counteract this potential risk, the CNF will be participating in many fora, together with civil society representatives, to lobby and engage the current government and thus create awareness and promote actions aimed at combating illegal forest activities.

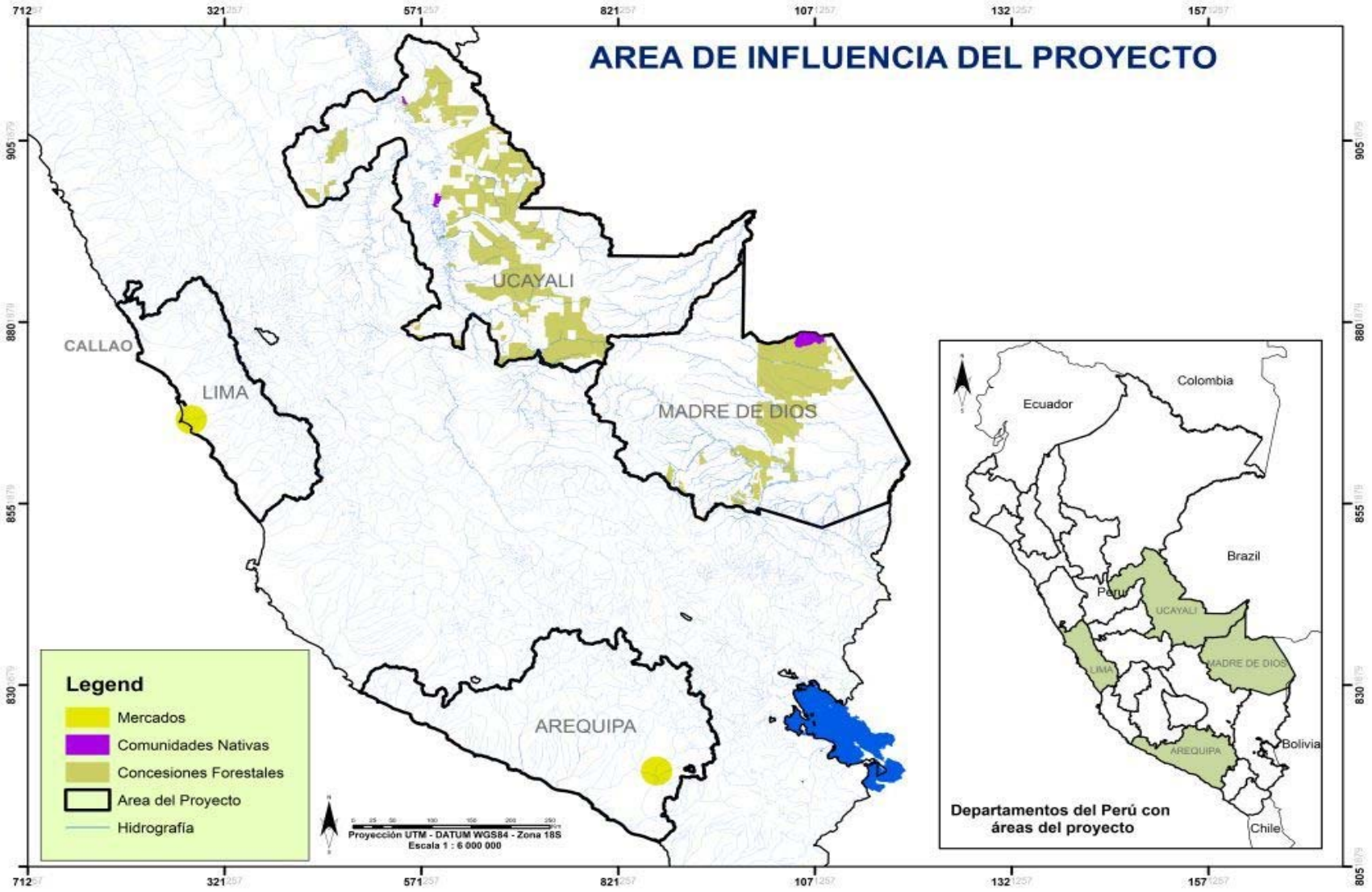
As risk mitigation measures, the executing agency plans to attract the participation of national forest sector authorities in the project; create awareness and constantly coordinate with officers from the Regional Governments of Ucayali and Madre de Dios responsible for forest promotion actions; and participate in civil society dialogue and coordination fora with the State.

The project has a total budget of US$ ~~762,284~~ **627,157**. The executing agency will provide a total of US$ ~~328,819~~ **278,125** in kind, with the remaining US$ ~~433,465~~ **349,032** to be contributed by ITTO.

LIST OF ABBREVIATIONS AND ACRONYMS

ADEX	Asociación de Exportadores (*Exporters Association)*
AEMRU	Asociación de Extractores Madereros y Reforestadores de la Región de Ucayali (*Timber Logging and Reforestation Association of the Ucayali Region)*
AFORPYME	Asociación Forestal de Pequeños y Medianos Productores y Empresarios del Perú (*Small and Medium Forest Producers and Industrialists Association of Peru)*
AIDER	Asociación para la Investigación y el Desarrollo Integral *(Association for Integrated Research and Development*)
AIDESEP	Asociación Interétnica de Desarrollo de la Selva Peruana *(Inter-Ethnic Association for Development in the Peruvian Rainforest Region)*
AMDU	Asociación de Madereros del Departamento de Ucayali *(Timber Producers Association of the Department of Ucayali)*
APIF	Asociación Peruana de Ingenieros Forestales *(Peruvian Association of Forest Engineers)*
BSD	Bosques, Sociedad y Desarrollo (NGO, *Forests, Society and Development*)
CIP	Colegio de Ingenieros del Perú, Capítulo de Ingeniería Forestal *(Peruvian Society of Engineers, Forest Engineering Chapter)*
CNF	Cámara Nacional Forestal *(National Forestry Chamber*)
CONAMYPE	Confederación Nacional de Gremios de la Micro y Pequeña Empresa en el Perú *(National Confederation of Micro and Small Enterprise Associations)*
DGFFS	Dirección General Forestal y de Fauna Silvestre (*General Forest and Wildlife Directorate)*
EU	European Union
FORESTAS	Asociación Civil para el Desarrollo Forestal *(Civil Association for Forest Development)*
INEI	Instituto Nacional de Estadística e Informática (*National Institute of Statistics and Information Technology)*
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
MINAG	Ministerio de Agricultura (*Ministry of Agriculture*)
MINCETUR	Ministerio de Comercio Exterior y Turismo *(Ministry of Foreign Trade and Tourism)*
NCs	Native communities
NGO	Non-governmental organization
ORAU	Organización Regional AIDESEP Ucayali (*AIDESEP Regional Organization - Ucayali)*
OSINFOR	Organismo de Supervisión de Recursos Forestales Maderables *(Timber Forest Resources Supervisory Agency)*
PRODUCE	Ministerio de la Producción (*Ministry of Production)*
PROMPERÚ	Comisión de promoción del Perú para la exportación y el turismo (*Export and Tourism Promotion Commission of Peru)*
PRONATURALEZA	Fundación Peruana para la Conservación de la Naturaleza (*Peruvian Foundation for the Conservationn of Nature*)
RAP	Red Ambiental Peruana *(Peruvian Environmental Network)*
REDD	Reducing Emissions from Deforestation and Degradation
SMEs	Small and Medium Enterprises
UNALM	Universidad Nacional Agraria La Molina *(National Agrarian University of La Molina)*
YPO	Yearly Plan of Operation

MAP OF PROJECT AREA



PART 1. PROJECT CONTEXT

1.1 Origin

The project will take into account the following mega-trends:

- Globalization of markets
- Growing preference for ecological products.
- More demanding and environmentally-aware consumers.
- Fast rate of technological change.

From 2008 to 2010, with the technical and financial support of the ITTO and the cooperation of the General Forest and Wildlife Directorate (Dirección General Forestal y de Fauna Silvestre – DGFFS), the National Forestry Chamber (CNF) implemented ITTO project PD 421/06 (F) "Strengthening of the Production Chain for Timber from Forest Concessions and Other Forests under Management". This project identified the main "bottlenecks" weakening the timber production chain in the central and southern economic corridors of Peru. Forest concessions, industrial timber processing plants and timber marketing companies, all participated in the implementation of that project. Project outputs included a pilot traceability system, the Timber Origin Monitoring System (Sistema de Seguimiento del Origen de la Madera – SISOMAD) and a data-processing software program, after having carried out relevant tests in concessions and companies from Madre de Dios and Ucayali.

This project proposal is based on the experiences of two Peruvian projects in the area of traceability. One was a project proposal on "Geo-electronic forest traceability applied to timber sourced from 191,718 ha of forest belonging to six indigenous communities and one forest concession in the Ucayali region" through which the NGO BSD sought to demonstrate that forest users can implement and use a geo-electronic traceability system to ensure transparency in the trade of their timber sourced from tropical forest concessions and from native community lands. The other one was a project proposal formulated by the NGO AIDER on "Capacity Building for the Production and Marketing of Certified Timber by Indigenous Communities in Ucayali, Peru", whose objective was "*To strengthen the capacity of Shipibo Konibo communities for the consolidation of a viable and profitable model of certified timber production and marketing in the Ucayali Region, Peru"* through the implementation of a forest consortium made up of Shipibo Konibo native communities, which markets certified timber sourced from legal and sustainable sources, thus benefiting 8 native communities of the Shipibo Konibo indigenous ethnic group settled in the districts of Calleria, Masisea and Iparia, in the Coronel Portillo province of the Ucayali region, with a total area of 40,000 hectares in the middle basin of the Ucayali river, the main tributary of the Amazon river. Furthermore, this project proposal is also based on the initiatives of some regional governments, such as the Arequipa and San Martin regional governments, who have been promoting the utilization and marketing of legally sourced timber.

The project also draws on and is consistent with the demands of the international market, through the Lacey Act (USA, 2008) and the Due Diligence legislation (EU, 2009), both of which require the timber industry to verify the origin of timber imported into their respective countries. The implementation of the former began in April 2009, while the latter will come into force at the beginning of 2013.

1.2 Relevance

1.2.1 Conformity with ITTO's objectives and priorities

This project proposal is consistent with the overall objective of ITTO (as set out in Article 1 of the ITTA 2006) i.e. to promote the expansion and diversification of international trade and to promote the sustainable management of tropical timber producing forests, as described below:

- The proposal will promote strategies for achieving exports of tropical timber products from sustainably managed sources (Objective d).
- Furthermore, the project will promote improved understanding of the structural conditions in international markets (Objective e).
- The project will encourage increased and further processing to promote industrialization and generate more employment opportunities and export earnings (Objective i).
- The project will improve marketing and distribution of timber exports (Objective k).

Moreover, this project is consistent with the priorities established in the ITTO Action Plan 2008-2011. The main aspects considered in the proposal are as follows:

- It will promote the monitoring of timber marketed on the domestic and international markets using new technology implemented by the companies concerned.
- It will support increased efficiency in the processing and utilization of tropical timber.
- It will promote improved trade information and competitiveness in international markets.
- It will promote increased supplies of certified tropical timber from managed forests.
- It will develop awareness on market requirements.
- It will help improve the competitiveness of tropical timber; and will develop proposals to help overcome trade barriers and shortcomings in forest law enforcement.

1.2.2 Relevance to submitting country's policies

Forestry Law 27308 promotes better timber utilization through integrated industries and generation of higher value added based on criteria and indicators for sustainable management (Art. 9). The State will promote the development of the forest industry with the active participation of the public and private sectors to ensure increased economic returns and social benefits and promote domestic and export timber marketing (Art. 30).

The Peruvian State, through its Ministry of Production, promotes timber investment, production and productivity; the establishment and expansion of infrastructure as required for the development of secondary timber processing industries in the Rainforest Region (Selva); processed timber exports; and generation, transfer and dissemination of appropriate technologies for increased development and efficiency in the timber industry.

Furthermore, the State, through PROMPERU, promotes timber and timber product exports to foreign markets and prioritizes the development of a diversified and high value-added export supply.

The National Agreement is the set of State policies adopted and signed in July 2002 by representatives of political organizations, civil society and Government.

The aim is to integrate the national environmental policy with political, economic, social, cultural and land management policies, so as to achieve poverty alleviation and sustainable development in Peru. It is also aimed at institutionalizing environmental management, both public and private, so as to protect biodiversity, promote the sustainable utilization of natural resources, ensure environmental protection and promote sustainable population centers and cities, all of which will help to improve the quality of life of the population, especially of the most vulnerable sectors in the country (State Policy 19); strengthening the national capacity to develop and use scientific and technological knowledge so as to develop human resources and improve natural resource management and business competitiveness (State Policy 20); developing a foreign trade policy based on a joint public and private sector effort aimed at the competitive penetration of Peru into international markets (State Policy 22); promoting the agricultural and rural development of the country, including *inter alia* sustainable forest harvesting (State Policy 23).

Furthermore, the regional governments and other State institutions have a keen interest in ensuring that there is a considerable increase in the marketing of timber of verified legal origin.

