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# PRODUCTIVE LANDSCAPES (PROLAND)

## COMMUNITY-BASED FORESTRY ENTERPRISES PERU FIELD VERIFICATION REPORT



**JULY 2019**

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## **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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# ACRONYMS AND ABBREVIATIONS

|               |  |
|---------------|--|
| ADECOMP       | <i>Ambiente y Desarrollo de las Comunidades del Perú</i>                 |
| AFIMAD        | <i>Asociacion Forestal Indigena De Madre de Dios</i>                     |
| AIDER         | <i>Asociacion para la Investigacion y Desarrollo Integral</i>            |
| AIDSESP       | <i>Asociación Interétnica de Desarrollo de la Selva Peruana</i>          |
| CBFE          | Community-Based Forestry Enterprise                                      |
| CESVI         | <i>Cooperazione e Sviluppo</i>   |
| CIMA          | <i>Centro de Conservación, Investigación y Manejo de Areas Naturales</i> |
| CITE Indigena | <i>Centro de Transformación e Innovación Tecnológica Indígena</i>        |
| CN            | <i>Comunidad Nativa</i>  |
| COR           | Contracting Officer's Representative                                     |
| EMAJU         | Junín Pablo  |
| EPO           | Productive Economic Organization   |
| FENAMAD       | <i>Federación Nativa del Río Madre de Dios y Afluentes</i>               |
| FMP           | Forest Management Plan   |
| FSC           | Forest Stewardship Council   |
| GDA           | Global Development Alliance  |
| GIZ           | Deutsche Gesellschaft für Internationale Zusammenarbeit                  |
| IBC           | <i>Instituto del Bien Común</i>  |
| MINAM         | <i>Ministerio del Ambiente</i>   |
| MINCETUR      | Ministry of Foreign Trade and Tourism                                    |
| NGO           | Nongovernmental Organization   |
| NTFP          | Non-Timber Forest Product  |
| OSINFOR       | <i>Organismo de Supervisión de los Recursos Forestales</i>               |
| PNCB          | <i>Programa Nacional de Conservación de Bosques</i>                      |
| ProLand       | Productive Landscapes  |
| REDD+         | Reducing Emissions from Deforestation and Forest Degradation             |
| SERFOR        | <i>El Servicio Nacional Forestal y de Fauna Silvestre</i>                |
| SERNANP       | Protected Areas Service  |
| USAID         | United States Agency for International Development                       |

USFS

United States Forestry Service

WWF

World Wide Fund for Nature

# I.0 INTRODUCTION

Productive Landscapes (ProLand) has undertaken a series of field trips to validate a draft Sourcebook for United States Agency for International Development (USAID) field Missions on designing and implementing programs and activities incorporating community-based forestry enterprises (CBFEs) that emphasize timber production as an integral part of sustainable landscapes. These field visits provide information from in-country USAID officers and local practitioners as well as other knowledgeable sources.

The draft Sourcebook is based on ProLand's "An assessment of critical enabling conditions for community-based forestry enterprises." The assessment identified four categories of critical enabling conditions required for successful CBFEs:

1. **Secure rights** to develop, exclude others, and sell a forest product or service are important for long-term social enterprise investment. While these rights are the most basic policy requirement, other policies contribute to a robust enabling environment.
2. **Governance, organization, and management** that provides effective leadership and technical knowledge to the CBFE, accountability to the community, and ensures the CBFE's financial integrity.
3. **A viable social enterprise model**<sup>1</sup> that produces financial benefits sufficient to reinvest in forest and business management and growth, and provides economic benefits (though not necessarily cash) to the community as a whole.
4. **Partnerships with value chain actors** to access external funding and technical support, help aggregate timber from several communities (or individual producers), market timber to buyers, and build/maintain infrastructure. These partners include national and local government, donors, civil society organizations, and private sector entities.

The assessment included input from 18 key informants, including several from USAID field Missions. ProLand asked the latter if their Missions welcomed, and were suitable for, Sourcebook validation. Peru's Mission Environment Officer expressed strong interest in participating on behalf of his Mission, and Peru became the third validation visit, following trips to Mexico and Indonesia.

This report documents observations during field visits to CBFEs in Peru, intended to validate and refine guidance about CBFEs. Deeper background assessment, results of other field visits, and the guidance have been published as separate documents. The Peru field trip took place from July 8–19, 2019. The ProLand team comprised Chief of Party Mark Donahue, Climate Change Mitigation and Adaptation Specialist, and CBFE lead, Ian Deshmukh, and Peruvian CBFE consultant Javier Arce. The team visited key informants in Lima, Ucayali (four communities), and Madre de Dios (three communities), according to the schedule and maps comprising Annex 1. The ProLand team was accompanied in Ucayali by David Llanos, a staff member of the Mission's ProBosques project, and Jose Chero, a staff member of *Asociacion para la Investigacion y Desarrollo Integral (AIDER)*, which is implementing a Global Development Alliance (GDA) activity called *Alianza Forestal*. Interviews followed a question guide exploring the CBFE-enabling conditions, found in Annex 2, and the ProLand team addressed other relevant issues as they arose. We wish to thank USAID/Peru for hosting the team, and all the informants, who gave freely of their time with enthusiasm.

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<sup>1</sup> The term "social enterprise" reflects the social, economic, and environmental goals of CBFEs in contrast to the traditional economic and financial emphasis of many "business" models.

## 2.0 BROAD FINDINGS AND CONCLUSIONS

In addition to structured presentation related to the four enabling conditions (collated as Section 3.0 below and by site in Annex 2), we present several broad observations in this section. These observations reflect our Peru field work, but many are applicable to other countries and further validate the CBFE Assessment and Sourcebook content.

- **Team observations and discussions with informants largely validated ProLand CBFE enabling conditions and other aspects of the assessment.** Unlike other CBFEs the team has interviewed, and related to Enabling Condition 2 (governance and management organizations), the CBFEs visited in Peru lacked a formal sub-community CBFE separate from whole-community governance arrangements (see elaboration in Section 3). The ProLand draft Sourcebook concludes that the CBFE should normally function as a social enterprise with its own management and operations team, but should also be subject to oversight by existing whole-community governance structures. Forestry needs long-term planning and consistent operational relationships with partners free from disruption by community governance elections and leadership changes.
- **Communities visited are relatively young** (a few years to a few decades—one generation for many of them), and prior to their formation, the family was the primary unit of social organization. Consequently, key governance interventions for community and social enterprise development are needed to build social coherence and collective knowledge and experience for governance, and technical and social enterprise management.
- **Numerous agencies (national and local government, civil society, and private sector) are linked to forest management and forestry enterprise development.** Coordination among them would be valuable, but is weak, at least at the regional and community levels, suggesting a potentially productive area for supporting agencies including USAID.
- **The financial, technical, and administrative barriers confronting communities, or timber companies working with communities, disincentivize forest management for timber production.** Community forestry policies and regulations need to consider these barriers. For example, stumpage fees are the same for community operations as for timber companies. Administrative and financial costs of Forest Management Plan (FMP) development and implementation are so high that the establishment of community timber enterprises requires, in effect, third-party subsidies. To be attractive, forest management requirements and costs should reflect the resources available to communities as well as the opportunity costs of forgoing other forest uses. For timber companies that purchase community timber on-stump, the high transaction costs of working with communities reduce profitability compared with commercial concessions outside community land held directly by the same, or other, companies. However, accessing timber on community land can be an indirect incentive, especially if concessions are unavailable. These companies may be motivated to work with CBFEs if, for example, government agencies prioritize FMP approvals and other requirements for community forests, more quickly meeting community expectations of shorter-term income. Government agencies may also wish to support mediation mechanisms to support differences on contract implementation between communities and companies.
- **Communities typically do not trust timber companies** (and vice versa), as documented in the draft ProLand CBFE Sourcebook. This mutual lack of trust, often based on perceptions of unsatisfactory experiences, makes the consistent relationships required for sustainable timber production challenging and calls for skilled and trusted intermediaries to facilitate community–company interactions. However, for most communities, company technical and enterprise

experience is currently essential for timber harvesting and marketing. Government agencies and nongovernment programs that interact with community forestry also need to spend time building trust, and intermediaries can assist in this process, too (see discussion below).



*River transport for logs is essential. At left, bar-coded commercial-scale (presumed legal) logs; at right, small-scale (likely illegal) logs.*

## 3.0 FINDINGS AND CONCLUSIONS RELATED TO ENABLING CONDITIONS

The ProLand CBF E Statement of Work for Peru focuses on enabling conditions 3 and 4 (CBFE social enterprise model and value chain partnerships). However, separating the community institutions (enabling condition 2) and social enterprise model (enabling condition 3) was not possible due to the nascent communal resource governance structures and low value chain positions of the CBF Es visited.

### 3.1 TENURE AND OTHER ENABLING POLICY

All communities visited had secure tenure rights to their titled land and to trees growing on that land, though use of those trees is subject to following forestry laws and regulations. Two communities reported recent or current conflicts over their land areas, and some illegal logging (see Annex 2). Despite more than 1,300 communities obtaining titles over the past 40 years, establishing such titles is bureaucratically and technically complex and poorly coordinated by up to 12 central and local government entities.<sup>2</sup> Estimates for outstanding indigenous land claims in the Amazon range from 600 communities, with around 5.5 million hectares, to 20 million hectares.<sup>3</sup> A recent analysis in the Peruvian Amazon shows that granting community tenure can significantly slow forest loss,<sup>4</sup> confirming a ProLand CBF E Assessment conclusion.

