

Programme Evaluation Series

Evaluation of the FAO-EU forest law enforcement, governance and trade programme – Phase III

**GCP/GLO/600/MUL
GCP/GLO/397/EC**

Annex 7. Peru case study

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Abbreviations and acronyms

ADEX	<i>Asociación de Exportadores</i> (Exporters Association)
CORPIAA	<i>Coordinadora Regional de los Pueblos Indígenas de Atalaya</i> (Indigenous Peoples Association in Atalaya province)
EC	European Commission
FAO	Food and Agriculture Organization of the United Nations
FLEGT	Forest Law Enforcement, Governance and Trade
IP	Indigenous Peoples
ITP	<i>Instituto Tecnológico de Producción</i> (Production Technology Support Institute)
MSMEs	Micro, small and medium enterprises
OSINFOR	<i>Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre</i> (Agency for the Supervision of Forest Resources and Wild Fauna)
REDD+	Reducing emissions from deforestation and forest degradation
SERFOR	<i>Servicio Nacional Forestal y de Fauna Silvestre</i> (National Forest and Wildlife Service)
TOC	Theory of change
UN REDD	United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation
VPA	Voluntary Partnership Agreement

1. Introduction

1.1 Background and methodology

1. Background. This document presents the country case study on Peru, as part of the final evaluation of the third phase of the Food and Agriculture Organization of the United Nations (FAO) – European Union (EU) Forest Law Enforcement, Governance and Trade (FLEGT) programme (hereafter referred to as FLEGT III or the programme). The programme is financed by the European Commission (EC), Foreign Commonwealth and Development Office (FCDO)¹ of the United Kingdom of Great Britain and Northern Ireland and the Swedish International Development Cooperation Agency (SIDA). The programme is implemented by FAO. The evaluation looked at the programme in its whole but has used case studies to have a closer look at six countries in particular to assess the evaluation questions at country level. Peru is one of these.
2. Methodology. The selection of countries case studies was based on the following criteria:
 - i. importance, age and size of the FLEGT portfolio in the country;
 - ii. balance between Voluntary Partnership Agreement (VPA) and non-VPA countries;
 - iii. geographical balance across and within the regions;
 - iv. information-rich cases to illustrate both good practices and challenges we can learn from (partners/stakeholders; technical areas; gender, micro, small and medium enterprises [MSMEs], etc.);
 - v. availability of previous assessments for comparison (either provided by the mid-term evaluation or case studies from Center for International Forestry Research (CIFOR);
 - vi. inclusion of countries that were not yet assessed;
 - vii. good country-level support & coordination to set up interviews; and
 - viii. probability of significant development after the mid-term evaluation (MTE).
3. Peru was selected on the following criteria: Latin America; a non-VPA country, large focus country; Amazon Biome; new country included in Phase III; and the presence of other relevant initiatives in the area, among others related to the trade agreement with the United States of America.
4. The evaluation has adopted a participatory, consultative approach with internal and external stakeholders throughout the evaluation process. The evaluation has sought to include marginalized voices and include a gender approach, thereby noting the differentiated impacts of the programme on men and women.
5. The evaluation was based on the review of documentation (see references section), stakeholder interviews and the review of qualitative and quantitative evidence (data, publications, monitoring and evaluation [M&E] reports) to gather information. This information is as much as possible validated and triangulated by a combination of information sources. Based on this, findings and lessons learned were elaborated. The evaluation report presents the findings according to the six main evaluation questions included in the evaluation matrix (appendix 3 to the overall evaluation report). The case-study is not an evaluation of the FLEGT III programme in Peru, but supports the overall

¹ Previously (until September 2020) called Department for International Development.

evaluation. Therefore, the findings of the case study supported the findings in the overall report and no conclusions or recommendations were elaborated for the country. Also, Outcome 1 of the FLEGT III programme targeted only VPA countries and Outcome 5 targeted overall programme impact; therefore, these outcomes were not analysed in this case-study.

6. At the core of the evaluation work was a series of interviews with the different stakeholders. The persons were selected based on information provided by the FAO programme management team, validated and complemented by the evaluator. Interviews did not follow a one-way question-answer pattern, but were carried out in such a way that the interviewees were free to provide any information they wanted about the programme and deemed important to be included in the report. In total, thirteen people were interviewed in ten meetings. A summary of the representation of persons consulted can be found below. These persons were not the only ones who provided information on the country because in addition to this group, several of the interviewed stakeholders at regional (Latin America) and global level also provided information and opinions on the programme in Peru (see list of interviewed persons; Appendix 1 to the overall evaluation report).

