# FINAL PERFORMANCE EVALUATION OF THE PERU BOSQUES PROJECT

# EXECUTIVE SUMMARY

PROJECT BACKGROUND

**Framework**

In 2006, the governments of the United States and Peru signed the United States-Peru Trade Promotion Agreement (PTPA), which included commitments regarding environmental protection and forest conservation (Chapter 18 Environment and Annex 18.3.4 Forest Sector Governance). Likewise, over that year, both governments signed the Environmental Cooperation Agreement (ECA), which establishes a framework promoting cooperation between both countries on environmental matters. This agreement established an Environmental Cooperation Commission (ECC) that defines specific areas of action through its work schedule, which has, as its goal, the "Effective Implementation of the Environmental Chapter and the Forest Sector Governance Annex of the PTPA." The Peru Bosques Project (PPB by its initials in Spanish), also called "Environmental Management and Forest Governance Support Activity", was formulated by USAID / Peru as the US Government response to the commitment to meet this goal.

**Project description**

The PPB was awarded by USAID/Peru to Chemonics International Inc. for a three-year base period, from July 8, 2011 to July 7, 2014, which was later extended until July 7, 2016. Most recently, a final extension through December 2016 was made to provide time to complete the implementation of the National Forestry and Wildlife Information System Control Module (MC-SNIFFS). The main objective of the PPB consisted of the conservation of forest and the benefits of its ecosystems through the improvement of forest governance and environmental management, adequate forest regulations, and the promotion of inclusive, lawful, profitable and sustainable local forest-based economic activities. The project strategy was to provide technical assistance, training and promotion to public and private sector stakeholders, organizations and communities in order to help them achieve the stated objectives. In addition, the project conducted cross-cutting activities addressing communications, gender and intercultural activities with indigenous populations to the forest areas.

PURPOSE AND EVALUATION QUESTIONS

**Evaluation purpose**

The purpose of the evaluation is to analyze the PPB contribution to meeting the commitments established in the Environment Chapter and the Forest Sector Governance Annex of the PTPA. The objectives are to evaluate and measure the contributions of the PPB in: (1) the improvement of forest governance and environmental management; and, (2) the promotion of land use for the conservation of forest landscapes. In addition, this evaluation seeks to identify key pending issues in meeting both the goals of the Environment Chapter and the Forest Sector Governance Annex of the PTPA and of the ECA priority areas of cooperation. These will serve as input to the upcoming USAID country strategy 2017-2021 and for any future projects related to the Environment Chapter and the Forest Sector Governance Annex of the PTPA.

**Evaluation questions**

The evaluation includes four Global Assessment Questions (GAQ) derived from the Peru Bosques Project Results Framework:

1. How has the Project contributed to strengthening the roles and responsibilities of major state partners at the national and regional levels, and what has been its contribution to improving their effectiveness?
2. What has been achieved in building the capacity of public officials and other actors, such as indigenous peoples and the private sector, to improve forest management? Which approaches have been most successful, and how sustainable are these achievements?
3. In what aspects has the Project contributed to improve capacity to monitor and control illegal logging, and supervise forest conservation at relevant institutions at the national and regional levels?
4. What are the main constraints and incentives for business sector investment and for the establishment of new indigenous-owned sustainable forestry businesses identified by the Project? To what extent have they been reduced, eliminated or fomented by the Project, and what bottlenecks are still pending resolution?

Evaluation methods and limitations

**Theory of change**

The ultimate goal of the Project is to maintain the ecosystem benefits in Peru's Amazon forest in terms of conserving biodiversity and carbon sequestration. The PPB's strategy for improving forest governance and environmental management consisted of supporting agencies of the Government of Peru in the design and implementation of a monitoring system to confront illegal logging and corruption, as well as to improve their efficiency and transparency in granting and managing forest concessions. In order to promote land use that conserves forests, protected areas and livelihoods, the strategy was to support government agencies in encouraging public and private investment in sustainable forest management and natural resource conservation. It also sought to support indigenous and micro, small and medium-sized enterprises to benefit from the legitimate and sustainable use of natural resources.

**Methodology**

The evaluation uses a methodology that identifies findings by triangulating qualitative primary information collected in the fieldwork with secondary information from PPB activities and project documents.

Fieldwork included data gathering from a list of stakeholders in Lima, Madre de Dios, Loreto and Ucayali through semi-structured interviews and focus groups. This stage sought to clarify and improve the level of understanding of specific project themes and to complement existing documentation.