Many agencies have responsibilities and a degree of capacity building in their mandates and could support CBF Es, yet there is **little coordination between these community partners at regional or community levels that could enhance a synergistic approach to enhanced capacity for community forest management**. These agencies and their responsibilities include the following: *El Servicio Nacional Forestal y de Fauna Silvestre* (SERFOR), situated in the Ministry responsible for agriculture, the “primary” agency for forest policy and management, but *Organismo de Supervisión de los Recursos Forestales* (OSINFOR) in the Ministry of the President oversees implementation of forestry regulations including monitoring of compliance with FMPs. The environment ministry, *Ministerio del Ambiente* (MINAM) manages the *Programa Nacional de Conservación de Bosques* (PNCB), which provides cash transfers for community-conserved forests to indigenous communities and oversees how those payments are used. Some of SERFOR’s responsibilities have recently devolved to regional governments, including approval of FMPs (but OSINFOR remains the check on their proper implementation), even though technical capacity is low at this level. OSINFOR and MINAM have representatives in both regions visited, and SERFOR is in the process of establishing regional support units.

All of these government agencies are likely to visit communities as part of their mandates, as are civil society organizations with an interest in, or mission focused on, forestry, including the indigenous federations in each region (such as *Federación Nativa del Río Madre de Dios y Afluentes* [FENAMAD]) and project-implementing organizations. Private timber companies also interact with communities in negotiating access to community forests.

Peru adopted its latest Forestry Law in 2011, and adopted the regulations that implement this law in 2015. As did the previous law, the current law recognizes three levels of timber harvesting. This arrangement allows for simplified FMPs (actually harvest plans) at “low-intensity” (up to 650 m<sup>3</sup>/year harvest with a 3-year plan and the community conducting the harvesting), which favors communities

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<sup>2</sup> CIFOR Info Brief 247 (2019) [http://www.cifor.org/publications/pdf\\_files/infobrief/7271-infobrief.pdf](http://www.cifor.org/publications/pdf_files/infobrief/7271-infobrief.pdf).

<sup>3</sup> CIFOR Info Brief 231 (2018) <https://www.cifor.org/library/6905/>.

<sup>4</sup> Blackman et al (2017) <https://www.pnas.org/content/pnas/114/16/4123.full.pdf>.

with smaller forest areas. Many experts, including ProLand, advocate for this type of arrangement to reduce transaction costs and technocratic requirements, but few countries have successfully introduced such regulations. “Medium-” and “high-intensity” forests need full FMPs, and use of a *Regente* (a government-licensed forestry consultant) for quality control. Medium-intensity extraction is also usable by communities with annual extraction up to 2500 m<sup>3</sup>; at this level the law also allows third parties to extract for communities. High-intensity forests, those with harvesting above 2500 m<sup>3</sup>, require that communities and concessionaires meet full commercial standards of management.

**USAID’s ProBosques<sup>5</sup> may be able to strengthen its approach and chance of success by supporting and clarifying the roles of Regentes.** Regentes, hired by communities and concessionaires, are authorized by government to prepare and implement FMPs but are also often involved in other roles, such as negotiating sales between communities and companies. Regentes should also report community forestry FMP infractions to OSINFOR, which can potentially lead to challenges and possible conflicts of interest given that communities hire them to ensure proper FMP implementation. These wide-ranging responsibilities, combined with limited checks and balances, sometimes lead to Regentes falsifying FMP documentation.<sup>6</sup> USAID’s Forest Oversight and Resource Strengthening Program with the United States Forestry Service (USFS) is providing capacity-building trainings for Regentes to improve the quality and uniformity of services provided. **There may be opportunity for USAID’s current ProBosques and Global Development Alliance activities to team with USFS during follow-up with Regentes in the field in their respective communities,** and for USFS to ensure that Regentes interacting with these other projects are among those trained.

MINAM’s **PNCB provides payments to communities** that sustainably manage forests that provide environmental services. Recipient communities must have a Life Plan and must use the payments to undertake community projects in one or more of the following categories: food security; income generation (forestry, agriculture, ecotourism, handicrafts, etc.); governance/management-strengthening; and social aspects, with emphasis on maintaining traditions. Projects must also include an environmental component. Communities decide their own activities, with oversight and technical support from Programa staff. Given the small number of the Programa staff in each region, communities may hire consultants if needed. MINAM makes payments at a rate of 10 Soles/ha/year (a little more than \$3) for a maximum of five years for each community, though the number of years may be fewer for most communities if the government does not extend the MINAM program beyond its current nine years.<sup>7</sup> Of the communities visited that receive payments, only Calleria has used them for forest management activities (see below), though three others in Ucayali have shown interest, one aspiring to the level of furniture production.

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<sup>5</sup> ProBosques is a USAID activity aims to strengthen the forest sector in Peru through forest governance and sustainability, forest sector competitiveness, and indigenous empowerment.

<sup>6</sup> Global Witness (2019): <https://www.globalwitness.org/en/campaigns/forests/forest-avengers/>.

<sup>7</sup> Extension of Programa Bosques is under discussion; the rate of payment per hectare is arbitrary, but can be large given that some communities have only a few hundred individuals and rights to 100,000+ hectares.

### 3.2 COMMUNITY AND CBFE INSTITUTIONS



*ProLand community meetings: Yamino (left); Puerto Arturo (right)*

**All communities visited largely relied on a General Assembly, comprising all adults, for many routine decisions, including decisions about CBFEs.** In some cases, an elected Community Council (normally a President, Secretary, Treasurer and two members), and their subsidiary committees carry out many day-to-day CBFE functions and can influence decision-making, for example, through holding meetings with third parties. With the exception of the two communities visited with high-intensity FMPs, these committees lack the autonomy and capacity to fulfill more of a CBFE management role. This overlap between whole-community governance and management and administration of a CBFE nested within the community differs from proposals in the draft ProLand CBFE Sourcebook. This unusual situation seems viable to some extent in these recently formed and small communities, and likely has benefits related to transparency. However, some informants noted that the two-year term of the elected council can lead to changeable policies and relationships with third parties, typically individuals and nongovernmental organizations (NGOs) that provide support, as well as with timber companies. Another weakness of this arrangement is that communities visited often prioritized income from timber sales for Community Council operation expenses over reinvestment in CBFE operations. Ideally, the CBFE operational unit would make day-to-day forest management decisions and contractual arrangements, while the Assembly would serve to make major decisions, such as whether to extract timber at all, and on approval of contracts with third parties.

**Despite the Assembly model's prevalence in the communities visited, the ProLand team contends that a more stable and skilled CBFE sub-unit of the community remains the best option.** USAID's CBFE-related activities can add value to development of this recommended model. For example, USAID could help to operationalize the forest law provisions for a Technical Forest Unit for Community management (*Unidad Técnica de Manejo Forestal Comunitario*), and promoting its role in establishing technically competent CBFEs as community sub-groups. SERFOR is working on design of and implementation requirements for its proposed regional units.

Communities visited had Life Plans,<sup>8</sup> but we find their utility limited for timber production by CBFEs, despite the fact that some communities proudly brought them to our meetings and used them as a basis for explaining their timber plans and operations. Others mentioned the variable quality of successive Life Plans, but wished for improvements. None of the communities felt that they had the capacity to prepare new versions without external facilitation. Other informants noted that another source of variation was

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<sup>8</sup> Life Plans are indigenous community development plans pioneered in Peru and used extensively in South America to support development interventions.

the facilitating organization's own agenda; for example, some might place more emphasis on conservation activities and others on social aspects, or on income-generating activities such as forestry, handicrafts, ecotourism, agriculture, or fish farming. While **Life Plans are useful for social cohesion in these relatively young communities and for aspirational visions, they typically only indicate desirable economic activities** such as timber extraction, which need detailed analysis, planning, and development of technical capacity to determine feasibility.

From our limited observations, **women's roles were different in the two regions**. In our meetings in Ucayali, women were not prominent leaders and only contributed in their native languages, not in Spanish. In contrast, a PNCB representative informed us that women led 60 percent of communities in Madre de Dios (those we met spoke Spanish) and in some communities all Council members are women. Clearly, **gender integration activities and materials need to be conducted in native languages for some communities and in some regions**.

### 3.3 SOCIAL ENTERPRISE MODEL

Of the seven communities visited, only two were currently extracting timber for sale, though the others expected to resume logging soon. The communities had varied reasons for stopping, but five had suspended operations because of fines (typically several thousand dollars) from OSINFOR for FMP infractions related to harvesting quotas and species. Communities seemed to recognize timber as a major potential, or actual, income generator from forest resources, though they remained interested in supplementary options often promoted by development partners, such as forest carbon, non-timber forest products (NTFPs), and ecotourism.

Most communities operate on a **simple social enterprise model**. We describe three variations in some detail below. In most cases **timber companies are contracted to extract and sell community timber** (for medium- and high-intensity forests), and communities use the income for **community projects** and, in some cases, cash distribution to members (Box 1). In most cases, financial investment and technical support from development partners, whether government, civil society, or commercial), are an integral part of the model. This model does not necessarily require reinvestment in the CBFE as such, except for protection of the forest resource, nor does it necessarily need capacity building in technical forestry or in broader business skills beyond understanding markets as a basis for fair deals with commercial loggers. The timber company or the NGO projects working with the community typically pay FMP and Forest Stewardship Council (FSC) certification costs. However, **most communities described disputes with timber companies** and some had problems with their intermediaries. All aspired to some degree of vertical integration in the future, though technical and enterprise capacity is low and in most cases dependence on timber companies (and trusted intermediaries) will remain. Puerto Arturo and Tres Islas had received training on floorboard production, but without follow-up reverted to selling rough-cut or on-stump wood.