1.3 Target area

1.3.1 Geographic location

The Project's administrative headquarters will be located in the city of Lima and the departments where it will implemented are as follows:

a) Madre de Dios: situated in the southern region of Peru, between geographic coordinates 9º57′ and 13º20′ latitude south, and 68º39´ and 72º31', longitude west. The department covers a total area of 85,183 km2, which accounts for 6.6% of the total national territory and 15.3% of the Rainforest Region (Selva). It is divided into the provinces of Tambopata, Manu and Tahuamanu. The provinces of Tambopata and Tahuamanu, both timber producing areas, are part of the project's target area. The capital city of this region is Puerto Maldonado, situated at 139 meters above sea level and at 2,024 km from the city of Lima, in the confluence area of the Tambopata and Madre de Dios rivers.

b) Ucayali: situated in the eastern rainforest area of the country. It has a total area of 102,410 km2 and its geographical coordinates are 07°20′ and 11°27′ latitude south, and 70°29′ and 75°58′ longitude west. The capital of this region is the city of Pucallpa, situated at 154 meters above sea level and 842 km from Lima, on the east bank of the Ucayali River. Three out of its four provinces are part of the project area: Padre Abad, Coronel Portillo and Atalaya, as primary timber producers.

c) Arequipa: situated in the southwest of Peru. It covers a total area of 63,345.39 km², which accounts for 4.9% of the total national territory. The region is located at an altitude of 2,335 m.a.s.l. and between geographical coordinates 14º36' and 17º16' latitude south, and 70º50' and 75º05' longitude west. Project activities will be concentrated in the province of Arequipa, as it is a timber consuming area.

d) Lima: situated in the central coastal region of the country. It covers an area of 34,948 km², which accounts for 2.7% of the national territory. Its geographical coordinates are 10º16' and 13º19' latitude south and 75º30' and 77º53' longitude west. The capital city of this region is Lima. Project activities will be concentrated in the provinces of Lima and Callao, as they are both timber consuming areas.

1.3.2 Economic, environmental, cultural and social aspects

Social and cultural aspects

A major part of the national timber activity is mainly carried out in the forests by non-local entrepreneurs who carry out the functions of harvesters-forest managers and who are the main suppliers of the timber market.

According to the population estimates provided by the National Institute of Statistics and Information (INEI), the following population figures were reported in 2009:

Coronel Portillo	352,855 inhabitants
Padre Abad	54,023 inhabitants
Atalaya	47,285 inhabitants

According to the 2007 census, the growth rate between 1993-2007 was 2.2%. The population of the Department of Ucayali is mostly made up of migrants from the coastal (*Costa*), highlands (*Sierra*) and forest (*Selva Alta*) regions, who for the most part are settled in areas adjacent to the Pucallpa – Lima roadway. It should be pointed out that Ucayali is the 11th poorest department of the country, with 54% of its population living in poverty according to INEI's 2006 data.

According to the 2007 census, the provinces in the Madre de Dios Department had the following populations:

Tambopata	78,523 inhabitants
Tahuamanu	10,742 inhabitants

Seventy-two percent (72%) of the Madre de Dios population is concentrated in the province of Tambopata. With an annual population growth of 3.4%, mainly due to immigration, the department has one of the highest growth rates in the country, although it has been decreasing in the last decade. This department has the highest percentage of men (54%) in the country due to the situation of migrant populations and job availability.

According to INEI (2007), the province of Arequipa, Department of Arequipa, has a population of 842,880. Its capital city, Arequipa, is the second most important city of Peru after Lima in terms of population and also in terms of its consumption level and investment in infrastructure and services. It is one of the main timber and forest product sale and distribution areas in the southern corridor of Peru. The forest authority has approved 150 timber warehouses in this area, which market a monthly average of 30,000 – 50,000 board feet of resawn timber in commercial dimensions of 1, 1 1/2 and 2 inches thick, variable widths and 8 – 12 feet long.

The Department of Lima is located in the central-western region of Peru and covers inter-Andean and coastal areas. Its capital city, Lima, is also the capital of the Republic of Peru. It has a population of 7,605,742 (INEI 2007). There is currently a construction boom in this area with high demand for timber resources. The majority of both primary and secondary timber processing industries are located in Lima. The districts with the greatest concentration of timber companies are: Villa el Salvador with 10.9%, San Juan de Lurigancho with 10.4% and San Martin de Porres with 6.9%.

With regard to the employment generated by forest activities, it is estimated that about 250,000 local inhabitants of the Amazon region live off the timber industry. There have been reports of illegal loggers encroaching forest concession areas and native community lands to selectively log high value commercial species. Other reports indicate that there are people who use the roads built by the concessionaires and settle in the areas, thus generating a lot of tension, misunderstandings and disputes.

The indigenous populations, organized into native communities, are being officially recognized as legal entities. To the extent that they are gradually connecting to the market and valuing money as a means of exchange for goods and services, they are being incorporated into economic activities and are starting to manage their forests with the support of the organizations in charge of development projects, as well as of timber companies that are facilitating financial resources and technical assistance to these communities.

Economic aspects

In the departments of Ucayali and Madre de Dios forest activities are very important not only because of the trade opportunities they generate, but also because of the number of people employed throughout the timber production chain. Furthermore, the profitability for entrepreneurs increases as more value added is given to the products, especially when these can be introduced into the main markets of the country, such as Lima and Arequipa, and into foreign markets.

Forest activities are more important in the department of Ucayali. Timber processing companies in this department account for 43% of the regional total and the new company registry shows that in the past few years 50% of all new companies are involved in timber processing activities.

Pucallpa, the capital of the Department of Ucayali, is the focal point for the products produced in the rural areas of the department. From Pucallpa, the products are distributed to the national market to meet the domestic demand, and there is also a timber processing industry mobilizing resources outside the department.

Ucayali's timber processing industry employs an average of 45% of the total working population. Its production includes mostly forest products which are usually exported. The main export markets are Mexico (30%), China (25.4%) and the United States (18.8%). It should be pointed out that Pucallpa-based companies export their forest products through Callao, the main export port of Peru.

In 2001, the regional GDP was 0.94% of the national GDP. Even though Ucayali has had significant growth at the national level, this ratio indicates that its contribution to the national GDP is still not significant. Madre de Dios' contribution to the GDP was 0.3% in the same year.

In the Department of Lima, 12% of economic activities in the district of Villa el Salvador are in the production sector. Its Industrial Park concentrates most of the district's production activities. The carpentry/joinery sector accounts for 30% of the Industrial Park and its product demand has shaped the general direction of the Park, which has a metropolitan-oriented area. Timber products manufactured in Villa el Salvador, such as flooring and doors, are sold in the US and Spain. Similarly, handcrafted furniture made here has started to be exported to the US and Ecuador. However, these opportunities are not being fully capitalized as these orders only account for 0.3% of total sales in the Industrial Park.

According to the 2007 Manufacturing Census, net sales of finished timber products in Lima, excluding furniture, amounted to 119 million soles, with approximately 2% of sales from micro enterprises, 82% from small enterprises and 16% from medium and large enterprises.

The construction sector, where timber is one of the main inputs, has reported a sustained growth. In June 2008, this sector increased by 16.4% from the previous year. This growth is a reflection of the dynamic housing, office, commercial and industrial building activity and of infrastructure development in the mining and energy sectors.

WWF's CEDEFOR Project (2004) carried out a study on timber demand in Lima on the basis of the information provided by 48 timber companies and 3 public institutions involved in construction works. The study concluded that the main timber sources, in order of importance, were: Pucallpa, Loreto, Madre de Dios, Satipo and San Martin, and that the main timber products bought by these companies were dimension timber in commercial long, short and long narrow sizes and packaging.

As for the timber source, a significant percentage of the timber traded is either of unknown origin or illegal. However, over the past few years, efforts have been made and initiatives have been undertaken towards timber origin verification and certification. Currently, consumers are interested in buying timber of known origin, but the national market still does not financially compensate sellers and the industry incurs higher costs in obtaining this timber. However, timber of known origin or certified timber has better possibilities of penetrating the more demanding foreign markets.

Environmental aspects

The first forest concessions granted in Peru in 2002 were located in the Department of Madre de Dios. In total, 937 concessions were granted covering an area of 2,176,765 ha, with 2,522,141 ha being for permanent production forests. This is the department with the largest area of forest concessions for timber and non-timber production that are either certified or in the process of being certified.

Moist tropical forests in Madre de Dios cover almost the entire department and are characterized by a wide diversity of flora and fauna species, making this region an area of great biodiversity significance.

Mining is a major economic activity in this area. Madre de Dios has secondary alluvial gold deposits of fine-grained gold pebbles or layers. This activity has been carried out in a haphazard and illegal manner and is currently causing unprecedented environmental damage in the region.

The most important renewable and non-renewable natural resources in the Department of Ucayali are forest resources, energy resources (oil and gas), and a rich and extensive biodiversity resource base. The Department has 10 different types of forests, which account for approximately 85% of the total regional area. These forests have a great diversity of species with about 2,500 forest species, of which only 550 have been researched. At present, only 2% of this total is harvested. It is estimated that production forests in the region cover more than 8 million hectares, of which 4,089,926 ha have been designated as permanent production forests, while the remaining forests are included in native community territories, private properties and reserved areas.

Considerable progress has been made over the past decade in forest management, mainly through the use of management plans and by accessing forest resources through the forest concessions modality. However, some concessions have recently been reverted to the State due to the non-compliance of certain commitments made by concessionaires. The state of neglect that these concessions are usually left in leads to the re-conversion of these lands to agricultural use by local communities and also promotes illegal logging by some operators. Illegal forest activities not only represent a threat to the region's biodiversity but also to the Free Trade Agreement (FTA) currently in force between Peru and the United States. Thus, it is important to establish a mechanism to ensure that all timber marketed comes from managed forests, instead of simply monitoring timber consignments based on Forest Transport Waybills.

Illegal forest activities have a substantial negative impact on the environment. Therefore, sustainable forest management and the production and marketing of timber of verified origin will be strengthened in each project intervention area.

1.4 Expected outcomes at project completion

Upon completion, the project will have achieved the following outcomes benefitting native communities, concessionaires and other forest-based entrepreneurs:

- Business management, production economics, costs and planning.
- Timber traceability system validated and equipped for each project beneficiary.
- Technical personnel of enterprises, forest concessions and native communities trained in timber traceability systems.
- Promotion and dissemination of certified timber and register of suppliers.

The project expects to obtain 10 undertakings, signed by public institutions, for the utilization of products from certified timber of verified origin.

At project completion, 15 community enterprises and SMEs will be marketing certified timber, which will be backed by a national forest certification system duly recognized by the market.

PART 2. PROJECT RATIONALE AND OBJECTIVES

2.1 Rationale

2.1.1 Institutional set-up and organizational issues

The economic model developed by the Government stipulates regulatory, promotion and monitoring roles for the public sector, leaving the management of production, employment generation and the creation and distribution of wealth to the private sector.

Taking into account the profile of this project, the institutional set-up for its implementation will be made up of public and private institutions of the timber and export sectors as described below.

National Forestry Chamber -- CNF

The CNF was established in 1989 and it was officially recognized by the Ministry of Agriculture through Ministerial Resolution No. 00321-89-AG of 20 September 1989, as a private organization representing the timber sector before public institutions and agencies of the agricultural, industrial and export sectors. Its membership includes: the National Confederation of Micro and Small Enterprise Associations (Confederación Nacional de Gremios de la Micro y Pequeña Empresa -- CONAMYPE); Small and Medium Forest Producers and Industrialists Association of Peru (Asociación Forestal de Pequeños y Medianos Productores y Empresarios del Perú -- AFORPYME); Timber Producers Association of the Department of Ucayali (Asociación de Madereros del Departamento de Ucayali -- AMDU); Timber Logging and Reforestation Association of the Ucayali Region (Asociación de Extractores Madereros y Reforestadores de la Región de Ucayali -- AEMRU); Peruvian Environmental Network (Red Ambiental Peruana -- RAP); Association for Integrated Research and Development (Asociación para la Investigación y el Desarrollo Integral -- AIDER); Peruvian Foundation for the Conservation of Nature (Fundación Peruana para la Conservación de la Naturaleza -- PRO NATURALEZA); Peruvian Society of Engineers, Forest Engineering Chapter (Colegio de Ingenieros del Perú -- CIP, Capítulo de Ingeniería Forestal); Peruvian Association of Forest Engineers (Asociación Peruana de Ingenieros Forestales -- APIF); National Agrarian University of La Molina (Universidad Nacional Agraria La Molina -- UNALM); Civil Association for Forest Development (Asociación Civil para el Desarrollo Forestal -- FORESTAS); and AIDESEP Regional Organization, Ucayali -- ORAU.

The National Forestry Chamber will be the executing agency of this project. The CNF represents the private sector and serves as a platform for the interaction of its members and representative organizations of timber producers in the main regions of the project's area of action. The role of the CNF, as a non-profit civil association, is consistent with its institutional objective of promoting the sustainable development of the forest sector, harmonizing conservation principles with scientific, technological and socioeconomic development. Its functions are:

- Promoting the sustainable use of forest resources, harmonizing the principles of conservation with technology and economic and social development.
- Coordinating national forest activities, and acting as the main interlocutor of the private forest sector before public and private institutions and agencies.
- Proposing and achieving efficient and sound forest policies to encourage forest management, industry, trade and the promotion of exports.
- Building up and disseminating an adequate image of the forest activity at the national level consistent with the magnitude of the resource and its territorial significance.
- Providing feedback/making statements on issues of national interest.

- Designing and implementing research, training and development projects related to forestry.

General Forest and Wildlife Directorate (DGFFS)

The General Forest and Wildlife Directorate is responsible for proposing policies, strategies, regulations, plans, programs and national projects related to the sustainable harvesting of forest and wildlife resources and associated genetic resources in consonance with the National Environmental Policy and environmental regulations. Its functions include the development of proposals for policies, regulations, plans, programs, strategies and projects for the management, control, administration and promotion of the conservation and sustainable harvesting of forest and wildlife resources, as well as taking actions for the implementation of national and international agreements and commitments signed by Peru in the field of wild fauna and flora conservation and sustainable utilization in coordination with the foreign trade sector.

Association for Integrated Research and Development - AIDER

The Association for Integrated Research and Development (AIDER) is a non-governmental organization established in 1986. It is registered with the Registry of Associations of Lima and with the Peruvian International Cooperation Association (*Agencia Peruana de Cooperación Internacional* – APCI). Its mission is to contribute to the improvement of the quality of life of poor communities and environmental conservation through sustainable proposals based on applied research, political action, optimization of traditional knowledge, and establishment of synergies.