**Limitations**

A first limitation throughout the evaluation consisted in the inconsistent interpretation of evaluation concepts among interviewees (for example: governance and community forest management). In response, efforts were made to inquire regarding the stakeholders' interpretation of these terms. Another limitation was a lack of knowledge regarding the PPB by some public sector actors due to high turnover among personnel that had participated in project activities. For this, the evaluation sought to interview individuals who had definitely participated in PPB activities. Finally, political issues prejudiced the reception of the evaluation team by representatives of the Regional Government of Madre de Dios. The lack of willingness of these officials to dialogue contributed to an associated finding.

FINDINGS AND CONCLUSIONS

Main findings

1. Institutional strengthening

The PPB had a fundamental role in the design, creation and implementation of the National Forest and Wildlife Service (SERFOR) through the provision of technical assistance and logistical support. In addition, the project facilitated the participation of Indigenous Organizations (OOII) in the ‘prior consultation’ process for the Regulation of the Forestry and Wildlife Law (RLFFS). With Forest Resources and Wildlife Supervisory Organization (OSINFOR), it promoted the improvement of its technical and administrative processes. Similarly, PPB also played a key role with the Regional Governments (GORE) in contributing to the elaboration and approval of regional ordinances for the creation of Regional Environmental Authorities (ARA) and in the development of management tools. At the inter-institutional level, PPB contributed to the process of methodological convergence, resulting in the Protocol for the Evaluation of Timber Individuals in Rain Forests. PPB also supported the beginning of the National Forestry System (SINAFOR) implementation process. However, due to time constraints (contract period), the Project could not continue addressing inter-institutional coordination problems, which persist.

1. Capacity building

The Project worked directly with the Regional Governments of Madre de Dios and Ucayali in the voluntary and participatory development of their Capacity Development Plans (PDC). However, the plans lacked the mechanisms needed to provide financial sustainability and ownership. With indigenous populations, the project worked primarily to inform OOII leaders about RLFFS, and to train forest monitors in surveillance, but had limited success transferring this knowledge to the community level. The "Program to Increase the Competitiveness of Businesses Linked to the Forestry Sector" provided a more successful approach with the private sector. This intervention provided technical assistance and training to 55 companies through the International Business Quality Management Program, enabling them to improve productivity and sustainability. In support of forest concessions, the "Synchronized Forest Utilization Methodology" involved training personnel in the use of equipment for monitoring and tracing lumber, which saves time and reduces costs, ensuring greater ownership and sustainability of the training approach.

1. Monitoring and control of illegal logging and forest conservation

The PPB contributed to the design and implementation of the MC-SNIFFS through: technical and logistical support; delivery of equipment to 61 Forestry and Wildlife Control Offices; and, the elaboration of a Public Investment Project (PIP - which has not been implemented by SERFOR). Since the implementation of the MC-SNIFFS is still in process, its effect on illegal logging in Peru cannot yet be assessed. Interviewees' perception is that illegal logging remains a serious problem.

In addition, the PPB provided technical assistance to native communities for the training of 30 monitoring promoters to strengthen the Community Forest Oversight (VFC) program. Interviews found that the role of the oversight promoter has lost legitimacy within communities due to misinformation regarding the position’s role as well as the promoter selection process. This evidence confirmed that the training offered by PPB did not improve the understanding of the oversight promoter role among indigenous population. This is important to adequately strengthening the forest monitor program. On the other hand, the PPB contributed to the development of a business plan for the economic and organizational sustainability of the VFC, but it lacked mechanisms for its implementation by ORAU.

Finally, the PPB contributed to the formalization, management and monitoring of the El Sira Communal Reserve and four Regional Conservation Areas, including Imiría, in Ucayali, and Comunal Tamshiyacu Tahuayo, Alto Nanay and Ampiyacu Apayacu in Loreto. This, along with the implementation of the "Synchronized Forest Utilization Method" in forest concessions, has led to a lower impact on the forest cover in the project intervention areas.

1. Investments and new businesses in sustainable forest management

To promote small-scale innovative business (*emprendimientos*), the PPB implemented a strategy to increase their visibility in order to access new markets, promote products and improve sales projections and profits. In addition, the project strengthened individuals’ entrepreneurial skills and businesses’ commercial relationships. However, the strategy does not necessarily ensure that these companies trend towards increasing the sustainability of their use of the forest.

The "Program to Increase the Competitiveness of Businesses Linked to the Forestry Sector" produced tangible incentives (cost and time reductions, and improvements in processes) for investments from processing companies and forest concessions.