### Box 1: Examples of Family-Community Timber Enterprises: One Small, One Large with Contrasting Approaches

1. **Calleria, Ucayali** (330 inhabitants with 4000 ha of land and low-intensity timber harvesting—began forestry activities in 2000): Although not currently selling timber commercially, until recently each family, based on its size, was allocated a timber-cut volume by the Assembly and a community loan to hire the community's own loggers and equipment. The family shipped and sold its allocated timber, repaid the loan, and contributed 10 percent of the sale price to the community fund. The community has not used these repayments to finance the next year's loans but relied on new capital from an external partner, though it is easy to visualize how this system could be internally self-sustaining by closing the loan–repayment–loan cycle. Calleria timber was previously FSC certified (with AIDER covering costs of inventory and certification), but families have sold uncertified timber. Formerly, community members sold wood to a timber-processing association of indigenous communities, *Centro de Transformación e Innovación Tecnológica Indígena* (CITE Indígena), but at market price and limited volumes due to the latter's production capacity limits. AIDER currently assists in inventory and other technical aspects, including a REDD+ project involving Calleria and several other communities. Programa Bosques funds support forest protection and purchase of equipment. This small forest is unlikely to attract a timber company relationship of the type described below.
2. **Belgica, Madre de Dios**: (30 families with 50,000 ha for high-intensity timber harvesting—land title issued 2002): The community works with timber companies, currently with a Chinese-owned firm; they suspended a previous company in 2012. Given the large and attractive forest resource, Belgica has hired outside experts based in Inapari (about an hour away by road). Apart from a Regente hired by the community who supports FMP aspects and commercial negotiations, there are currently two technicians from a local NGO, *Ambiente y Desarrollo de las Comunidades del Perú* (ADECAMP), who assist with FSC certification and technical forestry aspects. The company pays their costs. Belgica sells species not used by the timber company to other operators and receives 800 m<sup>3</sup> from the company to sell themselves. Income contributes to the community fund, and the community splits the remainder among all families such that each receives an average of approximately \$500 per month from the FSC-certified timber extraction. ADECAMP is a nonprofit owned by the timber company, which may lead to conflict-of-interest issues though both sides are currently supportive of the arrangement. Nevertheless, separating the interests, roles, and responsibilities of the parent company and its subsidiary NGO remains a potential concern. AIDER is assisting with a REDD+ project.

**Yamino** community (Ucayali), established in its current site (with 25,000 ha of land) only 15 years ago in the buffer zone of a large national park, is somewhat closer to a typical community/CBFE structure in having several **dedicated “forestry staff” and communal use of income**. Despite an up-and-down relationship with a timber company that resulted in several OSINFOR fines, the community has a new contract agreed by the Assembly with the same company that allows more direct oversight by the community. The company developed the Yamino community FMP, and the community pays a Regente to support FMP compliance. The community also pays four community members approximately \$500 per month each to supervise the harvesting. Timber is the main source of income for the community, which it invests in projects including housing and other infrastructure, agriculture (cocoa and banana production), NTFPs, crafts, and ecotourism. The community derives timber revenue from the sale of individual trees to the company at market value from an FMP with an authorized 2018–2019 cut of 20,000 m<sup>3</sup>. PNCB also provides significant income (at 10 Soles/ha/year; approximately \$80,000) for community projects. *Centro de Conservación, Investigación y Manejo de Areas Naturales* (CIMA), a Peruvian NGO, assists Yamino in several community conservation and economic activities, including an ecotourism development project funded with a grant from Toyota.

Ucayali's Caimito community used a simple social enterprise model in the past: an agreement with a timber company that 20 percent of sales income is reverted to the community. PNCB has currently

suspended approximately \$140,000 per year payments to the community because of improper timber harvest.

**None of the CBFEs or timber companies visited was receiving a price premium for FSC certification, which** aligns with observations from the ProLand Mexico and Indonesia trips. A key incentive for obtaining FSC certification in Peru is the U.S. government requirement for timber import of Peruvian origin. The timber company visited reported that certification had helped professionalize its forest management techniques. The company also preferred independent third-party FSC certification to existing government regulatory systems for ensuring forest resource sustainability.

**Diversification** of economic activities based on forest and other resources is a common community goal. Two communities visited in Madre de Dios had Brazil nut enterprises, and several aspired to fish farming. Most had women-oriented craft production and aspired to ecotourism development, while several had Reducing Emissions from Deforestation and Forest Degradation (REDD+) projects under development, often in addition to payments from PNCB. We present more details in Annex 2.

In seeking to diversify CBEF income, there is an **almost universal desire for, and promotion of, craft production and ecotourism at community level, in Peru and many other countries. This is likely to lead to unmet expectations, as not all communities have “something special” to offer that is likely to succeed in generating additional income.** Crafts observed tend to be generic (though of differing quality between communities) and ecotourism needs significant capital investment, which should be, but rarely is, based on sound market analysis of risks and likely returns before being promoted as a community objective. ProLand suspects that Life Plan facilitators and donor projects sometimes promote these activities without sufficient regard to feasibility.

Brazil nut production by CBFEs does have a ready market, including markets that pay a premium for certified production. Although technically simpler to obtain than timber, there may be useful lessons for timber enterprises using family-based models with some parallels to Calleria’s timber model (Box 1). Tres Islas and Puerto Arturo communities have a successful and ongoing relationship with a small NGO, *Asociacion Forestal Indigena De Madre de Dios (AFIMAD)*, focused on Brazil nuts. The community governance system parcels out nut-bearing community forest areas to families across seven communities. Currently there is no processing, though community members and AFIMAD aspire to take this value-addition step. AFIMAD assists the community in all outside relationships and transactions such as FMPs, Fair Trade and Organic certification, tax payments, and sales in what seems an amicable and productive relationship. The additional revenue received from organically certified nuts goes to the communities, while the revenue from Fair Trade sales supports AFIMAD’s operational costs.

In Tres Islas, with assistance from AFIMAD, a previous Rainforest Alliance project had established a simple CBEF timber social enterprise model carrying out small-scale processing, and an enterprise for NTFP processing, which was Fair Trade and Organic-certified. In the absence of further project support due to a premature cancellation of the Rainforest Alliance project, problems materialized, including fines from OSINFOR and disagreements among some family groups over tree allocations for timber production. Rainforest Alliance also promoted a partnership between Tres Islas and AFIMAD, and Candela Perú, a small private company in Brazil nut and other NTFP enterprises, and initiated palm fruit production, now supported under PNCB. Even so, issues around production and markets remain a challenge. At the community level, processing to meet required food quality standards was regarded as too demanding, and some buyers offered no premium for Fair Trade or Organic production.

The key difference between the Brazil nut enterprise and the timber and palm fruit processing enterprises is in their ability to continue operations without the partnership support they received from the Rainforest Alliance. Tres Islas was unable to endure without Rainforest Alliance’s value chain support to multiple aspects of their operations, whereas AFIMAD continued to provide

commercialization support to the Brazil nut groups using a small team of a few individuals paid for principally through Brazil Nut sales.

### 3.4 VALUE CHAIN PARTNERS

We describe value chains based on how communities participate in them, and from this standpoint, **timber value chains are relatively simple** in most cases. Vertical integration is largely absent in the communities visited. Value chains typically include government, civil society, and business organizations supporting the community; timber available for extraction from the community forest (based on the FMP and annual operation plans); and the timber company extracting and subsequently selling the timber or timber products. As elaborated above, communities visited remain highly dependent on intermediaries (some combination of hired individuals such as the required Regentes for communities with high- or medium-intensity forests) or others, and significant input from NGO projects to cover processing equipment and transaction costs that include Life Plans, FMPs, certification costs, REDD+ transactions and capacity-building, and representation with government agencies and timber companies. OSINFOR and SERFOR's Forest Program also provide training to some communities operating low-intensity enterprises. Tres Islas obtained a commercial loan to support timber operations but admitted that this was highly unusual, and likely inapplicable to other communities, as it was based on mutual trust from a previous loan for Brazil nut production and specific personal relationships.



*Community checkpoint for timber, Belgica (left). FSC certified timber at commercial lumber plant, Maldonado (right).*

From the timber company perspective, while there are a few potential benefits, **working with communities has high opportunity and transaction costs compared to working in concessions**, a challenge that can reduce profitability for a company willing to work in community forests. Incentives are limited, but include access to timber when concessions are not available and reduced forest management costs, such as those for transportation, associated with working in medium-intensity forests. Since communities with large forest areas (**greater than 50,000 ha**) are not abundant, **aggregation of smaller community forests is often required to increase profitability**. However, companies require ongoing access to timber, which hinges on maintaining good and consistent relationships with communities. Experience in Peru shows this to be a challenge for both sides. Communities often feel they do not receive fair prices from companies for their timber, while companies complain that communities do not always comply with agreements, even canceling agreements after substantial company investment. Similarly, establishing and maintaining aggregations over the five-plus years needed for corporate investment and stability is difficult given different experiences with and expectations of constituent communities. **Companies and communities need respected intermediaries to help navigate these challenges.**

On the plus side, **aggregation of communities can also lead to more efficient capacity building of community institutions** by bringing together a critical mass of members from each community for government or donor projects, as PNCB now plans for the communities with which it works.<sup>9</sup>

While government attempts to establish chain-of-custody systems to reduce illegal felling are making progress, it seems that **timber buyers have no incentives to distinguish between legal and illegal timber** if presented with adequate paperwork (bogus, and relatively common according to some informants in the case of illegal timber). As such, there are no separate buyers or markets for illegal timber. One of the communities visited admitted to selling some illegal timber so that it could pay OSINFOR-imposed fines.

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<sup>9</sup> Personal communication from Executive Coordinator to Javier Acre.