The Association has extensive experience in:

- *Sustainable forest management:* community forest management, combating desertification, voluntary forest certification under FSC standards as the forest stewardship agency for indigenous communities, community organization and organizational strengthening, timber and non-timber forest production, beekeeping, fish farming, and market articulation.
- *Restoration of degraded areas and reforestation:* rehabilitation of lands, nursery production and plantation management.
- *Environmental services:* carbon sequestration, clean energy, formulation of CDM and REDD projects, and biodiversity and landscape conservation.
- *Natural protected areas:* implementation of administration contracts and production activities in buffer zones.

2.1.2 Stakeholder analysis

Stakeholder groups	Characteristics	Problems, needs, interests	Potential	Involvement in the project
Primary stakeholders				
Native communities	Organizations that originated from tribal forest groups, made up of families linked by the following main elements: language or dialect, cultural and social characteristics, permanent and common use of a given territory, and living in a central or dispersed settlement. Men and women who are forest users, but have limited infrastructure and installed capacity for timber traceability.	Deficient technology and limited knowledge about timber traceability. Very few tools available and poorly trained personnel for the traceability of timber products. Limited knowledge of cost-benefits involved in the implementation of a traceability system and of new opportunities for the marketing of certified timber.	Technical indigenous personnel interested in learning and applying timber traceability systems. Some with certified forests. Support from its regents. Trust in the institutions	Primary beneficiary/stakeholder: Native community men and women who are directly involved in forest operations and make decisions about the management of their forests and the processing and marketing of their timber. They will participate in the training provided by the project on monitoring timber from the forest, through processing and transport, to the buyer. In addition, they will be involved in the management of their enterprises with the support of the project, thus improving their understanding and share of the market. They will provide the project with infrastructure and manpower to implement the timber traceability system. The project will promote the participation of native community women in the implementation of activities and in community production and social organizations so as to ensure further inclusion of women in community decision-making.
Forest concessionaires	Forest users who access resources through forest concessions and who have infrastructure and harvesting capacity.	Limited knowledge about timber traceability. Very few tools available and poorly trained personnel for the traceability of timber products.	Concessionaires interested in learning about timber traceability. Availability of technical personnel for training. Trust in the institutions Some with certified	Primary beneficiary/stakeholder: Forest concession holders and their personnel are men and women who are involved in forest operations and make decisions about forest management and

Stakeholder groups	Characteristics	Problems, needs, interests	Potential	Involvement in the project
		Limited knowledge of cost-benefits involved in the implementation of a traceability system and of new opportunities for the marketing of certified timber.	forests.	timber processing and marketing. They will participate in the training provided by the project to implement and strengthen the monitoring of timber from the forest, through processing and transport, to the buyer (local, national and/or export markets). In addition, they will be involved in the management of their enterprises with the support of the project, thus improving their understanding and share of the market. They will provide the project with infrastructure and manpower to implement the timber traceability system.
Forest industrialists /entrepreneurs	Company owners that invest funds in the forest sector, throughout the whole production chain. Traders of timber products, with infrastructure and capacity to change.	Inadequate technology for the monitoring of timber sales and purchases. Poorly trained personnel. Limited access to the certified timber market.	Businessmen interested in traceability systems for timber products. Availability of infrastructure and technical personnel to be trained. Some with certified chain of custody Trust in the institutions	Primary beneficiary/stakeholder: Companies whose timber supplies come from managed forests. They process the timber and market their products at the local, national and/or export markets. Their personnel are men and women who make decisions in their respective enterprises. They will participate in the training provided by the project to implement and strengthen the monitoring of timber from the forest, through processing and transport, to the buyer (local, national and/or export markets). In addition, they will be involved in the management of their enterprises with the support of the project, thus improving their understanding and

Stakeholder groups	Characteristics	Problems, needs, interests	Potential	Involvement in the project
				share of the market. They will provide the project with infrastructure and manpower to implement the timber traceability system.
Secondary stakeholders				
Public organizations (DGFFS, regional governments)	Responsible for the monitoring and administration of forest resources.	Insufficient technology and limited resources to implement a monitoring system for timber product flows. Personnel with limited training in timber traceability.	Availability of forest professionals. Infrastructure and authority to control forest resources. A duty to comply with the legislation requirements on the monitoring and control of the marketing of legal timber.	Can participate in the implementation of certain activities: Project monitoring and control; organization of meetings between native communities and forest concessionaires; dissemination of the acquired traceability knowledge among public officers; dissemination of project outputs.
Private Organizations (ADEX)	National representative of forest entrepreneurs and the main link with the markets for certified timber.	Limited number of members who comply with the requirements of the certified timber market. Limited access to timber certification and traceability systems that would demonstrate the legal origin of timber products.	Proximity to the consumer market for certified timber. Trust in the institutions	Secondary beneficiary/stakeholder: ADEX will participate by promoting the export of timber of verified origin from managed forests. It will also participate in the organization of outreach events.
Development NGOs (Native Community Regents)	Recognized representatives and administrators of forest management activities in the native communities.	Insufficient technical and financial resources to develop a timber monitoring system.	Aware of the importance of monitoring timber flows. Technical personnel available.	Direct participation in project activities to strengthen the capacity of men and women from native communities. AIDER will participate in the project by supporting the development and implementation of the timber traceability system of the native communities that maintain their forest certification under the Regency System. AIDER personnel will participate in training activities, organizing courses-workshops and providing technical assistance to native

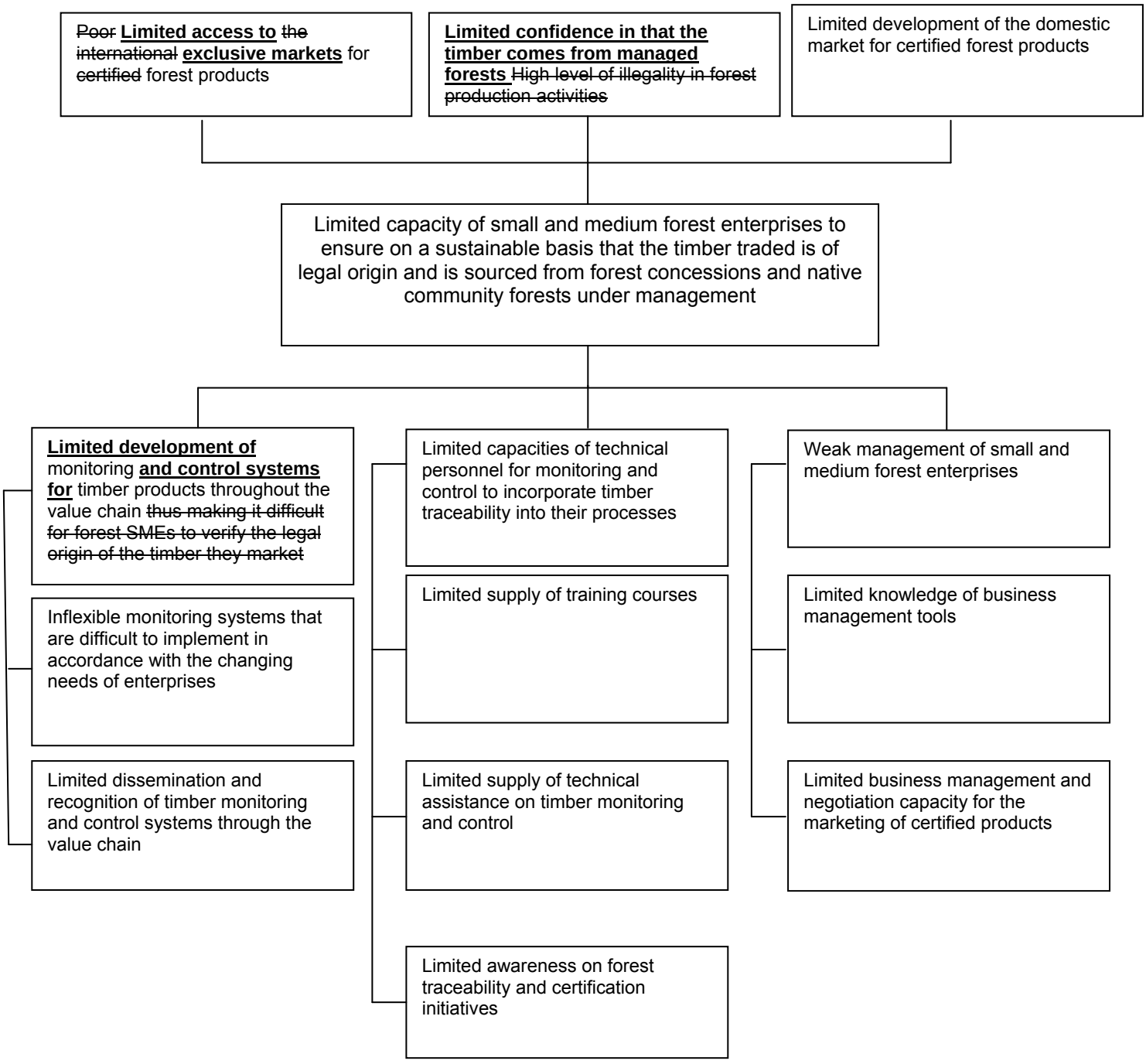
Stakeholder groups	Characteristics	Problems, needs, interests	Potential	Involvement in the project
				communities on timber traceability, production processes and business management. AIDER will coordinate with the executing agency on an ongoing basis for the implementation of project activities and provision of support during the organization of courses and other training and outreach events.
Tertiary stakeholders				
Public organizations (OSINFOR, PRODUCE, UNALM)	Public institutions involved in the development of sustainable forest management	Limited technological resources to promote timber product monitoring	Supervisory, development and research authority with influence in society	Could contribute to project objectives. These organizations will provide thematic experts for the implementation of training courses and other outreach events.

Project beneficiaries

The following table contains a list of the beneficiaries who will participate in project activities:

No.	Beneficiary	Departament
1	EMFORPORTILLO SRL	Madre de Dios
2	Maderas Cocama EIRL	Madre de Dios
3	Aserradero Espinoza SA	Madre de Dios
4	Consolidado Otorongo	Madre de Dios
5	Consolidado Chullachaqui	Madre de Dios
6	Agroindustrial Victoria SAC	Madre de Dios
7	MADERYJA	Madre de Dios
8	Catahua SAC	Madre de Dios
9	Maderera Tawari SRL	Madre de Dios
10	Bélgica Native Community	Madre de Dios
11	REFOREST SA	Ucayali
12	Horacio Pipo	Ucayali
13	Jorge Eduardo Acosta Zárate	Ucayali
14	Von Humboldt Forest SAC	Ucayali
15	Consorcio Forestal Amazónico	Ucayali
16	Forestal Nieto SAC	Ucayali
17	Comunidad Nativa Curiaca	Ucayali
18	Callería Native Community	Ucayali
19	Pueblo Nuevo Native Community	Ucayali

2.1.3 Problem analysis



Traceability is a series of interrelated technical and operational procedures that allows all products to be registered from the place of origin or source of the raw materials, through their processing, transport and up to their final point of sale. This can benefit forest concessions (producers) and timber companies (processors) by giving credibility and legality to their products in the market (consumers) and providing an efficient timber monitoring and administration system for the forest authority.

This is feasible when there is a well-developed market and production chain in place. The Peruvian forest sector has made significant progress in many aspects, but there is still very little information available about traceability. The main problem that has been identified that is hampering the

development of a traceability system and eventually a system of certification of origin, is the limited capacity of small and medium forest entrepreneurs to prove that the timber they are trading has been legally obtained and sourced from managed forests in forest concessions and native community forests. Because of this weakness, the country has not yet developed a market for certified products and entrepreneurs have difficulty penetrating international markets with this type of requirements. Similarly, they have difficulty ensuring the legal origin of timber on a sustainable basis, which leads to a high level of informality in the forest sector through the production chain.

One of the main causes of the problem is the poor monitoring of timber products through the value chain from the point of origin to the end consumer. This makes it difficult for the SMEs to verify the legal origin of the timber they market.

Another reason is the limited capacity and knowledge of monitoring and control technical personnel to implement timber traceability throughout the timber production chain. In this respect, the personnel is affected by the limited availability of courses and workshops and technical assistance and the lack of awareness about successful initiatives and case studies on traceability and forest certification.