Stakeholder group	Number of Persons
Government officers	4
Civil society organizations/community organizations	2
International non-governmental organizations	2
Bilateral/multilateral agencies	5
Total	13

1.2 Limitations

7. There was no time for the evaluation team to review all available documentation, assess all country projects in depth or contact every stakeholder (direct or indirect) of the programme. Therefore, careful sampling of documentation, data and stakeholders has been done in cooperation with the FAO programme management team.
8. There were international travel restrictions related to the global COVID-19 pandemic. Therefore, in-country missions by the evaluation team were impossible and all preparations, interviews, triangulation have been done by teleconferencing means. This resulted in less opportunity for important additional communication with key stakeholders such direct interaction, informal conversations, field and facilities observation and immediate follow up. Since the evaluation relied on teleconferencing means, less people in total were interviewed; particularly local stakeholders at community level that have no or little access to telecommunication tools.

2. Background and context of the programme

2.1 Context of the programme

9. The total area of Peru is 1 285 216.20 km². Its forest area is approximately 74 million hectares, of which 68 million hectares are in the Amazon, 4 million in seasonally dry forests and 0.2 million hectares in the Andes. According to National Forest and Wildlife Service (SERFOR), between 2001 and 2019 Peru lost 2.4 million hectares of Amazon forest, on average 128 thousand ha / year (SERFOR, 2020).
10. Regarding the issue of legality in the country, there is an information gap on data on illegal logging in Peru. OSINFOR (2021a) calculated that 37 percent of the wood produced nationally is illegal but according to the FAO-EU FLEGT programme website (FAO, 2021) it is higher than 50 percent. When the programme started in the country there were no official data or statistics to support the different reports on the subject that have been issued by different state entities and non-governmental organizations (NGOs). In Peru, 78 percent of the wood produced comes from natural forests; of which 50 percent is concentrated in the regions of Loreto and Ucayali. The suppliers of this wood are artisan extractors, without own forest-access rights and without any organization. Underpinning to the trends of deforestation and illegal logging is the low level of forest governance, particularly in the Peruvian Amazon. The Peruvian government has a very limited capacity to enforce legislation in many areas of the country and there is a severe lack of land use planning and allocation of land rights. High-profile seizures of shipments of illegal wood and the killing of indigenous leaders by illegal loggers in the previous years have highlighted Peru's forest governance challenges (Appendix 1).
11. Forest governance in Peru has seen legal and institutional changes in recent years, including the introduction of a new Forestry and Wildlife Law, which entered into force in 2015. The law mandated the creation of a new national forest authority, SERFOR, which replaced the General Directorate of Forestry and Wildlife of the Ministry of Agriculture. The government also introduced Policy of Decentralization, which has seen many functions of the forest authority decentralized to regional governments, many of which lack sufficient institutional capacity to implement forest control activities. In 2006, Peru signed a trade agreement with the United States of America (Organization of American States, 2021a), which included an annex on forest governance with obligations on management and trade of Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) species, strengthening institutions, sectoral governance and support for the legal participation of indigenous communities in the sector. As a part of its commitments in the agreement, Peru strengthened and re-launched the Agency for the Supervision of Forest Resources and Wild Fauna (OSINFOR), an independent body that oversees the forestry sector (Appendix 1) Peru also signed a trade agreement with the European Union in 2012 (Organization of American States, 2021b) EU imports of solid wood from Peru decreased by approximately 20 000 m³ in 2007 to less than 10 000 m³ between 2007 and 2009, but they rebounded sharply to more than 25 000 m³ in 2011 and 2012 (Oliver, 2013).
12. The FAO-EU FLEGT Programme has started the operation of its third phase in Peru by conducting a comprehensive analysis of the situation of the forest governance in the country, after which priority areas (see next paragraph) for the programme support in the country were identified in a multi-stakeholder workshop, held in Lima in December 2016.

A Theory of Change was developed by the FAO country team and FLEGT III Project Management Unit based on the results of the situational analysis and the stakeholder workshop (see section 2.2).

13. The overall objective of FLEGT III in Peru is to contribute to country's goal of reducing illegal logging and strengthen the trade of legal forest products through improved forest governance in the country. Support from the third phase of the FAO-EU FLEGT was directed to the following aspects: i) Support for Business Development; ii) Strengthening the Regional Forestry Authorities in their management processes of forest resources and iii) Support to the network of indigenous Independent Monitoring agencies in Peru. All actions supported are included in the roadmap for the country.
14. In the third phase, a total of 17 projects were funded in Peru, one of which (with SERFOR) is still pending. This was for a total budget of USD 728 155.