## 4.0 OBSERVATIONS AND BROAD RECOMMENDATIONS WITH RESPECT TO USAID/PERU PROGRAMS

Based on the discussion above, and a **request from the Peru Mission that ProLand provide insights into current (and future) programmatic interventions** in addition to verifying aspects of the draft CBF E Sourcebook, the team offers the following suggestions. Given this objective, in concert with the ProLand CBF E Sourcebook improvement objective, rapid visits to seven communities allow us only to provide suggestions that USAID-supported agencies (and others) may find useful, rather than highly specific and prescriptive recommendations. As such, USAID and its partners may wish to follow up on these broader recommendations to see how best to use them.

- Size matters. For projects that place a high priority on rapidly expanding the volume of wood that timber companies source from CBF E s, working with **communities that control large areas of high value timber is preferable**, if large enough (50,000 ha-plus), stand-alone community–company systems are possible. Below this threshold, aggregation of several communities is likely essential to attract reliable companies. These findings are in line with the ProLand CBF E Assessment. While the second option is workable, **aggregation of communities will require more time and extensive facilitation**, and is more fragile given the multiple avenues for misunderstanding and disagreement.
- One size does not fit all. **Different approaches are necessary for different situations and/or preferences**. At the extremes presented in Box I, Calleria has a low-intensity forest, family-based social enterprise model which, with some improvements, could apply to other “unaggregated” low-intensity community forests, while Belgica, with its high-intensity forest, has a successful arrangement with a timber company, and its forest is large enough not to need aggregation. However, many low- and medium-, and some high-intensity forests will benefit from aggregation as discussed above. In the case of Calleria, support for marketing timber and negotiating with buyers, and closing the loan-to-subsequent-loan cycle is a way to make the timber operation more successful. Many communities could benefit from support to at least the primary processing stage, so they could capture more value by selling rough-cut or sawn wood.
- Another potential selection criterion is to **work with communities receiving (or about to receive) PN CB funding** for improved environmental management so that these cash injections could synergize and harmonize with development projects, especially where there is a community desire, based on its Life Plan, to invest in timber production. Given that the Government of Peru has yet to decide whether it should continue the program, USAID and other donors could usefully advocate for PN CB continuation as a seemingly successful investment platform for community natural resources management.
- Given the tendency in Peru for all adults in communities to be substantively involved in CBF E management, consider having ProBosques activities promote a model in which the community offers paid employment to a few more educated and forestry-inclined individuals within (or if necessary close to) the community. These individuals would interface with value chain partners and have authority to make day-to-day operational decisions, while remaining accountable to the forestry committee, the Council, and ultimately, the Assembly. The ProLand Sourcebook emphasizes that **governance of and management within a CBF E tend to dictate that the CBF E is an organized subset of the whole community** with a degree of latitude to function as a social enterprise in making day-to-day technical and business decisions. In these circumstances, the whole-

community institutions provide oversight as part of the social enterprise model in a manner similar to that of a board. For example, as described above, Yamino currently pays four community members to oversee company logging operations in the field. While Calleria and Yamino have minimal CBF E “staff,” a **focused approach to partners training community-identified members in forestry and social enterprise skills, with emphasis on youth, is a promising intervention for establishing functional CBF Es**. As noted above, SERFOR has a program to establish regional units to assist community forestry activities. Development assistance projects could work with SERFOR to ensure compatibility with national policy development and an understanding of needs at community level.

- **For most CBF Es that need an external agent, support mechanisms should seek and integrate mechanisms that enable these intermediaries to continue indefinitely.** Support for the required Regente is one option; in addition, an NGO (or hired individuals), as in Puerto Arturo and Tres Islas for Brazil nuts and Belgica for timber, might be an option, provided the external agent is trusted and trustworthy.<sup>10</sup> **CBF E support projects need to seek the best solution acceptable to each community.** As stressed in the draft CBF E Sourcebook, exit strategies, developed at the outset, should seek and integrate mechanisms that enable these intermediaries to continue indefinitely. Donor funding could initially focus on supporting nimble local civil society organizations (preferably from the region), with a view to communities eventually being able to pay for such support from their timber income, especially in medium- and high-intensity forests.

As noted above, other USAID activities may wish to coordinate with the USFS activity in building the capacity of Regentes. Ideally, at least in the early stages of CBF E development, intermediaries should have their own funding to invest in technical forestry support, social enterprise skills development, and equipment as part of the “subsidy” discussed earlier that recompenses communities for their reciprocal subsidy to society by maintaining forests. USAID can directly support such intermediaries through acquisitions or grants (including GDAs) that select organizations with a good track record of obtaining funds to support communities over many years.

- The comparison of Brazil nut enterprises and timber enterprises under “Social Enterprise Model” (above) emphasizes ProLand Sourcebook advice on self-reliant systems. In many cases, community forest production will not produce “self-reliant” communities and CBF Es, but a **self-reliant system, including favorable policies, incentives for community production, targeted subsidies and incentives (such as those for equipment, infrastructure, transaction costs, and technical and business partners), and trusted long-term intermediaries should be the goal of development assistance.** The draft CBF E Sourcebook includes tools that can help identify which parts of the system are operating well and which need strengthening or (in the worst cases) creation.
- Opportunities exist for **development assistance to support coordination of many actors that influence and support CBF Es:** numerous government agencies, indigenous federations, NGO projects, and timber companies. This support should focus on **two levels: regional capitals and individual communities.** At regional level, promoting a forum for these actors to coordinate community inspection/audits (including FMP, FSC, and REDD+ compliance) and capacity building; schedule field visits; and integrate programmatic interventions would enable communities to develop CBF Es and other community programs in a more coherent fashion. Communities might better focus PNCB financing, in particular, this way—perhaps as a potential investment in CBF Es.

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<sup>10</sup> Using both the required Regente and a respected third party may be preferable in providing more than one independent source of advice on forestry and business decisions.

- One possible practical approach to **understanding viable social enterprise models and capacity building is through exchange visits** where community members contemplating, or struggling with, timber extraction visit communities that already have some success. Alternatively, members from those more advanced communities could visit those not doing as well. Locally based intermediary individuals could also enrich such exchanges. For example, those communities with large tracts of forest in Ucayali and Loreto may benefit from exchanges with Belgica in Madre de Dios.
- The desire for Life Plans as strategic community visions and aspirations requires long-term partners to facilitate (and likely finance) their production and aspects of their implementation. **Life Plans need to specify which activities require follow-up feasibility analysis and long-term action plans**, especially when it comes to income-generation from renewable natural resources. The indigenous federations are perhaps better equipped to focus on community governance and cohesion, and on the social and institutional capacities of communities. As such, FENEMAD’s mandated emphasis on governance and assisting with Life Plans might be a “sweet-spot” for the federations to produce more consistent versions unbiased by the livelihood objectives of external projects.<sup>11</sup> Projects could then assist with feasibility analysis and action plans for specific economic activities (such as forestry) in the Life Plans related to their own scope.
- At a policy level, donors might consider advocacy for **greater fiscal incentives for timber production** from community forests. A lower stumpage fee for community forestry, where the communities undertake primary processing to blocks and boards, and perhaps other financial incentives (balanced with safeguards for sustainable extraction such as FSC certification—already a prerequisite for export to the U.S.) may be attractive. Direct investments or “subsidies” for community forestry, such as those observed in Mexico, are another option. Though rarely seen in other developing countries, subsidies are common in wealthy countries (see above and in the ProLand Mexico Validation Report). Replicating PNCB for community timber production could be another opportunity.

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<sup>11</sup> Despite this desirable “neutrality,” the indigenous federations also need external funding, with FENEMAD currently receiving support from Norwegian climate change program support.

# ANNEX I: SCHEDULE AND LIST OF KEY INFORMANTS

Contacts and scheduling outside USAID were made by ProLand consultant Javier Arce and (in Ucayali) Pro-Bosques staff. Primary contacts are listed, though other individuals joined discussions in most cases. Community sites visited are shown in maps below the table.