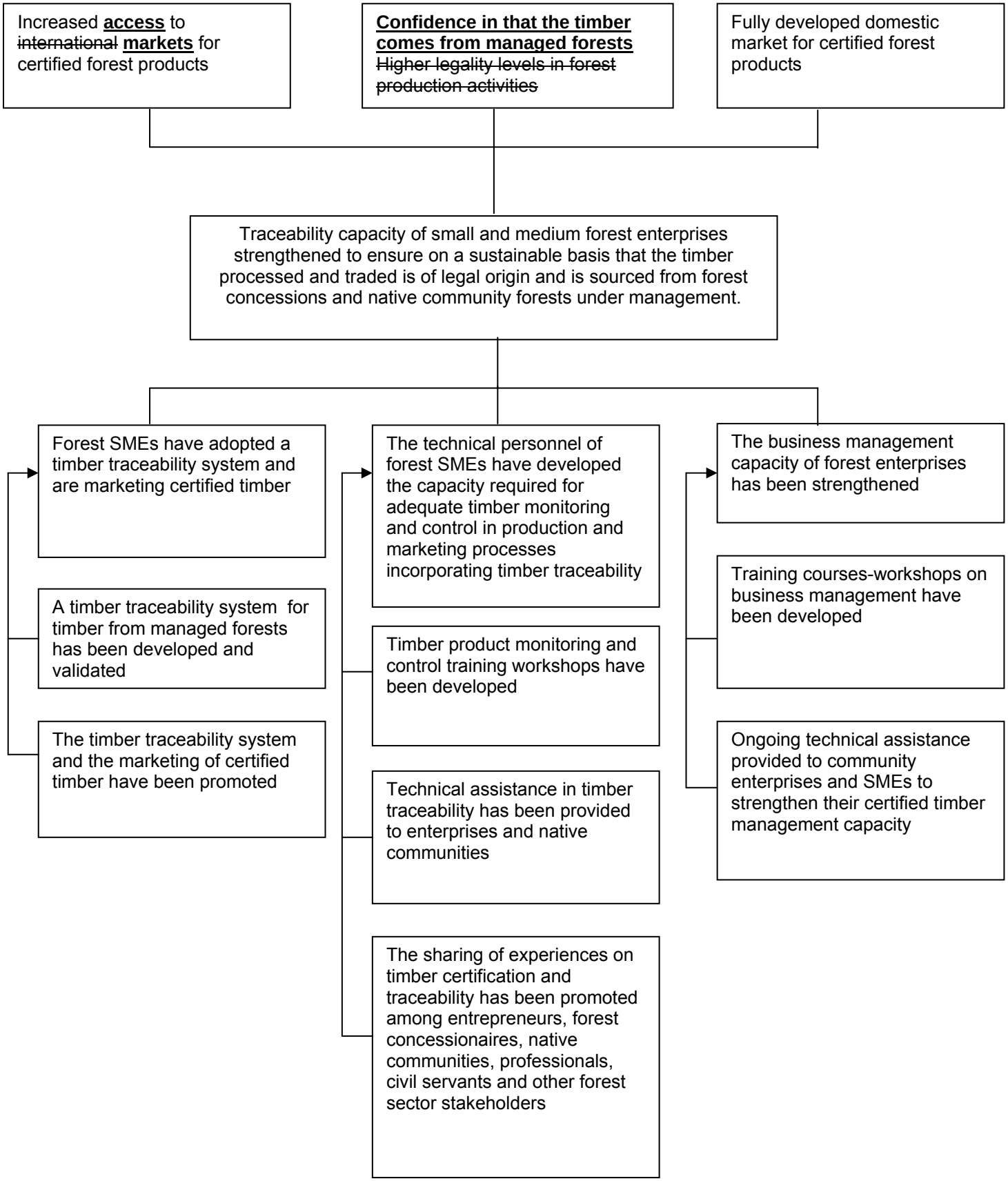
Weak business management capacity is another reason why forest SMEs cannot implement traceability systems. Their limited knowledge about matters related to business administration, marketing, strategic planning and marketing of certified products does not allow them to adequately incorporate a traceability system.

2.1.4 Logical Framework Matrix

PROJECT ELEMENTS	INDICATORS	MEANS OF VERIFICATION	SUPUESTOS
Development objective: Contribute to increasing the trade in timber of legal origin sourced from sustainably managed forests of native communities and forest concessions in the Peruvian Amazon Region.	• Five years after project completion the volume of certified timber exported, originating from forest concessions and native communities, has increased fivefold. • 10 central and regional government institutions use timber with certification of origin in their public works programs. • 20 SMEs demand certified timber. • One timber operational origin certification management unit.	• Reports from SUNAD and ADEX on timber exports. • Reports from the competent forest authority. • Reports from public institutions. • Interviews	Compliance with the laws and international agreements regarding the legal origin of timber
Specific objective: Strengthen the traceability capacity of small and medium forest enterprises to ensure on a sustainable basis that the timber processed and traded is of legal origin and is sourced from forest concessions and native community forests under management..	• 10 undertakings signed by public and private institutions for the utilization of certified timber products. • 15 community enterprises and SMEs are marketing certified timber. • 150 people, including professionals, indigenous technical staff, concessionaires and civil servants, among others, have been trained in timber traceability, forest certification and chain of custody systems. • A national forest certification system recognized by the market after project completion. • 10 community enterprises and SMEs have established the traceability system developed by the project.	• Project reports • Company reports • Reports from the General Forest and Wildlife Directorate (DGFFS) • Forest certificates • Reports from training workshops • Certification systems implemented by timber companies. • Photographic images	Public and private institutions are committed to the promotion of legally sourced timber Public and private institutions are committed to supporting a national timber monitoring and control system

PROJECT ELEMENTS	INDICATORS	MEANS OF VERIFICATION	SUPUESTOS
Output 1: Forest SMEs have adopted a timber traceability system and are marketing certified timber	• A traceability system developed and validated in the first year of project implementation. • 5 native communities implementing and supporting a timber product traceability system by the second year of the project • 10 forest enterprises implementing and applying the traceability of timber products by year 2 of project implementation. • A dynamic traceability system operating in community enterprises and SMEs by year 2 of project implementation. • An on-line directory of certified timber suppliers. • 12 information dissemination events on traceability, forest certification and chain of custody. • A quarterly publication on timber product prices.	• Traceability software • Reports about the traceability system • Proof of software installation in timber companies • Company evaluation sheets • Register of certified suppliers • Event reports • Timber product price schedule	Native communities and forest entrepreneurs have the basic infrastructure to implement a timber traceability system Native communities and forest entrepreneurs have the minimum staffing levels to manage the timber traceability system
Output 2: The technical personnel of forest SMEs have developed the capacity required for adequate timber monitoring and control in production and marketing processes incorporating timber traceability	• 6 training workshops on traceability, forest certification and chain of custody • 15 community enterprises and SMEs provided with technical assistance in timber traceability • 4 field visits for the exchange of experiences in timber traceability and certification	• Event reports and minutes • Technical assistance sheets	Entrepreneurs name an area-officer responsible for traceability issues
Output 3: Forest companies' business management capacity strengthened	• 8 training workshops on business management tools • 15 community enterprises and SMEs with strategic management plans developed	• Training workshop reports • Strategic plans document	Forest entrepreneurs interested in using the appropriate tools to improve their businesses

2.2 Objectives Tree



2.2.1 Development objective and impact indicators

Contribute to the formalization of forest activities by strengthening the trade in timber of legal origin sourced from sustainably managed forests of native communities and forest concessions in the Peruvian Amazon Region.

Indicators:

- Five years after project completion the volume of certified timber exported, originating from forest concessions and native communities, has increased fivefold.
- 10 central and regional government institutions use timber with certification of origin in their public works programs.
- 20 SMEs demand certified timber.
- One operational timber origin certification management unit.

2.2.2 Specific objective and outcome indicators

Strengthen the traceability capacity of small and medium forest enterprises to ensure on a sustainable basis that the timber processed and traded is of legal origin and is sourced from forest concessions and native community forests under management.

Indicators:

- 10 undertakings signed by public and private institutions for the utilization of certified timber products.
- 15 community enterprises and SMEs are marketing certified timber.
- 150 people, including professionals, indigenous technical staff, concessionaires and civil servants, among others, have been trained in timber traceability, forest certification and chain of custody systems.
- A national forest certification system recognized by the market after project completion.
- 10 community enterprises and SMEs have established the traceability system developed by the project.

PART 3. DESCRIPTION OF PROJECT INTERVENTIONS

3.1 Outputs and Activities

3.3.1 Outputs

Output 1: Forest SMEs have adopted a timber traceability system and are marketing certified timber..

Indicators:

- A traceability system developed and validated in the first year of project implementation.
- 5 native communities implementing and supporting a timber product traceability system by the second year of the project
- 10 forest enterprises implementing and applying the traceability of timber products by year 2 of project implementation.
- A dynamic traceability system operating in community enterprises and SMEs by year 2 of project implementation.
- An on-line directory of certified timber suppliers.
- 12 information dissemination events on traceability, forest certification and chain of custody.

Output 2: The technical personnel of forest SMEs have developed the capacity required for adequate timber monitoring and control in production and marketing processes incorporating timber traceability.

Indicators:

- 6 training workshops on traceability, forest certification and chain of custody
- 15 community enterprises and SMEs provided with technical assistance in timber traceability
- 4 field visits for the exchange of experiences in timber traceability and certification

Output 3: Forest companies' business management capacity strengthened

Indicators:

- Training workshops on business management tools
- 15 community enterprises and SMEs with strategic management plans developed

3.3.2 Activities

Activity 1.1: Design, develop and validate a traceability system

The traceability expert will be responsible for designing and developing a timber traceability system. To this end, he/she will have the support of concessionaires and native communities to assist in the analysis of individual production processes and adjust the system to the largest possible number of cases. Two concessionaires and two communities will be selected for the review of production systems as the basis for the design, which will also incorporate the experience gained by the National Forestry Chamber during the implementation of Project PD 421 (F) on Timber Production Chains. Forms will also be designed for the collection of field data in the various stages of the production process, to be later fed into the software.

The technical team led by the traceability expert will develop the traceability software according to the production flows of each company to ensure adequate information management and accessibility for project beneficiaries. Once developed, this software will be installed and tested.

Activity 1.2: Promote the traceability system and the marketing of certified timber

From the second semester onwards and throughout the project implementation period, the marketing of certified timber will be encouraged and promoted through 12 events and the development of dissemination material such as newsletters and brochures, which will be distributed to a target audience of selected enterpreneurs and public agency representatives, so that both the State and private sector will demand certified timber as a guarantee of quality in their large timber purchases.

Activity 2.1: Develop training workshops on timber product monitoring and control

Six (6) workshops will be developed for the training of human resources in forest concessions and native communities so as to ensure the adoption and implementation of the system in daily production operations.

The topics to be addressed during these workshops are:

- Traceability
- Forest certification
- Chain of custody

Activity 2.2: Provide technical assistance on timber traceability to community enterprises and SMEs

Specialized technical assistance and advice will be provided to interested enterprises on forest certification, chain of custody and business management. The purpose of the technical assistance to be provided will be to enable the companies to obtain and/or maintain their voluntary forest certification by providing facilities and responding to technical enquiries so as to ensure compliance with established certification standards.

Activity 2.3: Promote the sharing of experiences on timber certification and traceability among entrepreneurs, forest concessionaires, native communities, professionals, civil servants and other forest sector stakeholders

Concessionaires and representatives of Madre de Dios and Ucayali native communities will carry out field visits to the regions of Ucayali, Madre de Dios, Arequipa and Lima, in order to disseminate successful experiences of both enterprises and concessions to raise awareness on the benefits of timber certification and traceability in production and marketing.

Activity 3.1: Develop training workshops on business management tools

Capacity-building activities will be conducted by specialized project professionals so as to improve the management of forest concessions. To this end, 8 training workshops will be implemented. The topics to be addressed are:

- Strategic planning
- Marketing strategies
- Production cost analysis
- Administration

Activity 3.2: Provide ongoing technical assistance to community enterprises and SMEs in order to strengthen their certified timber marketing capacities

Project specialists will provide technical assistance to SMEs and native communities through ongoing support to assist in business management actions such as planning, administration, accounting, marketing, financing and others, in order to strengthen the business management capacity of forest enterprise managers and executives.

The following table shows the inputs required for each of the above activities.

ACTIVITIES	INPUTS
Activity 1.1 Design, develop and validate a traceability system	~~20~~ **10** Fares - air travel ~~100~~ **40** Days – DSA ~~12~~ **6** Months - local transport 20 Days – boat rental ~~160~~ **100** Gallons – fuel and lubricants 30 Days- driver ~~12~~ **6** Months – office supplies 8 **6** Consultants – systems analyst 1 Unit – Software license 1 Unit - laptop ~~70~~ **30** Days – truck rental ~~11~~ **6** M/M – forest technician 8 Months – Information gathering services ~~11~~ **6** months – data entry services 15 Unit – Database software license
Activity 1.2 Promote the traceability system and the marketing of certified timber	10 Fares – air travel 40 Days – DSA 315 M/D – participants in events 12 Events – logistical services 360 Servings – refreshments 12 Events – rental of premises 360 Units – folder with office supplies and photocopies 12 Events – facilitator 12 Events – speaker 28 Days – truck rental 21 Months - local transport 21 Days – boat rental 420 Gallons – fuel and lubricants 12 Days- service of driver 24 Months – office supplies 1 Unit – photo camera 1 Subcontract – editing and printing services of 2000 leaflets 1 Subcontract – editing and printing services of 2000 newsletters 1 Subcontract – editing and publishing a compendium of project experiences 10 Months – webpage updating services 21 Months – spare parts computer equipment 1 Unit – multimedia projector 1 Unit – screen

ACTIVITIES	INPUTS
Activity 2.1: Develop training workshops on timber product monitoring and control	10 Fares – air travel 30 Days – DSA 120 M/D – course participants 6 Courses – logistical services 360 Servings – refreshments 6 Courses – rental of premises 120 Units – folder with office supplies and photocopies 6 Courses – facilitator 1 Unit – multimedia projector 1 Unit – screen
Activity 2.2 Provide technical assistance on timber traceability to community enterprises and SMEs	10 M/M – specialized technician 10 Fares – air travel 50 Days – DSA 15 Months - local transport 15 Months – office supplies 2 Units – GPS equipment 6 M/M - forest technician 4 Months – Information gathering services 15 Units - laptop 6 Months – data entry services
Activity 2.3 Promote the sharing of experiences on timber certification and traceability among entrepreneurs, forest concessionaires, native communities, professionals, civil servants and other forest sector stakeholders.	30 Fares – air travel 90 Days – DSA 64 Units – folder with office supplies and photocopies 64 M/M – participants in field visits 12 Months - local transport 5 M/M - forest technician 4 Months – information gathering services 6 Months – data entry services
Activity 3.1 Develop training workshops on business management tools.	12 Fares – air travel 36 Days – DSA 160 M/D – course participants 8 Courses – logistical services 480 Servings – refreshments 8 Courses – rental of premises 160 Units – folder with office supplies and photocopies 8 Courses – facilitator
Activity 3.2 Provide ongoing technical assistance to community enterprises and SMEs in order to strengthen their certified timber marketing capacities.	10 M/M – specialized technician 15 Months - local transport 12 Months – office supplies 3 M/M - forest technician 3 Months – information gathering services 3 Months – data entry services

ACTIVITIES	INPUTS
Activity 3.3 Establish and maintain project coordination.	40 Ticket – Air travel 50 M/D – Consultative Committee members 200 Day – DSA 3 Report - Auditing 24 M/M – Technical assistant 27 M/M – AIDER Coordinator 27 M/M – CNF Coordinator 27 M/M – Project Director 24 M/M – Traceability Specialist 27 M/M – Monitoring Officer 48 M/M – Area Coordinator 27 Month – Office rental 25 Month – Computer equipment spare parts/refills 25 Month – Equipment maintenance and repairs 27 Month - Utilities 3 Meeting – Refreshments /Steering Committee 5 Meeting – Refreshments /Consultative Committee 5 Meeting – Refreshments /Coordination and monitoring 6 Unit – Computer equipment

3.2 Implementation approaches and methods

The project will be executed in close coordination with the native communities and SMEs. In relation to the native communities, project activities will be implemented within the framework of the AIDER Regency scheme and will be based on the management guidelines established in its regulations, including the decision making process, calls for work meetings and monitoring compliance with FSC standards, among others. In the case of the SMEs, activities will be implemented within the framework of the guidelines of their respective trade associations.