Table 1. Overview of projects

Service provider	Budget (USD)	Project title
<i>Strengthening national and regional forest authorities to manage forestry resources</i>		
Gerencia Forestal (GERFOR) Loreto	49 700	Strengthening the Peruvian department of Loreto's Regional Forest Authority in terms of its management of access to the harvesting of forest resources
Autoridad Regional Ambiental (ARA) San Martin	34 000	Proposal for a Pilot Plan for Forest Transparency, for good governance in forest management in the Provinces of Huallaga and Mariscal Cáceres of the San Martin Region
SERFOR	70 000	Development of the Code of Good Practices for Legal Timber Trade (Pending)
	8 000	Identification and formulation of proposals to strengthen and improve the competitiveness of the private forestry sector in Peru, which contribute to the implementation of the roadmap in the country
	27 941	Principles, criteria and indicators for the monitoring and evaluation of sustainable management and forest governance in the face of climate change
	3 000	Printing of five community forest management guides
	40 500	Development of the due diligence protocol
OSINFOR	119 500	Strengthening forest monitoring in community forests in the Departments of Loreto and San Martin
	30 000	I International Specialization Course in Forest and Wildlife Supervision and Sanctioning
<i>Support for developing enterprises</i>		
Instituto Tecnológico de Producción (ITP)	43 570	Analysis of responsible purchasing in the value chain of doors and pallets and implementing a responsible purchasing pilot for these products
	37 295	Training in business skills for the Peruvian timber value chain
	47 840	Virtual training and technical assistance programme to implement good management practices in forest value chains
	27 293	Identification of the barriers to the promotion of the internal trade of responsible timber products, from sustainable and legal sources, in the MSME's of Peru
<i>Support to private sector</i>		
Asociación de Exportadores (Exporters Association) (ADEX) / Sociedad Peruana de Ecodesarrollo (SPDE)	49 760	Strengthening forest governance and the competitiveness of the forestry sector in Peru

Service provider	Budget (USD)	Project title
<i>Fundación Amazonía Viva</i> (FUNDAVI)	48 136	The positioning of Amazonia Justa's legal and sustainable timber brand: "Madera AmaJusta"
<i>Support to community monitoring</i>		
Coordinadora de Desarrollo de los Pueblos Indígenas de la región San Martín (CODEPISAM)	45 670	Strengthening community forest governance from the consolidation of the Forestry Oversight Offices in the San Martín region - Peru
Coordinadora Regional de los Pueblos Indígenas de Atalaya (CORPIAA)	45 950	Strengthening community forest governance from the consolidation of the Forest Oversight Offices in the Ucayali region, Atalaya Province, Peru

Source: FAO, 2021.

2.2 Theory of change

15. A country specific theory of change (TOC) was developed for FLEGT III in Peru (see appendix 1). This has identified four fundamental components to achieve improved forest governance and through that, reduction of illegal logging and strengthened trade of legal forest products. These are: i) Stable and consolidated market of legal wood products; ii) effective coordination among the relevant actors in the country; iii) compliance with the legal framework; and iv) increase of area with clearly defined tenure and land rights. In this TOC, existing interventions (from other donors) that aim to improve forest governance in the country were taken into account and the programme's contribution to three of the four components (i-iii above). The TOC presents to which immediate and final outcomes the project contributed with what type of activities and what other initiatives were expected to contribute (Appendix 1)
16. According to the evaluator, the TOC is well designed and a potential positive contribution to the overall coordination of major forest governance support initiatives, because it proposes a general TOC in which six major programmes, from different development partners are embedded. This provides the country with a blueprint for collaboration and synergy and country-level reporting. It is accompanied by a clearly written narrative (Appendix 1) including some logical assumptions. Unfortunately, monitoring and reporting of the TOC has not been done yet in FLEGT III (see sections 3.2 and 3.6).

3. Evaluation questions

3.1 Relevance

Evaluation Question 1. To what extent has the programme design (and particularly, its revisions at mid-term) remained appropriate vis-à-vis its expected objectives and outcomes?

Finding 1. FLEGT III has been aligned to national priorities in Peru, particularly because it supported some key elements in the area of forest governance and legal timber value chain, such as independent monitoring, public procurement, capacity building for communities and private sector and support to public agencies.