| Name  | Title, Organization   | Contact Information<br>(All Phone Numbers +52) |
|---|---|--|
| <b>July 9 – Lima, Forest Alliance / SERFOR / USAID</b>  |   |  |
| Marisel Allende   | USAID, Contracting Officer’s Representative (COR), ProBosques | mallende@usaid.gov                             |
| Victor Merino   | USAID Environmental Officer                                   | vmerino@usaid.gov                              |
| Alvaro Gaillour   | USAID, Env. Governance Specialist                             | agaillour@usaid.gov                            |
| Ani Zamgochian  | USAID, Acting Chief of ESG                                    | azamgochian@usaid.gov                          |
| Hector Cisneros   | Chief of Party, ProBosques                                    | hector.cisneros@ProBosquesPeru.org             |
| Marioldy Sanchez  | Projects Coordinator, AIDER                                   | msanchez@aider.com.pe                          |
| Modesto Galvez  | Community Forest Management Coordinator, SERFOR               | mgalvez@serfor.gob.pe                          |
| <b>July 10 – Ucayali, Comunidad Nativa Calleria</b>   |   |  |
| José Chero  | Pucallpa Office Specialist, AIDER                             | jchero@aider.com.pe                            |
| José Reátegui   | Former Chief, CN Calleria                                     |  |
| Carolina Barbarán   | Economy Secretary, CN Calleria                                |  |
| Alvino Aliaga   | Ucayali Office Coordinator, OSINFOR                           | aaliaga@osinfor.gob.pe                         |
| <b>July 11 – Ucayali, Comunidad Nativa Yamino</b>   |   |  |
| Freddy Cancho   | Forest Regent, CN Yamino                                      | (51) 961534478                                 |
| Marcelo Odisio Angulo   | Chief, CN Yamino  |  |
| Fernando Estrella   | Former Chief, CN Yamino                                       |  |
| <b>July 12, Ucayali, Comunidad Nativa Junin Pablo</b>   |   |  |
| Julio Panduro   | Chief, CN Junin Pablo   |  |
| Arlem Gaspar  | Social specialist, ProBosques Ucayali                         |  |
| <b>July 13, Ucayali: Comunidad Nativa Caimito / Programa Nacional de Conservación de Bosques (PNCB)</b> |   |  |
| Juan Carlos Mahua   | Chief, CN Caimito   |  |
| William Romani  | Ucayali Coordinator, PNCB                                     | wara5150@gmail.com                             |
| <b>July 15, Puerto Maldonado (Madre de Dios): CN Tres Islas / PNCB</b>                                  |   |  |
| Cesar Estanico  | Chief, CN Tres Islas  | (51) 973063139                                 |
| Neptalí Villar  | Comunero, CN Tres Islas                                       |  |
| Martín Huaypuna   | President, AFIMAD   | (51) 982786620                                 |
| Julio Pareja  | Madre de Dios Coordinator, PNCB                               | (51) 965356074                                 |
| Tania Yábar   | Forest and Wildlife Director, Madre de Dios                   | (51) 953768938                                 |
| <b>July 16, Puerto Maldonado: CN Puerto Arturo</b>  |   |  |
| Irene Canelos   | Chief, CN Puerto Arturo                                       | (51) 913414403/984827274                       |
| <b>July 17, Madre de Dios / Iñapari: Comunidad Nativa de Bélgica</b>                                    |   |  |
| Ylson López   | Chief, CN Bélgica   | (51) 982339306                                 |
| Enrique Pacheco   | Forest Regent, CN Bélgica                                     | (51) 942724647                                 |
| Milton Huanca   | Forest Asesor FSC, ADECOMP                                    | (51) 959072055                                 |
| <b>July 18, Madre de Dios, Puerto Maldonado</b>   |   |  |
| Vittorio De Dea   | Gral Manager, Forestal Río Piedras                            | (51)989067284,                                 |
| Julio Cusurichi   | President, Feder, FENAMAD                                     | (51)987592167                                  |





## **ANNEX 2: SITE VISIT DETAILS**

The following tables, drafted by ProLand consultant Javier Arce, are arranged by the four enabling conditions, which formed the framework for organizing information gathered at each site. Suggestions for project support in the last column are based upon field discussions and observations, and the team's experience including the draft ProLand CBFE Assessment and Sourcebook. Given the single visit to the communities by ProLand, further and more detailed field work would need to validate and elaborate these suggestions.

## I. Departamento de Ucayali, Comunidad Callería

| TOPIC                          | FACTORS                                      | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES  |
|--------------------------------|--|---|---|
| <b>Policy</b>                  |  |   |   |
| Tenure<br>Land/Trees           | Access, ownership, exclusion, timber harvest | Shipibo-Conibo community titled in 1984 (4,635 ha). No conflicts in tenure and access to forests. Approximately 60% of the land is classified for forest management   |   |
| <b>Other Policies</b>          |  |   |   |
| Forestry                       |  | There was no wood harvesting at community level in the 2017-2018, but some families have a harvest allocation for subsistence use. FMP first elaborated in 2000. Currently, no valid FMP but it's being updated. New forestry legislation has complicated FMP processes due to new categories of FMP (Dema, Intermediate, General, and Operative plans, etc.) and the need to have a forest Regente for some of these categories, which in most cases are paid for timber companies | The forest law and regulations are not well known to many actors in the value chain, and the Regente is a new mode of technical assistance that needs support and more development to be properly implemented   |
| Business<br>(markets, trade)   |  | Received FSC certification in 2005, but there is no market for legal or small volumes of FSC certified wood.  | Support establishment of a market for legal wood from communities through government green-buying policies, education and commitment of national consumers, etc.  |
| Other sectors                  | Agriculture, conservation                    | Participating in PNCRB, and developing a REDD+ Project with support from AIDER and Althelia (first payment approved by Althelia based on projected future carbon sales, but not yet transferred).   | Strengthen synergies between forest management and other government and NGO support activities.   |
| <b>Organizational Capacity</b> |  |   |   |
| Community/CBFE<br>Governance   | Structures, relationships, legitimacy        | The highest decision-making body is the Community Assembly, led by the Chief who heads the Council. Below are committees, such as the Productive Economic Organization (EPO) that includes the group interested in timber production. There is a Life Plan until 2030, developed with support from AIDER, Instituto del Bien Común (IBC), and WWF.  | Currently, with recent low level of wood production, EPO prioritizes community monitoring activities, in accordance with Asociación Interétnica de Desarrollo de la Selva Peruana (AIDSESP) proposals. Support could include feasibility analysis and development of actions plans for economic activities included in Life Plan. Investment in organizational and business training skills, focusing on youth desirable. |
| Aggregation                    | Intermediary level; coops, associations      | Currently, no aggregation. Each family organizes and finances wood production for basic needs using loans   | Strengthen negotiation/business skills. Evaluate market needs and aggregation volumes needed for  |

| TOPIC                           | FACTORS  | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES  |
|---------------------------------|--|---|---|
|                                 |  | from the Assembly, but the community would like to resume timber production for the market. In the past, 7 communities were organized as a Communal Association of Certified Wood Producers and with AIDER they set up the enterprise <i>Centro de Transformación e Innovación Tecnológica Indígena</i> (CITE Indígena) to facilitate wood trade produced by certified communities. Enterprise is currently stagnant. | improving negotiating position.   |
| <b>Social Enterprise Model</b>  |  |   |   |
| Forest Resource                 | Quantity/quality   | 2,500 ha under communal forest management. The productive forest has about three species of commercial value. Last Operational Plan (2014-2015) includes cut volume of 774 m <sup>3</sup> from the three species.   | Evaluate options for supporting lesser known timber species, NTFPs and sustainable products.  |
| Value Chain position            | On-stump – finished product spectrum                                     | The community harvests timber, conducts primary transformation with portable sawmill, and transports to port for sale. Callería wants to establish a certified wood processing company in the future.   | Evaluate establishing commercial relationships directly with buyers. Support development of realistic social enterprise plans. Support value added processing based on feasibility assessment.  |
| Financial aspects               | Revenues re-invested<br>Community benefits<br>Access to external finance | Significant part of FMP cost is covered by AIDER projects. Currently some families cover operating costs, the community leases chainsaws, families pay 10% of revenue to the community  | Strengthen link between PNCB investments and forest management. Consider helping community establish a revolving fund to cover operating costs.   |
| Market Aspects                  | Remoteness, spread out, local transport                                  | One market strategy is based on FSC certification, but it does not provide benefits or markets consistently. Each community that produces timber sells in the regional/local market. When previously sold to CITE Indígena, received market price and community covered transport. Community claimed that CITE Indígena had limited processing capacity   | Evaluate the possibility of using CITE Indígena or another entity to focus primarily on market access as opposed to fulfilling other value chain roles such as value added processing. Analyze cost-benefit of maintaining certification for this low volume of timber and potential buyers |
| <b>Roles in the Value Chain</b> |  |   |   |
| Roles of government             |  | Limited financial and technical support from government. OSINFOR offers training to the communities on forest legislation. PNCB transfers funds to the Community for 5 years for forest monitoring actions and for other productive projects. They are in the second year of receiving this support from MINAM.   | Advocacy to continue PNCB to ensure support continues.  |
| Roles of private sector         |  | Currently no support from the private sector.   | See comments above on CITE INDIGENA.  |

| TOPIC                  | FACTORS | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES  |
|------------------------|---------|--|---|
| Roles of civil society |         | Continuing support of NGOs such as AIDER and others has been critical to strengthening capabilities in around forest management and harvesting, and financing/maintaining FSC certification. The community receives support from NGOs for processing fish products. Approximately 30 artisan women are trying to formalize and enroll in the Ministry of Foreign Trade and Tourism (MINCETUR) for handicrafts. | The challenge remains to develop a consistent marketing and market access scheme that is and generates tangible benefits for families at low levels of timber extraction. |