The project seeks to contribute to an increase in the legal trade of timber through a traceability system that will facilitate the implementation of a timber certification scheme. To this end, the project will strengthen business and technical capacities so as to develop the required skills for the supervision of all stages of forest operations, regardless of who will be implementing them.

The project will be implemented in accordance with the following strategies:

(i) develop the capacity of men and women from the native communities in technical and social-business aspects: forest management is a social process that involves not only the learning of new skills, but also behavioral changes and the development of business management skills, which represents a real challenge for indigenous peoples who are, in the majority of cases, distanced from their traditional lifestyles. In view of this, the "learning-by-doing" training strategy is vital and is a cross-cutting component of all project activities.

To this end, the project will run training workshops to improve the production and business management skills of beneficiaries. The topics to be covered will include: traceability, certification, chain of custody, strategic planning, production cost analysis and administration aspects.

(ii) optimize the partnerships established between native communities and forest harvesting companies: given the fact that native communities require the participation of forest-based companies to take full advantage of the supply of environmental goods and services of their forests, it is important to promote this type of agreements, strengthening the concept of "partnerships for conservation".

(iii) plan and organize a cooperative production and marketing strategy: in view of the fact that one of the main limitations is the low capacity to satisfy commercial orders in terms of available volumes, it is imperative to establish a strategy to ensure the continued availability of timber; cooperative style production and sales would respond to this need.

(iv) formalize sustainable forest enterprises: as this is a commercial type initiative, it must comply with the regulations currently in force, which is also a vital requirement to demonstrate transparency.

(v) support market access: the consortium will be linked to certified timber markets in order to establish sound, medium and long term trade agreements, which will ensure the ongoing sale of timber, thus providing a permanent source of income throughout the year.

3.3 Work Plan

Outputs & Activities	Responsible Party	Schedule (in months)																											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3
Output 1: Forest SMEs have adopted a timber traceability system and are marketing certified timber.																												
1.1. Design, develop and validate a traceability system	Traceability Specialist																											
1.2. Promote the traceability system and the marketing of certified timber	Director																											
Output 2: The technical personnel of forest SMEs have developed the capacity required for adequate timber monitoring and control in production and marketing processes incorporating timber traceability.																												
2.1. Develop training workshops on timber product monitoring and control	Area Coordinator																											
2.2. Provide technical assistance on timber traceability to community enterprises and SMEs	Area Coordinator																											
2.3. Promote the sharing of experiences on timber certification and traceability among entrepreneurs, forest concessionaires, native communities, professionals, civil servants and other forest sector stakeholders	Director																											
Output 3: Forest companies' business management capacity strengthened																												
3.1. Develop training workshops on business management tools	Area Coordinator																											
3.2. Provide ongoing technical assistance to community enterprises and SMEs in order to strengthen their certified timber marketing capacities.	Area Coordinator																											
3.3. Establish and maintain project coordination	Director																											

3.4 Budget

3.4.1 Consolidated budget by component

	Budget components	Inputs	Unit cost	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Project personnel						
	11. National experts (long term)						
	11.1. Project Director	27	2,600	70,200	31,200	31,200	7,800
	11.2. CNF Coordinator	27	900	24,300	10,800	10,800	2,700
	11.3. AIDER Coordinator	27	900	24,300	10,800	10,800	2,700
	11.4. Traceability Specialist	24	1,200	28,800	14,400	14,400	-
	11.5. Area Coordinator	48	900	43,200	18,900	21,600	2,700
	11.6. Monitoring Officer	27	900	24,300	10,800	10,800	2,700
	12. Other labour						
	12.1. Technical Assistant	24	900	21,600	8,100	10,800	2,700
	12.2. Specialized Technician	40	650	26,000	3,000	18,300	4,700
	12.3. Participants in events	754	30	22,960	5,000	14,880	3,080
	13. National consultants (short term)						
	13.1. Systems Specialist	6	2,000	12,000	12,000	-	-
	19. Component Total	1,004	296	297,660	125,000	143,580	29,080
20	Sub-contracts						
	21. Sub-contract (Project systematization)	1	3,500	3,500	-	3,500	-
	22. Sub-contract (Leaflets)	1	600	600	-	600	-
	23. Sub-contract (Newsletters)	1	2,200	2,200	-	2,200	-
	24. Sub-contract (Event speaker)	12	100	1,200	300	600	300
	25. Sub-contract (Event facilitator)	12	50	600	150	300	150
	26. Sub-contract (Course facilitator)	14	500	7,000	2,000	5,000	-
	29. Component Total	41	368	15,100	2,450	12,200	450
30	Travel						
	31. DSA						
	31.1. National Expert(s) /Consultant(s)	486	40	19,440	6,200	9,680	3,560
	33. Local transport costs						
	33.1. National Expert(s) /Consultant(s)	191	158	30,240	7,920	16,200	6,120
	33.2. International Consultant(s)						
	33.3. Others	1,159	9	10,280	5,260	4,240	780
	39. Component Total	1,836	33	59,960	19,380	30,120	10,460
40	Capital Items						
	41. Office rental	27	1,400	37,800	16,800	16,800	4,200
	44. Capital equipment						
	44.1. Computer equipment	38	728	27,650	12,650	15,000	-
	44.2. Forestry equipment	2	500	1,000	-	1,000	-
	44.3. Others	5	380	1,900	1,100	800	-
	49. Component Total	72	949	68,350	30,550	33,600	4,200
50	Consumable items						
	52. Spares	46	60	2,760	960	1,440	360
	53. Utilities	27	500	13,500	6,000	6,000	1,500
	54. Office supplies	761	5	3,928	580	2,984	364
	59. Component Total	834	24	20,188	7,540	10,424	2,224
60	Miscellaneous						
	61. Sundry	1,382	19	25,840	8,110	14,620	3,110
	62. Auditing	3	1,200	3,600	1,200	1,200	1,200
	69. Component Total	1,385	21	29,440	9,310	15,820	4,310
70	National management costs						
	71. Executing agency management costs			49,070	19,423	24,575	5,073
	72. Contact point monitoring			24,535	9,712	12,287	2,536
	79. Component Total			73,605	29,135	36,862	7,609
	SUBTOTAL			564,303	223,364	282,606	58,333
80	Project monitoring and administration						
	81. ITTO monitoring and review			25,000	25,000		
	82. ITTO mid-term, final, ex-post evaluation			12,000	12,000		
	83. ITTO program support costs			25,854	12,124	11,703	2,028
	89. Component Total			62,854	49,124	11,703	2,028
90	Refund of pre-project costs						
100	GRAND TOTAL			627,157			

Consolidated yearly project budget – ITTO (US$)

	Budget components	Inputs	Unit cost	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Project personnel						
	11. National experts (long term)						
	11.1. Project Director	27	2,600	70,200	31,200	31,200	7,800
	11.2. CNF Coordinator						
	11.3. AIDER Coordinator						
	11.4. Traceability Specialist	24	1,200	28,800	14,400	14,400	-
	11.5. Area Coordinator	48	900	43,200	18,900	21,600	2,700
	11.6. Monitoring Officer						
	12. Other labour						
	12.1. Technical Assistant						
	12.2. Specialized Technician	10	800	8,000	-	6,400	1,600
	12.3. Participants in events						
	13. National consultants (short term)						
	13.1. Systems Specialist	6	2,000	12,000	12,000	-	-
	19. Component Total	115	1,410	162,200	76,500	73,600	12,100
20	Sub-contracts						
	21. Sub-contract (Project systematization)	1	3,500	3,500	-	3,500	-
	22. Sub-contract (Leaflets)	1	600	600	-	600	-
	23. Sub-contract (Newsletters)	1	2,200	2,200	-	2,200	-
	24. Sub-contract (Event speaker)						
	25. Sub-contract (Event facilitator)						
	26. Sub-contract (Course facilitator)	14	500	7,000	2,000	5,000	-
	29. Component Total	17	782	13,300	2,000	11,300	-
30	Travel						
	31. DSA						
	31.1. National Expert(s) /Consultant(s)	371	40	14,840	5,200	7,080	2,560
	33. Local transport costs						
	33.1. National Expert(s) /Consultant(s)	160	161	25,740	6,660	13,860	5,220
	33.2. International Consultant(s)						
	33.3. Others	1,091	7	7,160	3,260	3,120	780
	39. Component Total	1,622	29	47,740	15,120	24,060	8,560
40	Capital Items						
	41. Office rental						
	44. Capital equipment						
	44.1. Computer equipment	32	677	21,650	6,650	15,000	-
	44.2. Forestry equipment						
	44.3. Others	1	600	600	-	600	-
	49. Component Total	33	674	22,250	6,650	15,600	-
50	Consumable items						
	52. Spares	46	60	2,760	960	1,440	360
	53. Utilities	27	500	13,500	6,000	6,000	1,500
	54. Office supplies	746	4	3,328	460	2,504	364
	59. Component Total	819	24	19,588	7,420	9,944	2,224
60	Miscellaneous						
	61. Sundry	1,315	16	21,100	6,860	11,780	2,460
	62. Auditing						
	69. Component Total	1,315	16	21,100	6,860	11,780	2,460
	SUBTOTAL			286,178	114,550	146,284	25,344
80	Project monitoring and administration						
	81. ITTO monitoring and review			25,000	25,000		
	82. ITTO mid-term, final, ex-post evaluation			12,000	12,000		
	83. ITTO program support costs			25,854	12,124	11,703	2,028
	89. Component Total			62,854	49,124	11,703	2,028
100	GRAND TOTAL			349,032			

Consolidated yearly project budget – Executing Agency (US$)

	Budget components	Inputs	Unit cost	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	**Project personnel**						
	11. National experts (long term)						
	11.1. Project Director						
	11.2. CNF Coordinator	27	900	24,300	10,800	10,800	2,700
	11.3. AIDER Coordinator	27	900	24,300	10,800	10,800	2,700
	11.4. Traceability Specialist						
	11.5. Area Coordinator						
	11.6. Monitoring Officer	27	900	24,300	10,800	10,800	2,700
	12. Other labour						
	12.1. Technical Assistant	24	900	21,600	8,100	10,800	2,700
	12.2. Specialized Technician	30	600	18,000	3,000	11,900	3,100
	12.3. Participants in events	754	30	22,960	5,000	14,880	3,080
	13. National consultants (short term)						
	13.1. Systems Specialist						
	19. Component Total	**889**	**152**	**135,460**	**48,500**	**69,980**	**16,980**
20	**Sub-contracts**						
	21. Sub-contract (Project systematization)						
	22. Sub-contract (Leaflets)						
	23. Sub-contract (Newsletters)						
	24. Sub-contract (Event speaker)	12	100	1,200	300	600	300
	25. Sub-contract (Event facilitator)	12	50	600	150	300	150
	26. Sub-contract (Course facilitator)						
	29. Component Total	**24**	**75**	**1,800**	**450**	**900**	**450**
30	**Travel**						
	31. DSA						
	31.1. National Expert(s) /Consultant(s)	115	40	4,600	1,000	2,600	1,000
	33. Local transport costs						
	33.1. National Expert(s) /Consultant(s)	31	145	4,500	1,260	2,340	900
	33.2. International Consultant(s)						
	33.3. Others	68	46	3,120	2,000	1,120	-
	39. Component Total	**214**	**57**	**12,220**	**4,260**	**6,060**	**1,900**
40	**Capital Items**						
	41. Office rental	27	1,400	37,800	16,800	16,800	4,200
	44. Capital equipment						
	44.1. Computer equipment	6	1,000	6,000	6,000	-	-
	44.2. Forestry equipment	2	500	1,000	-	1,000	-
	44.3. Others	4	325	1,300	1,100	200	-
	49. Component Total	**39**	**1,182**	**46,100**	**23,900**	**18,000**	**4,200**
50	**Consumable items**						
	52. Spares						
	53. Utilities						
	54. Office supplies	15	40	600	120	480	-
	59. Component Total	**15**	**40**	**600**	**120**	**480**	**-**
60	**Miscellaneous**						
	61. Sundry	67	71	4,740	1,250	2,840	650
	62. Auditing	3	1,200	3,600	1,200	1,200	1,200
	69. Component Total	**70**	**119**	**8,340**	**2,450**	**4,040**	**1,850**
70	**National management costs**						
	71. Executing agency management costs			49,070	19,423	24,575	5,073
	72. Contact point monitoring			24,535	9,712	12,287	2,536
	79. Component Total			**73,605**	**29,135**	**36,862**	**7,609**
	SUBTOTAL			**278,125**	**108,815**	**136,322**	**32,989**
100	**GRAND TOTAL**			**278,125**			

3.4.2 ITTO budget by component

Yearly project budget by source - ITTO (US$)