The ‘Minga Turística’ enterprise is a successful business opportunity for sustainable forestry. The PPB assessed potential tourist resources for four locations and supported the implementation of the model through its formalization, the elaboration of tourist products and the establishment of commercial alliances. One limitation to the sustainability of this enterprise is the communities’ need for continued external management. Within the project period, PPB could not develop managerial capacity within the associated communities. The PPB should consider mechanisms to transfer these capacities, even during the conclusion of the Project. The replicability of the proposed model is subject to the fulfillment of a series of conditions for sustainable forestry, such as: developed social capital, natural and biophysical resources, and previous experiences with conservationist organizations.

Conclusions

The PPB has made a strong contribution to consolidating institutional reform in the forestry sector. The results of this support include the creation and implementation of SERFOR, the first ‘prior consultation’ process for the new Forestry and Wildlife Law Regulations, and the customized designs of the ARA in Loreto, Madre de Dios and Ucayali. The contribution of the PPB to Peru's forest governance is consistent with Peru’s substantial progress in forest governance since 2011. While the evaluation team considers these advances insufficient to culminate in satisfactory forest governance, the progress is indisputable. The very important role that PPB has played in these achievements supports the ‘high’ classification of its overall contribution to Peru's forest governance.

The advantage of the PPB having a contractual intervention mechanism is that it allows for the definition of results with established dates, indicators and specific deliverables. However, processes that change over a period longer than the contract reveal the intervention mechanism’s limitations in the following subjects: (i) ARA implementation, due to the capacity levels, limited budgets and regional political context; (ii) knowledge transfer on the Forestry and Wildlife Law and its regulations to the indigenous communities’ bases, since this work requires a nuanced intercultural approach; and (iii) inter-institutional coordination, which is a long-term process resulting from consolidated institutional sector reforms.

This type of mechanism has been successfully focused on building capacity in the private sector. In contrast, because of the lack of political will and slow implementation of the Civil Service Law, the contribution of the PPB has been limited in the development of capacities with public officials. Furthermore, the strategy with indigenous peoples was also limited in several aspects: its intercultural approach, the transfer of knowledge to the indigenous population, the institutionalization of an integrated and articulated strategy for the development of capacities in indigenous peoples between SERFOR, the Regional Forestry Authorities, OSINFOR, and OOII.

The contributions of the PPB have enabled progress in meeting the Forest Sector Governance Annex. Key to this progress has been the support for the design and development of the MC-SNIFFS. However, it is impossible to assess whether MC-SNIFFS has contributed to the reduction of illegal logging since the system is not yet operational. With regard to the VFC program, it is already being replicated in other regions thanks to its recognized potential to empower native communities and reduce illegal logging. However, in terms of sustainability, the program was challenged to find sources of financing and to transfer information and capacities. These are elements that should be taken into account in future collaborations with the program.

The replicability of the model implemented for business entrepreneurships and the Minga Turística is dependent on the key characteristics of social capital, community organization, and previous experience with cooperation and some non-governmental organizations (NGOs). The contribution of the Project has been key in generating important changes in enterprise business management. However, the contribution has been very specific and does not necessarily ensure the sustainable use of forest resources. In the case of the Minga, tourism is a commercial strategy compatible with the sustainable use of the forest, reducing administrative, capacity and infrastructure constraints. However, considering that local communities were already carrying out conservation activities in the Tamshiyacu Tahuayo Regional Conservation Area, no changes can be attributed to the project in the sustainable use of the forest. Finally, outside the scope of the Project, the private sector and native communities continue to face constraints to improving their competitiveness, including: lack of infrastructure, high operating costs, and limited access to credit, certification and markets.

The positive project results demonstrate that the private sector is an important partner in reducing illegal logging and improving sustainable forest utilization. Cooperation with the private sector can extend beyond the timber forest chain, as the focus on this element does not ensure the reduction of greenhouse gas emissions (GHG) in the Peruvian Amazon. If the objective is to reduce GHG emissions from deforestation, it is essential to address other factors such as agriculture, livestock and mining.

RECOMMENDATIONS

The PPB Performance Evaluation presents five main recommendations based on study findings and conclusions.

Recommendation 1: Strengthen the coordination and transparency functions of the National Forest and Wildlife Service (SERFOR), as the governing body of the National Forestry System (SINAFOR) and the National Forestry and Wildlife Commission (CONAFOR) to support the proper implementation of Law Nª 29763 and its regulations.

Recommendation 2: Institutionalize sustainable capacity development processes for environmental and forest management issues at the Regional Government level (GORE).

Recommendation 3: In coordination with indigenous organizations, promote community forest management and identify strategies for its financing.

Recommendation 4: Promote incentives, within a value-chain approach, for the legalization and formalization of lumber and non-lumber forest activities.

Recommendation 5: Design intervention strategies beyond the forestry value-chain to reduce deforestation and emissions.