## 2. Departamento de Ucayali, Community of Yamino

| TOPIC                       | FACTORS                                      | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|-----------------------------|--|--|--|
| <b>Policy</b>               |  |  |  |
| <b>Tenure</b><br>Land/Trees | Access, ownership, exclusion, timber harvest | Community from Cacataibo ethnic group, titled as a community since 2005. The community owns 30,500 ha, of which 20,000 ha is classified for forest management. No conflicts in tenure and access to forests. Located in the buffer zone of Cordillera Azul National Park   |  |
| <b>Other Policies</b>       |  |  |  |
| Forestry                    |  | Community has authorization for commercial timber harvesting since 2003. Based on its 20-year FMP, it can harvest up to 20,325 m <sup>3</sup> of timber in 2018-2019. Classified as high-intensity community forest.   | Yamino is recognized by OSINFOR as a community with good performance in FMP implementation. It has been used as a demonstration area for training to other communities by OSINFOR and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). |
| Business (markets, trade)   |  | Community complained about stumpage fees being incongruent with market prices.   | Evaluate stumpage fee claim and compare with situation in other communities - provide feedback to SERFOR about impact of the norms related with stumpage   |
| Other sectors               | Agriculture, conservation                    | Receives economic incentives from PNCB (Yamino is in its first year of 5) for forest monitoring activities and other productive projects. Cocoa cultivation begun with support from State Program to control illegal coca cultivation. Handicrafts and tourism are supported with Toyota funding. Per the Life Plan, handicraft activities and | Support other productive sectors that are still incipient and that do not generate significant income, compared with timber production.  |

| TOPIC                          | FACTORS                                    | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|--------------------------------|--|--|--|
|                                |  | the management of a private conservation area of 5,000 ha are prioritized for tourism purposes. The location in a National Park buffer zone and in a priority area for Alternative Development to illegal coca cultivation favors diversification of livelihood projects   |  |
| <b>Organizational Capacity</b> |  |  |  |
| Community Governance/<br>CBFE  | Structures, relationships, legitimacy      | The Assembly/Council arrangements are similar to Calleria. Below the Council are internal committees, such as Control and Surveillance (Forestry), cocoa producers, handicraft producers, etc. The interest of Yamino is currently to monitor control and traceability of timber production carried out by the private company with whom it has a contract until 2020. Receives technical support from Regente for FMP implementation. Supported by NGO CIMA in the development of a Life Plan, communal zoning and capacity building for conservation of buffer zone forests. | Strengthen negotiation/business skills. Support development of actions plans for economic activities included in Life Plan.  |
| Aggregation                    | Intermediary level; coops, associations    | No aggregation currently happening.  | Evaluate possibly of aggregation with nearby communities to improve market position for timber and other commercial products.  |
| <b>Social Enterprise Model</b> |  |  |  |
| Forest Resource                | Quantity/quality                           | 20,000 ha under forest management. The productive forest has at least 8 species of commercial value, with an approximate cut volume of 20,000 m <sup>3</sup> for 2018-2019 period.   |  |
| Value Chain position           | On-stump – finished product spectrum       | The community sells standing trees authorized in the FMP to a company and monitors the traceability of harvesting and transport operations in the communal forest. Yamino had negative experience with the same company, leading to cancellation of their first permit in 2012 for non-compliance. Income comes from sale of roundwood for 5 years until 2020, but with a new contract that has more community controls. The Community wishes to strengthen capabilities to add value and not restrict to sale of standing timber.   | Facilitate more favorable terms of commercial agreement when current agreement expires. Identify a trusted and independent facilitating entity between community and buyers that can go beyond the life of the project to ensure fair agreements, and provide a check on Regente that plays this role currently. Evaluate cost-benefit of adding lower level value chain functions such as first level transformation. |
| Financial aspects              | Revenues re-invested<br>Community benefits | Part of the costs of traceability monitoring operations are covered by PNCB funds, based on 27,000 hectares under  | Strengthen link between PNCB investments and forest management. Facilitate medium term   |

| TOPIC                           | FACTORS                    | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|---------------------------------|----------------------------|---|--|
|                                 | Access to external finance | conservation, for which it receives 270,000 soles per year for 5 years. The remaining operating costs are borne by the timber company. Income from sale of wood is prioritized by the community in construction of housing, cocoa cultivation, health support, management expenses, in the construction of communal premises and individual support for families per their needs. | investment plan to ensure sustainability of forest management and development of complimentary economic activities.  |
| Market Aspects                  |                            | Previous support by OSINFOR, CIMA, PNCB, etc., has helped them negotiate better prices with the loggers.  | Evaluate the cost-benefit of supporting FSC certification. Identify other potential buyers to increase negotiation power.  |
| <b>Roles in the Value Chain</b> |                            |   |  |
| Roles of government             |                            | OSINFOR offers training based on Yamino's progress in monitoring and basic aspects of forest legislation. Community has an agreement with the Protected Areas Service (SERANAP) and NGO CIMA for conservation activities. Drones, GPS and vehicles acquired using PNCB funds and support from technical cooperation projects  |  |
| Roles of private sector         |                            | Preference of local timber buyers for communities such as Yamino relates to the large size of the forest and that it can demonstrate legal origin based on evaluation by OSINFOR.   | Evaluate certification of legal timber, based on information of OSINFOR supervisions and reports, and to facilitate markets for communities with good forest management practices. |
| Roles of civil society          |                            | CIMA played an important role in restarting timber production after suspension, capacity building, development of a Life Plan, etc.   |  |

### 3. Departamento de Ucayali, Community Junín Pablo

| TOPIC                 | FACTORS | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES |
|-----------------------|---------|--|--|
| <b>Policy</b>         |         |  |  |
| Tenure Land/Trees     |         | Community from Shipibo-Conibo ethnic Group. Lands officially recognized as community in 1984. The community owns 5,160 ha, of which 2,084 ha are classified for forest management. No conflicts in tenure and access to forests. |  |
| <b>Other Policies</b> |         |  |  |
| Forestry              |         | Up to 2005 the community worked with timber  | Support to update FMP.                                     |

| TOPIC                          | FACTORS                                 | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|--------------------------------|---|--|--|
|                                |   | companies. Since then, received technical assistance from AIDER for implementation of the FMP, achieving FSC certification in 2011. No valid FMP currently; harvests only for community consumption. In 2011, an FMP prepared by AIDER was approved for low-intensity harvesting with an authorized volume of 553 m <sup>3</sup> . OSINFOR supervision in 2013 detected errors in implementation and imposed a fine. |  |
| Business (markets, trade)      |   |  |  |
| Other sectors                  | Agriculture, conservation               | OSINFOR fines complicated access to PNCB incentives. Located entirely within Laguna de Imiría Regional Conservation Area, along with five other communities, six private farms and a hamlet. Per forest certification report, the entire area of the community is considered as High Conservation Value.   | Evaluate options for facilitating access to PNCB, and payment for environmental services programs. The declaration of Imiría Conservation Area reduced ability to implement livelihood projects such as fish breeding in the lake and tributaries, but offers potential opportunities for tourism and handicrafts. |
| <b>Organizational Capacity</b> |   |  |  |
| Community Governance/CBFE      | Structures, relationships, legitimacy   | The Assembly/Council arrangements are as for Calleria. Below are internal committees, such as Control and Surveillance (Forestry) – currently not functioning, Bijao Producers Group, Local Fisheries Surveillance Committee. Community established a timber company Junín Pablo (EMAJU) in 2005 which is inactive now. The Life Plan is valid up to 2018.   | Invest in organizational and social enterprise training skills, focusing on youth. Update the Life Plan with the same considerations as for Calleria.  |
| Aggregation                    | Intermediary level; coops, associations | None currently.  | Explore viability of aggregating several communities for forest management and marketing of forest products including timber – possibly through a Lake Imiría association.   |
| <b>Social Enterprise Model</b> |   |  |  |
| Forest Resource                | Quantity/quality                        | Of the 2,084 hectares for forest management, the latest FMP in 2012 was prepared for 84 hectares, including 5 species of commercial value. Additionally, 30 hectares of forest allocated for cultivation of bijao ( <i>Calathea lutea</i> ) to meet regional demand for preparation of a food item (“juane”)   | Evaluate options for supporting lesser known timber species, NTFPs and sustainable products including tourism, handicrafts, fishing.   |
| Value Chain                    | On-stump – finished                     | Few families are engaged in harvesting and selling timber.   | Community members suggest interest in training   |

| TOPIC                           | FACTORS  | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|---------------------------------|--|---|--|
| position                        | product spectrum   | The community has a small portable sawmill and a tractor to carry logs. Due to the size of the forest and low-intensity level timber harvesting, a Regente is not required.   | in new forest management technologies, timber transformation, in addition to equipment and vehicles. Feasibility of these need to be assessed.   |
| Financial aspects               | Revenues re-invested<br>Community benefits<br>Access to external finance | Part of the costs of traceability harvesting and monitoring operations is covered from sale of timber and with funds from projects executed by AIDER (mainly to cover costs of FSC certification).  | Consider helping community establish a revolving fund to invest in livelihood activities. One option, is using designated “high conservation value” of the forests to access incentives or payments for environmental services   |
| Market Aspects                  | Remoteness, spread out, local transport                                  | Need to improve marketing conditions for certified forest products related to creation of CITE Indigena, led by AIDER and certified communities, which has failed to establish viable businesses due to low production scale of participating communities and low social enterprise management capacity of the communities and CITE Indigena. | Evaluate the possibility of using CITE Indigena or another entity to focus primarily on market access as opposed to fulfilling other value chain roles such as value added processing. Analyze cost-benefit of maintaining certification.  |
| <b>Roles in the Value Chain</b> |  |   |  |
| Roles of government             |  | Strengthening of community capacities by OSINFOR training to facilitate better negotiation with private buyers. Regional Government has projects planned based on fish breeding and processing.   |  |
| Roles of private sector         |  | Companies do not recognize the value of timber from forests managed by communities of this size, nor the value of an FSC certified forest. Timber buyers more interested in large areas that can offer significant volumes of commercial species.   |  |
| Roles of civil society          |  | AIDER supports the role of Regente for FSC forest certification of five native communities of Ucayali   | Community perceives lack of concrete benefits from technical assistance from NGOs and from FSC certification. The declaration of the Regional Conservation Area could generate opportunities for diversification of productive projects, such as tourism, forest management, and NTFPs such as bijao leaves. |