Annual disbursements Budget components	Total	Year 1	Year 2	Year 3
10. Project personnel	**162,200**	76,500	73,600	12,100
20. Sub-contracts	**13,300**	2,000	11,300	-
30. Duty travel	**47,740**	15,120	24,060	8,560
40. Capital Items	**22,250**	6,650	15,600	-
50. Consumable items	**19,588**	7,420	9,944	2,224
60. Miscellaneous	**21,100**	6,860	11,780	2,460
Subtotal 1	**286,178**	**114,550**	**146,284**	**25,344**
80. Project monitoring and administration				
81. Monitoring and review	**25,000**			
82. Evaluation costs	**12,000**			
Subtotal 2	**323,178**			
83. Program support costs (8% of total budget)	**25,854**			
84. Donor monitoring costs				
90. Refund of pre-project costs				
ITTO TOTAL	**349,032**			

3.4.3 Executing agency budget by component

Yearly project budget by source -- Executing agency (US$)

Annual disbursements Budget components	Total	Year 1	Year 2	Year 3
10. Project personnel	**135,460**	48,500	69,980	16,980
20. Sub-contracts	**1,800**	450	900	450
30. Duty travel	**12,220**	4,260	6,060	1,900
40. Capital Items	**46,100**	23,900	18,000	4,200
50. Consumable items	**600**	120	480	-
60. Miscellaneous	**8,340**	2,450	4,040	1,850
70. Executing agency management costs	**73,605**	29,135	36,862	7,609
EXECUTING AGENCY TOTAL	**278,125**	**108,815**	**136,322**	**32,989**

3.4.4 Budget by activity and component (US$)

OUTPUTS / ACTIVITIES +	10. Project personnel		20. Sub-contracts		30. Duty travel		40. Capital Items		50. Consumable items		60. Miscellaneous		YEAR	Total	
Output 1: Forest SMEs have adopted a timber traceability system and are marketing certified timber.															
1.1. Design, develop and validate a traceability system	12,000	I			4,860	I	6,650	I	120	I	5,600	I	1	29,230	I
	3,000	E			2,360	E	-	E	120	E	-	E		5,480	E
1.2. Promote the traceability system and the marketing of certified timber	-	I	6,300	I	9,280	I	-	I	2,940	I	1,920	I	1, 2, 3	20,440	I
	7,200	E	1,800	E	1,120	E	1,100	E	-	E	2,040	E		13,260	E
Sub-total - Output 1:	12,000	I	6,300	I	14,140	I	6,650	I	3,060	I	7,520	I		49,670	I
	10,200	E	1,800	E	3,480	E	1,100	E	120	E	2,040	E		18,740	E
Output 2: The technical personnel of forest SMEs have developed the capacity required for adequate timber monitoring and control in production and marketing processes incorporating timber traceability.															
2.1. Develop training workshops on timber product monitoring and control	-	I	3,000	I	3,000	I	600	I	240	I	720	I	2	7,560	I
	4,800	E	-	E	-	E	200	E	-	E	900	E		5,900	E
2.2. Provide technical assistance on timber traceability to community enterprises and SMEs	8,000	I			1,800	I	15,000	I	600	I	3,400	I	2, 3	28,800	I
	3,000	E			3,800	E	1,000	E	-	E	-	E		7,800	E
2.3. Promote the sharing of experiences on timber certification and traceability among entrepreneurs, forest concessionaires, native communities, professionals, civil servants and other forest sector stakeholders	-	I			10,440	I			128	I	3,400	I	2, 3	13,968	I
	5,060	E			-	E			-	E	-	E		5,060	E
Sub-total - Output 2	8,000	I	3,000	I	15,240	I	15,600	I	968	I	7,520	I		50,328	I
	12,860	E	-	E	3,800	E	1,200	E	-	E	900	E		18,760	E
Output 3: Forest companies' business management capacity strengthened															
3.1. Develop training workshops on business management tools	-	I	4,000	I	3,600	I			560	I	960	I	1, 2	9,120	I
	6,400	E	-	E	-	E			-	E	1,200	E		7,600	E
3.2. Provide ongoing technical assistance to community enterprises and SMEs in order to strengthen their certified timber marketing capacities.	-	I			1,800	I			-	I	2,100	I	2, 3	3,900	I
	9,500	E			-	E			480	E	-	E		9,980	E
3.3. Establish and maintain project coordination	142,200	I			12,960	I	-	I	15,000	I	3,000	I	1, 2, 3	173,160	I
	96,500	E			4,940	E	43,800	E	-	E	4,200	E		149,440	E
Sub-total - Output 3	142,200	I	4,000	I	18,360	I	-	I	15,560	I	6,060	I		186,180	I
	112,400	E	-	E	4,940	E	43,800	E	480	E	5,400	E		167,020	E
Total (I)	162,200	I	13,300	I	47,740	I	22,250	I	19,588	I	21,100	I		286,178	I
Total (E)	135,460	E	1,800	E	12,220	E	46,100	E	600	E	8,340	E		204,520	E
TOTAL	297,660		15,100		59,960		68,350		20,188		29,440			490,698	

3.5 Assumptions, risks and sustainability

3.5.1 Assumptions and risks

The main assumptions that will guarantee the success of this project are as follows: macroeconomic and social policies in the country are maintained; there is stability in forest policy; the predisposition and willingness of forest concessionaires, native communities and businessmen to actively participate in the project is maintained and they are willing to accept changes; the forest concessions system is continued; companies and public institutions are willing to share information in a timely manner; the international market becomes more demanding and asks that timber be certified for forest management and chain-of-custody; the project is an important tool in support of the fight against illegal logging and trade undertaken by the Government, which the new government administration will most surely continue to support and strengthen.

One of the main risks for the implementation of the project would be that the Government stops promoting sustainable forest management, which would contravene the provisions of the current national forestry legislation. In order to counteract this possibility, the CNF will actively participate in different fora, together with civil society organizations, to advocate and call upon government representatives to promote awareness and implement actions aimed at combating illegal forest activities. The Forest Dialogue and Consensus-Building Roundtable is an important mechanism through which society informs the authorities about problems in the forest sector, especially in relation to illegal timber logging and trade activities. Furthermore, the forest dialogues organized by the CNF with the cooperation of other institutions in the National Congress of the Republic represent another forum to present, discuss and submit proposals.

In relation to the development objective, the most serious risk would be a disturbance of the commercial stability that currently exists in the country for timber products. The financial crisis in the United States of America has already hit bottom and the country is now on the road back to recovery. Furthermore, the Chinese market is still strong and Europe is taking the required measures to avoid falling into a crisis situation, so the above risk situation seems highly unlikely. It is important to stress that the Peruvian forest products sector has been diversifying its foreign markets, and that if a significant downturn were to occur in one of these markets, the sector could reduce activities in the affected market and focus on one of the other markets.

In relation to the specific objective, one of the risks could be unwillingness on the part of the private forest business sector to participate with formal community enterprises in legal harvesting and trade activities, but this is unlikely as these activities are the pillars of sustainable forest management and can ensure an improved quality of life for the local communities in the long term.

There is currently a forest concessions system in place, where a few concessionaires already have FSC certification, some are in the process of obtaining certification and the rest do not have the required technical information to obtain certification. In the case of forest industries, very few are implementing chain-of-custody systems, but it is expected that this number will increase as the international markets are increasingly demanding those systems as part of their purchasing requirements.

3.5.2 Sustainability

Project beneficiaries are still interested in the achievement of the project objective. The transfer of knowledge and the dissemination and promotion of ITTO principles and guidelines will ensure that not only forest producers but civil society at large will become aware of the need to produce traceable products and thus ensure that timber activities are no longer considered to be plundering forest resources and can actually contribute significantly to the GDP, considering that Peru has one of the largest tropical forest areas in the world.

The technical assistance provided by the CNF (National Forestry Chamber) will ensure the practical application of the knowledge acquired through training courses for production forest management stakeholders represented by forest concession holders, native communities and forest enterprises.

In view of the institutional support it enjoys and the experience it will have gained through the implementation of the project, the CNF, or one of its associated institutions, plans to become a certifying agency to certify the legal origin of timber through the traceability system. The income derived from the provision of this service will guarantee the long-term sustainability of this traceability initiative, while the production of certified timber will open up new markets that were previously inaccessible because of their stringent requirements and demands.

A forest certification consultative committee will be set up during the implementation of the project. This committee will be made up of representatives from private and public institutions of the forest sector and will be chaired by the CNF as the agency responsible for promoting and processing the certification of timber from managed forests. To this end, the traceability system developed by the project will be used for the issuing of relevant certificates. A list of potential institutions to take part in this committee is given below:

- AIDER (NGO)
- PRODUCE
- National Forestry Chamber
- General Forest and Wildlife Directorate
- Regional Governments of Ucayali and Madre de Dios
- ADEX – Exporters' Association
- Forest concessionaires associations
- Timber industry associations
- Native communities organization

CNF will set up a certification management unit within its organizational structure to be based in Lima. This unit will be coordinated by a forest engineer and will have regional offices in Arequipa, Madre de Dios and Ucayali. An operational manual will be prepared to be incorporated into CNF's organizational system. Funding will be secured by charging services provided so as to cover the operational costs of the certification process.

PART 4. IMPLEMENTATION ARRANGEMENTS

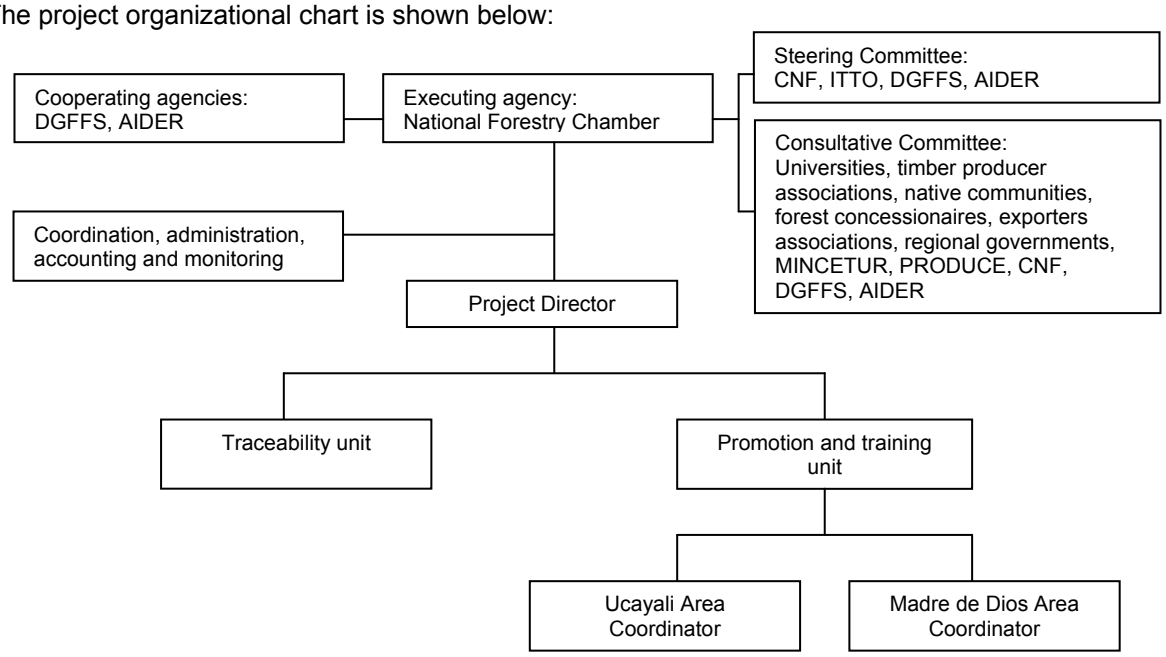
4.1 Organization structure and stakeholder involvement mechanisms

4.1.1 Executing agency and partners

The National Forestry Chamber (*Cámara Nacional Forestal – CNF)*, with the support of AIDER, will be responsible for the implementation of the project through a steering committee made up of representatives of the government, the private sector and the organized civil society. To this end, the participation of various forest-related organizations will be ensured, including public agencies, NGOs, and forest industry management committees, among others. All of these interested parties will be involved in work meetings, training, investment promotion, technical assistance, and national and international trade promotion, with a view to improving the productivity of the timber industry for the production of higher value-added products.

The main objectives of the National Forestry Chamber are to promote the sustainable use of forest resources, harmonizing the principles of conservation with technology and economic and social development, and to achieve efficient and sound forest policies to encourage forest management, industry, trade and the promotion of exports. The CNF has been working with forest stakeholders that depend on forest activities for their subsistence. Past experiences of the CNF include ITTO Project PD 421/06 (F) "Strengthening of the Production Chain for Timber from Forest Concessions and Other Forests under Management", which has been strengthening the articulation of forest production chains (forest-industry-consumer) thus promoting legal timber trade.

The project organizational chart is shown below:



4.1.2 Project management team

The project management team will include personnel from the National Forestry Chamber, AIDER and consultants. The team will be coordinated by a Project Director with experience in the management of community forestry development projects.

The team will also include a forest specialist with specific knowledge on traceability, certified timber marketing and VFC, as well as two forestry experts with experience in the management and coordination of projects.

A consultant will be hired for the development of a software package for the traceability system. Annex 3 contains the terms of reference for the personnel to be hired with ITTO funds.

4.1.3 Project Steering Committee

A Steering Committee will be established at the highest level of the project organizational structure. This Committee will be responsible for supervising the project, reviewing and approving budget expenditures, and reviewing the implementation of activities. The Committee will be made up of a representative of each of the following institutions: National Forestry Chamber (CNF) as chairperson, International Tropical Timber Organization (ITTO), General Forest and Wildlife Directorate (DGFFS-MINAG) and the Association for Integrated Research and Development (AIDER). The Project Director will act only as the Secretary of this Committee.