#### 4. Departamento de Ucayali, Community Caimito

| TOPIC                          | FACTORS                                      | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES  |
|--------------------------------|--|---|---|
| <b>Policy</b>                  |  |   |   |
| <b>Tenure</b><br>Land/Trees    | Access, ownership, exclusion, timber harvest | Community from Shipibo-Conibo ethnic group, recognized as a community in 1975 with 7,405 ha. Located within the Laguna de Imiría Regional Conservation Area (see Junín Pablo above). Conflicts due to opposition to inclusion in the Conservation Area. Some land use conflicts exist.  | Support resolution of land conflicts.   |
| <b>Other Policies</b>          |  |   |   |
| Forestry                       |  | Until 2018, community worked with timber company contracts. Since 2018 receives support from the SERFOR Forest Program and PNCB for preparation of a low-intensity FMP. The community recently approved FMP (in 2019). PNCB funds currently suspended due to problems with encroachment of the community area.                          | Support implementation of FMP and a viable social enterprise model – perhaps similar to Calleria, bearing in mind the suggestions above.                                      |
| Business (markets, trade)      |  |   |   |
| Other sectors                  | Agriculture, conservation                    | The declaration of Imiría Conservation Area reduced ability to implement livelihood projects such as fish breeding in the lake and tributaries, but offers potential opportunities for tourism and handicrafts.   | Strengthen participatory planning of conservation and forest management projects, especially with the regional authority responsible for management of the conservation area. |
| <b>Organizational Capacity</b> |  |   |   |
| Community Governance/CBFE      | Structures, relationships, legitimacy        | The Assembly/Council arrangements are the same as Calleria. Below are internal committees, such as Control and Surveillance (Forestry), and Local Committee for Fisheries Surveillance. Capacities have improved with training for monitoring, control and surveillance. A Life Plan, developed by NGO Terranova, was valid until 2018. | Invest in organizational and social enterprise skills, focusing on youth. Update Life Plan and develop action plans for economic activities based on feasibility assessment.  |
| Aggregation                    | Intermediary level; coops, associations      | None currently.   | Explore viability of aggregating several communities – possibly through a Laguna Imiría association.  |
| <b>Social Enterprise Model</b> |  |   |   |
| Forest Resource                | Quantity/quality                             | The 2019 FMP approved for low-intensity harvesting of 633 m <sup>3</sup> from 3 species of commercial value; community does not have economic resources for its implementation. Agriculture and fishing are important for the families in the community.  | Support investment in livelihood projects and markets for lesser known timber species, NTFPs, agricultural products and tourism and handicrafts.                              |
| Value Chain                    | On-stump – finished                          | A few families are engaged in harvest and sale of wood,   | Assess feasibility of carrying out first level  |

| TOPIC                    | FACTORS  | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES  |
|--------------------------|--|---|---|
| position                 | product spectrum   | the rest of do not have much interest. Private sector interest is low because of the small forest area.   | transformation and potential for aggregation with other communities to achieve timber volume attractive to timber companies.  |
| Financial aspects        | Revenues re-invested<br>Community benefits<br>Access to external finance | Previous contracts with private company, split benefits 80% company and 20% community based on the company's investment for elaboration of an FMP, exploitation activities, roads maintenance etc. Community authorities say they have timber but no financing to implement recently approved FMP. Like many communities, small area of forests (4,200 ha) results in low PNCB income. The priority for distribution of benefits is towards improvement of infrastructure - houses and community buildings and communal services (health, schools, etc.). | Strengthen link between PNCB investments and forest management. Consider helping community establish a revolving fund to invest in productive activities. Support medium-long term action plan development for livelihood activities based on feasibility analysis. |
| Market Aspects           | Remoteness, spread out, local transport                                  | Previous negotiations between the community and companies disadvantaged the former because they do not have capacity for wood volume estimation. They still lack capacity for value addition and commercialization.   | Build negotiation skills. Identify objective facilitator/negotiator.  |
| Roles in the Value Chain |  |   |   |
| Roles of government      |  | Part of the costs of FMP elaboration were covered by assistance from a SERFOR program (Resources of Banco Andino de Fomento) and are expected to be complemented by the conservation incentives of PNCB. Trainings organized by OSINFOR contributed to capacity building for better negotiating between communities and private buyers. Regional Government has begun planning for fish breeding and processing.  |   |
| Roles of private sector  |  | Conditions are poor to generate agreements between timber companies and communities with small forests and/or low presence of commercially valuable species   |   |
| Roles of civil society   |  | A beneficiary of various NGO projects, but they could not identify concrete benefits beyond workshops and meetings. As a result, community leaders propose having direct agreements with project finance entities rather than using intermediary NGOs.  |   |

## 5. Departamento de Madre de Dios, Community of Tres Islas

| TOPIC                          | FACTORS                                      | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES  |
|--------------------------------|--|--|---|
| <b>Policy</b>                  |  |  |   |
| <b>Tenure</b><br>Land/Trees    | Access, ownership, exclusion, timber harvest | Community with two ethnic groups, the Ese'ija and the Shipibo, recognized as a community since 1994 over an area of 31,423 ha. 20,439 are zoned for diversified management (mainly timber and Brazil nut). It has a land conflict with a neighboring community, and problems regarding the exploitation of gold in part of its territory   | Support conflict resolution around land and use rights.   |
| <b>Other Policies</b>          |  |  |   |
| Forestry                       |  | The community used contracts with timber companies until 2012, based on a low-intensity FMP. Since 2013, it received support from the Rainforest Alliance and AIDER for forest zoning, forest inventory and FMP development, at low-intensity extraction. No current FMP due to OSINFOR sanctions. Fine was reduced using an option to increase conservation activities.             | Negotiate agreement with OSINFOR to pay off remaining fines, then support resumption of FMP development and implementation  |
| Business (markets, trade)      |  |  |   |
| Other sectors                  | Conservation, agriculture                    | Participates in PNCB. The community maintains 28,000 hectares of conservation forests.   |   |
| <b>Organizational Capacity</b> |  |  |   |
| Community Governance/CBFE      | Structures, relationships, legitimacy        | The Assembly/Council arrangements are same as Calleria. Below are internal committees, such as Control and Surveillance (Forestry), Brazil nut and Aguaje committees. Cooperazione e Sviluppo (CESVI) worked on a community Life Plan in 2006, which was updated in 2019 (with assistance from FENAMAD) that seeks to strengthen governance and organizational level of communities. | Support development of actions plans for economic activities included in Life Plan. Areas of capacity strengthening needed are social enterprise management of productive committees, as well as forest management and monitoring activities. |
| Aggregation                    | Intermediary level; coops, associations      | Some leaders think success is linked to working in associations, as experienced with Brazil nut. Individual timber work by families is very costly. For timber, the community wishes to work as a company, with salaried community workers.  | Evaluate possibly of aggregation with nearby communities to improve market position for timber sales similar to work with AFIMAD in Brazil nut.   |
| <b>Social Enterprise Model</b> |  |  |   |
| Forest Resource                | Quantity/ quality                            | Last FMP 2016-2017 was approved at low-intensity on a volume of 648 m <sup>3</sup> and included 4 species of commercial value (80% was one species – Shihuahuac - with high  |   |

| TOPIC                           | FACTORS  | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|---------------------------------|--|---|--|
|                                 |  | commercial value). Production of Brazil nut is an important development, both in channeling of markets and in adding value, in addition to the production of wooden floorboards and unguahui oil and aguaje fruits. In addition to forestry, agriculture and charcoal processing sectors are important.   |  |
| Value Chain position            | On-stump – finished product spectrum                                     | Few families are engaged in harvest and sale of wood, and community had problems after FMP-supervision by OSINFOR. It is one of the few communities visited that has timber value-addition through small-scale production of floorboards. Collects and sells Brazil nuts through AFIMAD. Has challenges with value added processing of NTFPs due to regulations for food products and variations in production.   |  |
| Financial aspects               | Revenues re-invested<br>Community benefits<br>Access to external finance | Part of the costs for elaboration of the FMP, and the harvest and milling of timber were covered by NGOs that contributed to various phases of implementation. Through cooperation of AFIMAD and other support organizations, Tres Islas was granted a loan from the Banco Agrario and financing of buyers for a project to process Brazil nuts and palm fruits. It is expected that PNCB payments will contribute once OSINFOR fines are fully paid. Families contribute between 3-5% of timber revenue to the community (which does not always happen). | Strengthen link between PNCB investments and forest management.  |
| Market Aspects                  | Remoteness spread out, local transport                                   | AFIMAD plays a key role in technical assistance and access to better market conditions through Organic and Fair Trade certification.  | Evaluate using AFIMAD to support aggregated timber commercialization with nearby communities.  |
| <b>Roles in the Value Chain</b> |  |   |  |
| Roles of government             |  | OSINFOR and SERFOR strengthened community capacities for planning and participation in development and implementation of FMPs. PNCB facilitated financing for diversification (wood, Brazil nut, palm trees), and for community surveillance).  | Application of the recent legislation for FMPs in native communities are seen as complicated to comply with. It would be valuable to analyze systems in other countries, including neighbors Brazil and Bolivia, to look at options to reduce transaction costs. |
| Roles of private sector         |  | Large timber companies prefer groups of communities that allow them to produce at a larger scale, thereby   |  |

| TOPIC                  | FACTORS | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES |
|------------------------|---------|---|--|
|                        |         | combining logistical and transaction costs that are up to 60% of production costs, and with an intermediary representing the grouped communities  |  |
| Roles of civil society |         | Tres Islas maintains collaborative work with various NGOs and international cooperation projects. Technical assistance emphasized capacity building and participatory planning to diversify production in managed forest. Grassroots organizations such as FENAMAD thinks that the priority for native communities of Madre de Dios is strengthening governance through Life Plans and community monitoring initiatives, followed by market components. |  |

#### 6. Departamento de Madre de Dios, Community of Puerto Arturo

| TOPIC                          | FACTORS                                      | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES  |
|--------------------------------|--|--|---|
| <b>Policy</b>                  |  |  |   |
| <b>Tenure</b><br>Land/Trees    | Access, ownership, exclusion, timber harvest | Community belongs to the Kichua-Runa ethnic group, recognized as a community since 1988 over an area of 3,740 ha, of which 746 ha is suitable for forest production. There were problems of mining concessions and some of Brazil nut harvest overlapping with communal territory. | Support the community to resolve problems derived from overlapping with mining concessions  |
| <b>Other Policies</b>          |  |  |   |
| Forestry                       |  | Community has a low-intensity harvesting FMP approved in 2014 covering an area of 500 ha. Received sanction by OSINFOR, but paid fine with community fund supported by Brazil nut profits.   |   |
| Business (markets, trade)      |  |  |   |
| Other sectors                  | Agriculture, conservation                    | 3,100 ha included in PNCB  | Strengthen link between PNCB investments and forest management.   |
| <b>Organizational Capacity</b> |  |  |   |
| Community Governance/CBFE      | Structures, relationships, legitimacy        | The Assembly/Council arrangements are as for Calleria. There were no organized committees or producer groups until recently when the timber group was  | Support development of actions plans for economic activities included in Life Plan. Areas of capacity strengthening needed are social |

| TOPIC                          | FACTORS  | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES  |
|--------------------------------|--|---|---|
|                                |  | organized, based on support for low-intensity harvesting FMP by the SERFOR's Forest program. A Life Plan was prepared with CESVI in 2006 and later with Caritas in 2015   | enterprise management for the productive committees, as well as the forest management and monitoring.   |
| Aggregation                    | Intermediary level; coops, associations                                  | No timber aggregation occurring. Part of AFIMAD's Brazil nut commercialization group.   | Evaluate possibly of aggregation with nearby communities to improve market position for timber sales similar to work with AFIMAD in Brazil nut. |
| <b>Social Enterprise Model</b> |  |   |   |
| Forest Resource                | Quantity/quality   | A low-intensity harvesting FMP was approved in 2014 covering 500 ha, and a timber volume of 612 m <sup>3</sup> , including 11 species of commercial value. Some leaders say they still have enough timber in their forests, but require assistance to add value to forest production  |   |
| Value Chain position           | On-stump – finished product spectrum                                     | A few families undertake extraction, but use improper practices, because of inability to comply with requirements and costs of forestry legislation. They sell standing trees without added value; logger takes 90% of the income and the community 10%. Quota for harvesting of up to 5,000 board feet per family per year, with payment of 30 soles to the community fund for each 1,000 board feet produced. Community wants to avoid sale of standing trees to intermediaries and to add value, and include more families to organize committees or groups for timber production. | Assess the feasibility of carrying out first level transformation.  |
| Financial aspects              | Revenues re-invested<br>Community benefits<br>Access to external finance | Part of the costs of elaboration of the FMP, and the harvesting and transformation of timber were covered by NGOs that contributed in various phases of production, which are expected to complement conservation incentives of PNCB, currently destined for other productive and control activities (fish farm, besides equipment and surveillance tasks).   | Strengthen link between PNCB investments and forest management.   |
| Market Aspects                 | Remoteness, spread out, local transport                                  | Families participating in timber harvesting sell standing trees to contractors or planks produced with chainsaws. AFIMAD plays an important role of technical assistance facilitating access to Fair-Trade and Organic markets for Brazil nuts. With AFIMAD assistance, Puerto Arturo has   | Evaluate possibility of using AFIMAD to support aggregated timber commercialization.  |

| TOPIC                           | FACTORS | STATUS AND ISSUES ARISING   | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|---------------------------------|---------|---|--|
|                                 |         | entered contracts for the sale of Brazil nuts to the Candor Latam Group, with Fair Trade and Organic certification  |  |
| <b>Roles in the Value Chain</b> |         |   |  |
| Roles of government             |         | Strengthening of community capacities for planning and participation in development and implementation of FMPs through OSINFOR training and recent assistance of the SERFOR Forest Program. PNCB financed some equipment and community monitoring costs.  |  |
| Roles of private sector         |         |   | A large buyer mentioned the need to work with groups of communities to produce at larger scale, and reduce logistics costs that account for up to 60% of handling costs for wood, and with an intermediary representing the grouped communities. |
| Roles of civil society          |         | Puerto Arturo maintains collaborative work with NGOs and international cooperation projects that have strengthened capacities for better negotiation with private timber companies. As of 2012, organizations such as Rainforest Alliance, Caritas, SERFOR Forest Program, PNCB have assisted this community. After Rainforest Alliance left, timber activities declined. |  |

## 7. Departamento de Madre de Dios, Community of Bélgica

| TOPIC                          | FACTORS                                      | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|--------------------------------|--|--|--|
| <b>Policy</b>                  |  |  |  |
| Tenure<br>Land/Trees           | Access, ownership, exclusion, timber harvest | Community belongs to the Yine ethnic group, recognized in 2002 over an area of 53,394 ha, of which 31,500 ha suitable for forest production. In the 2006 Life Plan, the existence of illegal fishing and hunting by Brazilian residents in the territory of the community was noted. Belgica has a riverine boundary with the State of Acre (Brazil) |  |
| <b>Other Policies</b>          |  |  |  |
| Forestry                       |  | The community is surrounded by large forest concessions. Belgica has an alliance since 2010 with one of them, the Chinese company Maderija, which has promoted FSC certification currently held by the concession and the community.   | Madre de Dios is recognized for better performance in management of forest concessions and greater progress in FSC certification of commercial timber operations. Nevertheless, Belgica recognizes the need for continued external support |
| Business<br>(markets, trade)   |  |  |  |
| Other sectors                  | Agriculture, conservation                    | A REDD+ initiative that began several years ago is currently in its verification process. This initiative includes an agreement between AIDER, the community and the Althelia Fund. Community not currently included in PNCB.  |  |
| <b>Organizational Capacity</b> |  |  |  |
| Community<br>Governance/CBFE   |  | The Assembly/Council arrangements are same as Calleria. At the level of livelihood projects, committees or groups of producers are established, including that for timber which oversees forest management and timber production. Latest Life Plan developed in 2017 with support from AIDER.  | Invest in organizational and social enterprise training skills, focusing on youth. Develop short to long term strategies and action plans for economic activities in Life Plan based on feasibility assessment.                            |
| Aggregation                    |  | No need for aggregation – have sufficient forest resource.   |  |
| <b>Social Enterprise Model</b> |  |  |  |
| Forest Resource                | Quantity/quality                             | In 2018, a medium-intensity FMP was approved with an authorized volume of 4,598 m <sup>3</sup> (28% is of 27 species of high commercial value, such as Shihuahuaco - <i>Dipteryx</i>   |  |

| TOPIC                           | FACTORS  | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES   |
|---------------------------------|--|--|--|
|                                 |  | <i>odorata</i> ) according to the Operational Plan of the 2018-2021 harvest.   |  |
| Value Chain position            | On-stump – finished product spectrum                                     | 5-year agreement with Maderija. Maderija carries out the harvest and mills for floorboards for export mainly to China. Under its agreement, the community can sell 800 m <sup>3</sup> from each harvest. The timber business has developed over many years through agreements with third parties without management plans and significant participation of community members, or zoning of communal forests. Within the Maderija agreement, is a focus on application of good practices and training of community members to participate in forestry.  |  |
| Financial aspects               | Revenues re-invested<br>Community benefits<br>Access to external finance | Part of the costs of FMP elaboration, and timber harvesting and manufacturing is financed by Maderija. Maderija, which covers costs of staff from their NGO ADECOMP for FSC certification, and infrastructure for harvesting (road building, maintenance, bridges, etc.). The forest Regente is paid by the Community. Significant profits are split between families and Assembly.  |  |
| Market Aspects                  | Remoteness, spread out, local transport                                  | The Regente hired by the community facilitates negotiation with Maderija and other buyers. One of Maderija's clients is Rio Piedras forestry company, which has an FSC certified forest concession in both forest management and chain of custody. The presence of the interoceanic highway that connects with Brazil and to Cusco and the Coast, provides easier access to markets for forest products compared to other communities visited. Within the framework of the alliance with Maderija, ADECOMP has supported FSC certification and which also includes a regency scheme for the concession of Maderera Industrial Isabelita ("Emini SAC"). | Identify a trusted and independent facilitating entity between communities and buyers that can ensure fair agreements, and provide a check on Regente that fulfills this function.   |
| <b>Roles in the Value Chain</b> |  |  |  |
| Roles of government             |  | National Forest authorities support a zoning process of forest areas, declared permanent production forests, delivering concessions within them, and respecting the rights of indigenous communities in neighboring areas to the concessions. There has also been support from the   | After advances in delimitation of permanent production forests and awarding concessions, regulations have been developed regarding forest zoning, which have not yet been implemented in all regions, except for San Martin and Ucayali. |

| TOPIC                   | FACTORS | STATUS AND ISSUES ARISING  | PROJECT/DONOR SUPPORT;<br>CURRENT & KEY NEEDS/GAPS, ISSUES                             |
|-------------------------|---------|--|--|
|                         |         | national authority for more companies and communities to move towards forest certification, as a mechanism to reduce illegal logging.  | Other regions, such as Madre de Dios, require external support to carry out this task. |
| Roles of private sector |         | Large companies such as Maderija are a key factor in implementing alliances with communities. The current alliance is progressing with greater community participation in various phases of the value chain than previously. Maderija has promoted FSC certification in agreement with the community that allows the alliance to remain stable over several years.         |  |
| Roles of civil society  |         | Many organizations have joined to promote national policies of natural forest management, and in the case of Bélgica, CESVI, WWF, ADECOMP have assisted and recently AIDER has supported development of a REDD+ project. With CESVI, a Life Plan was developed in 2006 and a technical assistance program for timber-based forest management funded by the European Union. |  |

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