4.1.4 Stakeholder involvement mechanisms

The primary project stakeholders include native communities, who will participate in project activities through their regents and technical native personnel responsible for forest management. Forest concessionaires and primary and secondary processing industries, as primary project beneficiaries through their legal representatives or managers of the target management areas, will also actively participate in project activities. These mechanisms will help primary beneficiaries to acquire more knowledge and tools on timber traceability, thus allowing then to raise their level of competitiveness, access certified timber product markets and maintain their positioning in both national and international markets.

Secondary project stakeholders (Regional Governments, DGFFS, ADEX, and native community regents), interested parties of the sustainable forest management sector, through their respective authorities, will be directly and indirectly involved in accordance with the requirements of the different project activities. Furthermore, they will acquire in-depth knowledge about the timber traceability system developed by the project.

Tertiary stakeholders will include public organizations (OSINFOR, MINCETUR, PRODUCE, UNALM) and international organizations, who will be asked to participate in consultative processes on the new timber traceability system designed and implemented by the project, so as to contribute to sustainable forest management through a monitoring system that will guarantee the legal origin of timber.

4.2 Reporting, review, monitoring and evaluation

The following reports will be submitted:

- Inception report (upon project approval)
- Yearly plan of operation (together with the inception report)
- Progress report (by 28 February and 31 August of each year and/or 4 weeks before the date of a review mission)
- Technical report (every six months during project implementation)
- Financial reports (on an annual basis and upon project completion)
- Project completion reports (upon project completion)

Reports will be presented with the aid of audio-visual materials (optional).

A progress report will be delivered at least four weeks before the date of a scheduled ITTO review mission.

A basic monitoring system will be applied that will include internal and external monitoring procedures as described below.

Internal monitoring: The system will ensure the successful implementation of the Project including adjustments of the work plan and/or YPO and the implementation of defined corrective actions. Internal monitoring will include the following subjects:

- Follow up of commitments resulting from the agreement between ITTO and the Executing Agency;
- Progress and proper execution of work;
- Timely delivery and quality of outputs;
- The extent to which the specific objective has been achieved;
- Social, economic and environmental impact and the effect of mitigating measures.

External monitoring: the external monitoring of the project will be undertaken by ITTO, in cooperation with donors as appropriate, to supervise project implementation. The purposes of this process will be as follows:

- assess whether the project is proceeding according to the agreed work schedules, so that the necessary ITTO actions (e.g. payments to the Executing Agency) may be taken;
- propose and participate in any necessary reviews of the Project as a result of these assessments; and
- report to the Committees and the Council on the situation and completion prospects for the project.

The evaluation of the project will be based on the systematic and objective collection of information, on the spot assessment and analysis of the validity, design, appropriateness, performance and the impact of the project.

The project mid-term evaluation will include the systematic and objective collection of information, on the spot assessment and analysis of the validity, design, appropriateness, performance and the impact of the project during its implementation stage. Mid-term evaluations will be carried out in circumstances when:

- there are problems in project implementation, upon request from the ITTO secretariat, donors or the Project Steering Committee, as appropriate;
- the need for mid-term evaluation was foreseen at the early stage of project development or implementation.

The ex-post evaluation will include the systematic and objective collection of information, on the spot assessment and analysis of the validity, design, appropriateness, performance and the impact of the Project after its completion, with the aim to establish the extent to which it achieved its objective, its degree of effectiveness and efficiency, as well as its sustainability.

4.3 Dissemination and mainstreaming of project learning

4.3.1 Dissemination of project results

Project results will be disseminated through seminars, workshops, conferences, manuals, production guides and brochures. They will also be posted on two existing electronic platforms: CNF and DGFFS-MINAG websites, so as to ensure widespread dissemination at the national and international levels. In addition, the project's professional staff will be available to users, both in person and through the internet, for additional enquiries and consultations.

4.3.2 Mainstreaming of project learning

The project will be implemented with the active participation of forest concessions, native communities and industrialists. There is a high degree of interest in timber products that warrants the provision of technical assistance and training as required for the development of timber products of verified origin for expanded, more demanding markets, enhancing negotiation capacities at the international level. Thus, the project stems from the need of many producers to improve their entrepreneurial skills and promote new investments to achieve a timber industry that better utilizes forest resources, undertaking a commitment for sustainability in compliance with forest management plans, ensuring timber traceability, and generating wealth and employment for sustainable social and economic development.

Project experiences will be systematized in a printed publication that will be disseminated among project beneficiaries and all interested stakeholders related to this field.

ANNEX 1. PROFILES OF THE EXECUTING AND COLLABORATING AGENCIES

NATIONAL FORESTRY CHAMBER

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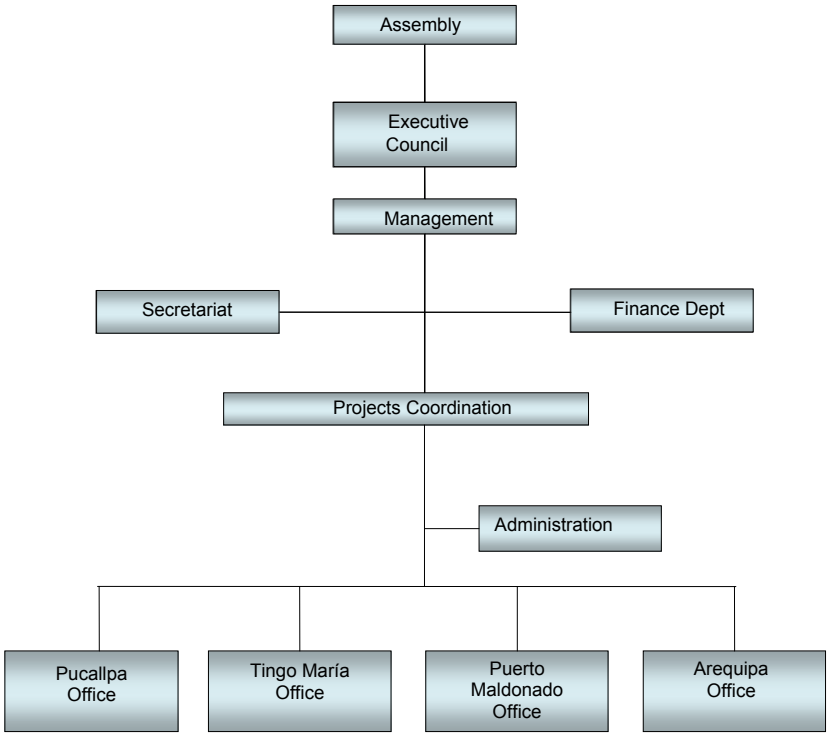
The National Forestry Chamber (Cámara Nacional Forestal – CNF) is a non-profit civil association established on 16 August 1989 after a consensus-building process between the most representative institutions at the national level in the fields of forest production and conservation as well as forest and conservation professionals.

The objectives of the CNF are as follows:

- Promoting the sustainable use of forest resources, harmonizing the principles of conservation with technology and economic and social development;
- Coordinating national forest activities, and acting as the main interlocutor of the private forest sector before public and private institutions and agencies;
- Proposing and achieving efficient and sound forest policies to encourage forest management, industry, trade and the promotion of exports;
- Protecting the national forest production;
- Building up and disseminating an adequate image of the forest activity at the national level consistent with the magnitude of the resource and its territorial significance;
- Providing feedback/making statements on issues of national interest;
- Designing and implementing research, training and development projects related to forestry.

Organizational chart



The National Forestry Chamber is headquartered in the city of Lima, where it has an office that is conveniently equipped for ongoing communication via the internet and mobile telephones with its administrative offices in Pucallpa, Tingo Maria, Puerto Maldonado and Arequipa.

List of projects under implementation and completed over the last three years

Period	Project Title	Funding source	Contributions			
			National	International	Government	Counterpart
			US$	US$	US$	US$
PROJECTS UNDER IMPLEMENTATION						
Nov. 2010-Nov. 2012	Valuation of Shiringa forests for the production of jebe with the participation of rural hamlets and native communities in the Ucayali Region	FONDOEMPLEO			359,712	1,233,820
COMPLETED PROJECTS						
Oct. 2004 – Dec. 06	PD 23/00 Rev.4 (F): "Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers"	International Tropical Timber Organization - ITTO	392,565	420,212		
Feb. 2008-2009	"Sustainable management of a Shiringa (*Hevea brasiliensis*) community forest as an alternative to deforestation and forest degradation in the Peruvian Amazon Region"	Flemish Fund for Tropical Forests	19,659.37	34,950		
Nov. 2007 - Sep. 2010	PD 421/06 Rev.2 (F): "Strengthening of the production chain for timber from forest concessions and other forests under management"	International Tropical Timber Organization – ITTO	405,693	580,532		

ANNEX 2. TASKS AND RESPONSIBILITIES OF KEY EXPERTS PROVIDED BY THE EXECUTING AGENCY

TERMS OF REFERENCE FOR PROJECT COORDINATORS

Qualifications

- Registered Forest Engineer
- A minimum of 5 years experience in the management of forest development projects
- Experience in the management of international cooperation funds
- A minimum of 2 years experience in the forest and timber business
- Knowledge of forest governance, forest management and forest certification issues

Duties

- Coordinating the technical and financial aspects of project implementation
- Facilitating project planning, monitoring and evaluation
- Establishing coordination mechanisms with the project collaborating agencies

TERMS OF REFERENCE FOR THE TECHNICAL ASSISTANT

Qualifications

- Forest engineer or degree in forestry
- A minimum of 3 years experience in forest management and forest industry projects in the Amazon region.
- Experience in timber production and marketing.
- Ability to relate to indigenous communities.

Duties

- Coordinating with the Area Coordinator for the implementation of activities in the project area
- Providing technical support to native communities and forest concessions in the activities designated by the Area Coordinator.
- Providing logistical field support.

ANNEX 3. TERMS OF REFERENCE OF PERSONNEL AND CONSULTANTS AND SUB-CONTRACTS FUNDED BY ITTO

TERMS OF REFERENCE FOR THE PROJECT DIRECTOR

Qualifications

- Registered Forest Engineer
- Preferably with an advanced academic degree
- A minimum of 15 years experience in the field
- Experience in the formulation, implementation and management of forest projects in the Amazon Region with the participation of native communities, forest concessions and timber processing industries
- Experience in timber marketing and export
- Verbal and written communication skills
- Experience and leadership skills for the coordination of international cooperation projects

Duties

- Managing the technical aspects of the project and the implementation of activities
- Managing the technical team for project implementation
- Preparing project reports and proposing plans of operation for the project in accordance with the provisions of the ITTO Project Manual
- Promoting and organizing meetings between authorities and timber industrialists at the national and regional levels for the signing of agreements
- Managing the technical assistance required for the traceability system

TERMS OF REFERENCE FOR THE TRACEABILITY SPECIALIST

Qualifications

- Registered Forest Engineer.
- Experience in forest traceability.
- A minimum of 3 years experience in the forest industry.
- A minimum of 2 years experience in rural development projects, sustainable management of forest resources and/or the active participation of timber producers and local communities.

Duties

- Coordinating, in cooperation with the Project Director, the work methodology for the implementation of project activities.
- Coordinating the design of a traceability system model for the native communities and forest concessions.
- Producing a procedural manual on the timber traceability system.
- Providing technical assistance to native communities and forest concessions for the implementation of a timber traceability system.
- Providing technical assistance to native communities and forest concessions so as to comply with national FSC standards.
- Coordinating technical training activities for the management of the timber traceability system.

TERMS OF REFERENCE FOR THE AREA COORDINATORS

Qualifications

- Forest Engineer.
- Experience in business management.
- A minimum of 2 years experience in rural development projects, sustainable management of forest resources and/or the active participation of timber producers and local communities.

Duties

- Coordinating, in cooperation with the Project Director, the work methodology for the implementation of project activities.
- Managing project activities in the field.
- Participating in the design of a timber traceability system.
- Participating in the formulation of a procedural manual on the timber traceability system.
- Organizing the implementation of training workshops for native communities and forest concessions on business management tools and marketing of certified timber.
- Organizing information events on timber traceability in their respective areas.
- Responsible for monitoring native communities and forest concessions during the implementation of the timber traceability system.

TERMS OF REFERENCE FOR THE SYSTEMS CONSULTANT

Qualifications

- Knowledge of and experience in the development and operationalization of digital data management systems.
- Knowledge of and experience in the timber production chain.

Duties

- Coordinating with the Timber Traceability Specialist and Project Director on the specific activities to be carried out for the implementation of a timber traceability system.
- Developing, implementing and installing the timber traceability software.
- Providing direct technical assistance and training to the technical team and project beneficiaries.
- Cooperating with the Timber Traceability Specialist in the implementation of registers to be used in the timber traceability system.
- Assist in the design of a technological package for digital timber traceability to be made available to other users of the timber production chain.

ANNEX 4. RECOMMENDATIONS OF ITTO'S EXPERT PANEL

PD 621/11 Rev. 2 (M) Traceability of Timber Produced by Forest Concessions and Native Communities in Madre de Dios and Ucayali (Peru)

Assessment by the Forty-fourth Panel

A) Overall Assessment

The Panel noted that the majority of the previous recommendations were addressed. The Panel recognized the clear definition of the problem to be address by the proposal, but felt that the linkages within the problem tree should be improved.

B) Specific Recommendations	Description of modifications made
1. Under the problem tree, clear linkages should be established between the key problem and the effects. The Panel felt that the effects as currently described are not directly related to the key problem. Also revise cause 1 as it reads the same as the key problem. If necessary, update the objective tree accordingly;	**The effects in the problem tree have been revised and cause 1 has been more clearly drafted.**
2. Scale down Activity 1.1 by taking into account the results of the various types of traceability technologies tested under the pre-project PPD 138/07 Rev.1 (M) and thus reducing its budget;	**The budget for activity 1.1 has been reduced.**
3. Re-allocate the costs under sundry, such as facilitator and speaker to Sub-contracts, and office rent (counterpart contribution) to Capital Items:	**Personnel and office rental costs, which were previously included under item 60, were reallocated under items 20 and 40 respectively.**
4. Include an Annex that shows the overall assessment and specific recommendations of the 44th Expert Panel and respective modifications in tabular form. Modifications should also be highlighted (**bold and underline**) in the text of the revised proposal.	**This annex has been included as requested. All recommendations have been addressed and incorporated into the project document. All modifications made have been highlighted (in bold and underlined) throughout the revised project proposal.**

ANNEX 5. MASTER BUDGET

Outputs & Activities	Inputs	Quantity	Unit cost	Source (I - E)	Year	Budget Item	TOTAL
Activity 1.1: Design, develop and validate a traceability system	Fares -- air travel	10	180	I	1	33.1	1,800
	Consultants -- systems analyst	6	2,000	I	1	13.1	12,000
	Days -- truck rental	30	40	E	1	33.3	1,200
	Days -- boat rental	10	60	I	1	33.3	600
	Days -- boat rental	10	80	E	1	33.3	800
	Days - driver	15	40	I	1	61	600
	Days -- DSA	40	40	I	1	31.1	1,600
	Gallons -- fuel and lubricants	100	5	I	1	33.3	500
	M/M - forest technician	6	500	E	1	12.2	3,000
	Months -- office supplies	3	40	E	1	54	120
	Months -- office supplies	3	40	I	1	54	120
	Months - local transport	3	120	I	1	33.1	360
	Months - local transport	3	120	E	1	33.1	360
	Months -- Information gathering services	8	400	I	1	61	3,200
	Months -- data entry services	6	300	I	1	61	1,800
	Units - laptop	1	1,000	I	1	44.1	1,000
	Units -- software license database	15	330	I	1	44.1	4,950
	Unit -- software license	1	700	I	1	44.1	700
Activity 1.2 Promote the traceability system and the marketing of certified timber	Fares -- air travel	3	180	I	1	33.1	540
	Fares -- air travel	6	180	I	2	33.1	1,080
	Fares -- air travel	1	180	I	3	33.1	180
	M/D -- participants in events	90	20	E	1	12.3	1,800
	M/D -- participants in events	180	20	E	2	12.3	3,600
	M/D -- participants in events	90	20	E	3	12.3	1,800
	Days -- truck rental	28	40	E	2	33.3	1,120
	Days -- boat rental	6	60	I	1	33.3	360
	Days -- boat rental	12	60	I	2	33.3	720
	Days -- boat rental	3	60	I	3	33.3	180
	Days - driver	12	20	E	2	61	240
	Days -- DSA	12	40	I	1	31.1	480
	Days -- DSA	24	40	I	2	31.1	960
	Days -- DSA	4	40	I	3	31.1	160
	Events -- rental of premises	3	50	E	1	61	150
	Events -- rental of premises	6	50	E	2	61	300
	Events -- rental of premises	3	50	E	3	61	150

Outputs & Activities	Inputs	Quantity	Unit cost	Source (I - E)	Year	Budget Item	TOTAL
	Events -- speaker	3	100	E	1	24	300
	Events -- speaker	6	100	E	2	24	600
	Events -- speaker	3	100	E	3	24	300
	Events -- facilitator	3	50	E	1	25	150
	Events -- facilitator	6	50	E	2	25	300
	Events -- facilitator	3	50	E	3	25	150
	Events -- logistical services	3	100	E	1	61	300
	Events -- logistical services	6	100	E	2	61	600
	Events -- logistical services	3	100	E	3	61	300
	Gallons -- fuel and lubricants	120	5	I	1	33.3	600
	Gallons -- fuel and lubricants	240	5	I	2	33.3	1,200
	Gallons -- fuel and lubricants	60	5	I	3	33.3	300
	Months -- office supplies	24	40	I	2	54	960
	Months - local transport	6	120	I	1	33.1	720
	Months - local transport	12	120	I	2	33.1	1,440
	Months - local transport	3	120	I	3	33.1	360
	Months -- spare parts /computer equipment	6	60	I	1	52	360
	Months -- spare parts /computer equipment	12	60	I	2	52	720
	Months -- spare parts /computer equipment	3	60	I	3	52	180
	Months -- web page updating services	10	120	I	2	61	1,200
	Servings -- refreshments	90	2	I	1	61	180
	Servings -- refreshments	180	2	I	2	61	360
	Servings -- refreshments	90	2	I	3	61	180
	Subcontract -- editing and publishing of systematization doc.	1	3,500	I	2	21	3,500
	Subcontract -- editing and printing services / newsletters (2000 copies)	1	2,200	I	2	23	2,200
	Subcontract --editing and printing services /leaflets (2000 copies)	1	600	I	2	22	600
	Unit -- photo camera	1	300	E	1	44.3	300
	Units -- folder with office supplies and photocopies	90	2	I	1	54	180
	Units -- folder with office supplies and photocopies	180	2	I	2	54	360
	Units -- folder with office supplies and photocopies	90	2	I	3	54	180
	Unit -- screen	1	200	E	1	44.3	200
	Unit -- multimedia projector	1	600	E	1	44.3	600
Activity 2.1: Develop training workshops on timber product monitoring and control	Fares -- air travel	10	180	I	2	33.1	1,800
	Courses -- rental of premises	6	50	E	2	61	300
	Course -- facilitator	6	500	I	2	26	3,000
	Courses -- logistical services	6	100	E	2	61	600
	M/D -- course participants	120	40	E	2	12.3	4,800
	Days -- DSA	30	40	I	2	31.1	1,200
	Servings -- refreshments	360	2	I	2	61	720

Outputs & Activities	Inputs	Quantity	Unit cost	Source (I - E)	Year	Budget Item	TOTAL
	Units -- folder with office supplies and photocopies	120	2	I	2	54	240
	Unit -- screen	1	200	E	2	44.3	200
	Unit -- multimedia projector	1	600	I	2	44.3	600
Activity 2.2 Provide technical assistance on timber traceability to community enterprises and SMEs	Fares -- air travel	8	180	I	2	33.1	1,440
	Fares -- air travel	2	180	I	3	33.1	360
	Days -- DSA	40	40	E	2	31.1	1,600
	Days -- DSA	10	40	E	3	31.1	400
	M/M -- specialized technician	8	800	I	2	12.2	6,400
	M/M -- specialized technician	2	800	I	3	12.2	1,600
	M/M - forest technician	6	500	E	2	12.2	3,000
	Months -- office supplies	12	40	I	2	54	480
	Months -- office supplies	3	40	I	3	54	120
	Months - local transport	12	120	E	2	33.1	1,440
	Months - local transport	3	120	E	3	33.1	360
	Months -- Information gathering services	4	400	I	2	61	1,600
	Months -- data entry services	6	300	I	2	61	1,800
	Units -- GPS equipment	2	500	E	2	44.2	1,000
	Units - laptop	15	1,000	I	2	44.1	15,000
Activity 2.3 Promote the sharing of experiences on timber certification and traceability among entrepreneurs, forest concessionaires, native communities, professionals, civil servants and other forest sector stakeholders	Fares -- air travel	15	180	I	2	33.1	2,700
	Fares -- air travel	15	180	I	3	33.1	2,700
	M/D -- participants in field visits	32	40	E	2	12.3	1,280
	M/D -- participants in field visits	32	40	E	3	12.3	1,280
	Days -- DSA	45	40	I	2	31.1	1,800
	Days -- DSA	45	40	I	3	31.1	1,800
	M/M - forest technician	5	500	E	2	12.2	2,500
	Months - local transport	6	120	I	2	33.1	720
	Months - local transport	6	120	I	3	33.1	720
	Months -- Information gathering services	4	400	I	2	61	1,600
	Months -- data entry services	6	300	I	2	61	1,800
	Units -- folder with office supplies and photocopies	32	2	I	2	54	64
	Units -- folder with office supplies and photocopies	32	2	I	3	54	64
Activity 3.1 Develop training workshops on business management tools	Fares -- air travel	6	180	I	1	33.1	1,080
	Fares -- air travel	6	180	I	2	33.1	1,080
	Courses -- rental of premises	4	50	E	1	61	200
	Courses -- rental of premises	4	50	E	2	61	200
	Course -- facilitator	4	500	I	1	26	2,000
	Course -- facilitator	4	500	I	2	26	2,000
	Courses -- logistical services	4	100	E	1	61	400
	Courses -- logistical services	4	100	E	2	61	400

Outputs & Activities	Inputs	Quantity	Unit cost	Source (I - E)	Year	Budget Item	TOTAL
	M/D -- course participants	80	40	E	1	12.3	3,200
	M/D -- course participants	80	40	E	2	12.3	3,200
	Days -- DSA	18	40	I	1	31.1	720
	Days -- DSA	18	40	I	2	31.1	720
	Servings -- refreshments	240	2	I	1	61	480
	Servings -- refreshments	240	2	I	2	61	480
	Units -- folder with office supplies and photocopies	80	2	I	1	54	160
	Units -- folder with office supplies and photocopies	80	5	I	2	54	400
Activity 3.2 Provide ongoing technical assistance to community enterprises and SMEs in order to strengthen their certified timber marketing capacities	M/M -- specialized technician	8	800	E	2	12.2	6,400
	M/M -- specialized technician	2	800	E	3	12.2	1,600
	M/M - forest technician	3	500	E	3	12.2	1,500
	Months -- office supplies	12	40	E	2	54	480
	Months - local transport	12	120	I	2	33.1	1,440
	Months - local transport	3	120	I	3	33.1	360
	Months -- Information gathering services	3	400	I	3	61	1,200
	Months -- data entry services	3	300	I	3	61	900
Activity 3.3: Establish and maintain project coordination	Fares -- air travel	12	180	I	1	33.1	2,160
	Fares -- air travel	12	180	I	2	33.1	2,160
	Fares -- air travel	3	180	I	3	33.1	540
	Fares -- air travel	5	180	E	1	33.1	900
	Fares -- air travel	5	180	E	2	33.1	900
	Fares -- air travel	3	180	E	3	33.1	540
	M/M -- Participants in Consultative Committee meetings	50	40	E	2	12.3	2,000
	Days -- DSA	60	40	I	1	31.1	2,400
	Days -- DSA	60	40	I	2	31.1	2,400
	Days -- DSA	15	40	I	3	31.1	600
	Days -- DSA	25	40	E	1	31.1	1,000
	Days -- DSA	25	40	E	2	31.1	1,000
	Days -- DSA	15	40	E	3	31.1	600
	Gallons -- fuel and lubricants	240	5	I	1	33.3	1,200
	Gallons -- fuel and lubricants	240	5	I	2	33.3	1,200
	Gallons -- fuel and lubricants	60	5	I	3	33.3	300
	Report -- Auditing	1	1,200	E	1	62	1,200
	Report – Auditing	1	1,200	E	2	62	1,200
	Report -- Auditing	1	1,200	E	3	62	1,200
	M/M -- Technical Assistant	9	900	E	1	12.1	8,100
	M/M -- Technical Assistant	12	900	E	2	12.1	10,800
	M/M -- Technical Assistant	3	900	E	3	12.1	2,700
	M/M -- AIDER Coordinator	12	900	E	1	11.3	10,800

Outputs & Activities	Inputs	Quantity	Unit cost	Source (I - E)	Year	Budget Item	TOTAL
	M/M -- AIDER Coordinator	12	900	E	2	11.3	10,800
	M/M -- AIDER Coordinator	3	900	E	3	11.3	2,700
	M/M -- CNF Coordinator	12	900	E	1	11.2	10,800
	M/M -- CNF Coordinator	12	900	E	2	11.2	10,800
	M/M -- CNF Coordinator	3	900	E	3	11.2	2,700
	M/M -- Project Director	12	2,600	I	1	11.1	31,200
	M/M -- Project Director	12	2,600	I	2	11.1	31,200
	M/M -- Project Director	3	2,600	I	3	11.1	7,800
	M/M -- Traceability specialist	12	1,200	I	1	11.4	14,400
	M/M -- Traceability specialist	12	1,200	I	2	11.4	14,400
	M/M -- Monitoring officer	12	900	E	1	11.6	10,800
	M/M -- Monitoring officer	12	900	E	2	11.6	10,800
	M/M -- Monitoring officer	3	900	E	3	11.6	2,700
	M/M -- Area Coordinator	21	900	I	1	11.5	18,900
	M/M -- Area Coordinator	24	900	I	2	11.5	21,600
	M/M -- Area Coordinator	3	900	I	3	11.5	2,700
	Months -- office rent	12	1,400	E	1	41	16,800
	Months -- office rent	12	1,400	E	2	41	16,800
	Months -- office rent	3	1,400	E	3	41	4,200
	Months -- spare parts /computer equipment	10	60	I	1	52	600
	Months -- spare parts /computer equipment	12	60	I	2	52	720
	Months -- spare parts /computer equipment	3	60	I	3	52	180
	Months -- equipment maintenance and repairs	10	60	I	1	61	600
	Months -- equipment maintenance and repairs	12	60	I	2	61	720
	Months -- equipment maintenance and repairs	3	60	I	3	61	180
	Months -- utilities	12	500	I	1	53	6,000
	Months -- utilities	12	500	I	2	53	6,000
	Months -- utilities	3	500	I	3	53	1,500
	Meeting -- refreshments /Steering Committee	1	200	E	1	61	200
	Meeting -- refreshments /Steering Committee	1	200	E	2	61	200
	Meeting -- refreshments /Steering Committee	1	200	E	3	61	200
	Meetings -- refreshments /Consultative Committee	5	200	I	2	61	1,000
	Meetings -- refreshments /Coordination and monitoring	5	100	I	2	61	500
	Units -- Computer equipment	6	1,000	E	1	44.1	6,000