17. Given the context of Peru, with a large forest cover in the Amazon region, considerable timber value chain (domestic and international) and poor legal enforcement, the support to forest governance and timber legality is a long-lasting priority for Peru. Because of this priority, there is a number of large initiatives that work in this area. There are several projects on forest governance in the area of REDD+ (United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation [UN REDD], Forest Carbon Partnership Facility [FCPF], Forest Investment Program [FIP]) and specific projects targeting legal forest management funded by the United States Agency for International Development (USAID; related to the Free Trade Agreement) Japan International Cooperation Agency (JICA) and loans from the Andean Development Bank (CAF). This wide support to forest governance and legal timber trade demonstrates the high relevance of the main FLEGT thematic issues for the country.
18. It can be discussed what the relevance of a relatively small contribution (<USD 1 million) from the FLEGT III programme can be to such a complex matter. The Peru TOC of the programme shows what the specific activities are and how these complement with other programmes (Appendix 1). According to interviewed FAO staff, these actions are considered key contributions to the TOC that are not supported by other programmes/donors. A Management Committee was established between SERFOR, FAO and EC to select and promote the projects. According to its participants, this was effective to ensure that the projects were aligned with national priorities and did not duplicate efforts with other initiatives. However, the small size of the programme and the individual projects made that its relevance is small in comparison to the large demand for action in the area.
19. Perú did not opt for a VPA as a pathway for FLEGT. According to people interviewed during this interview and who have been involved in the design of the programme in Peru, the conversations took place just after the signature of a Free Trade Agreement with the European Union which included broad environmental sustainability. Also the European Timber Regulation (EUTR) was in force. Additionally, the European Union as a timber trade partners for Peru is relatively small: According to the FAO Statistics database (FAOSTAT), there is much more exported to Brazil and the United States of America. At the same time, Peru imports much timber (mostly softwood for the urban agglomerations in the coast) from Chile and (less) from Ecuador. Therefore, the country did not consider the VPA as an added value. Rather, the FLEGT process was seen as a welcome tool to support forest governance and trade in general, in the diverse international and domestic market.

3.2 Outcomes

Evaluation Question 2. Which significant changes have been brought about by the programme?

Finding 2. FLEGT III in Peru has successfully generated several specific elements to support legal production and consumption of timber and better forest sector governance. This includes training and practical guidelines for procurement of legal timber, independent forest monitoring with Indigenous Peoples (IP) organizations and the development of tools for forest management. The support to decentralized public agencies was a challenge because of changing staff and variable administrative capacities (Outcome 2).

20. The FLEGT roadmap in Peru is adjusted to the national policy and targeted specific gaps to promote forest governance and (particularly) legal timber. Therefore, according to interviewed FAO staff, to promote forest governance it specifically targeted project for the promotion of a legal timber market (incl. public procurement), capacities for independent forest monitoring and support to public agencies to develop and apply forest management tools. The FAO-FLEGT programme in Peru has funded projects for public agencies, private sector and community organizations (FAO, 2021).
21. The Programme supported projects that promoted a domestic market for legal timber. It did so through support of private sector companies (see finding 3) and the development of regulation for legal public procurement. This was done both with help from the public and the private sector. A project funded to support the agency for technology support (ITP; a public agency that supports a total of 400 timber enterprises -producers and users- of all sizes) started to characterize the timber market, both domestic and international. This was done in collaboration with international partners such as the International Tropical Timber Organization (ITTO), the World Resources Institute (WRI) and the United States Forest Service (USFS; see section on partnerships). Where ITP worked particularly on the legality of the market from the demand side (timber users), in collaboration with the other partners this was complemented at the supply side (timber producers) and a series of publications and a policy brief were produced by USFS in collaboration with the Presidency of the Council of Ministers (PCM; OSINFOR, 2021a). According to these partners and interviewed government agencies, the result of that project was of key value because it was the first time the share of illegal timber to the national and international markets was characterized and OSINFOR was commissioned to update the figures annually (OSINFOR, 2021b).
22. ITP used the results of the research to provide support for traceability along the domestic value chain, from the producer and user side. This was done by calling upon the company's voluntary commitment rather than obliged regulations. The willingness of legal user companies to engage with legal timber increased after a large seizure of illegal timber products in Loreto (Peru21, 2020), which implied a series of timber-processing companies. ITP created awareness among a diverse group of companies, in both sectors that are well-known timber users (construction, wood workers) and others that are not traditionally targeted as big timber users (among others: retail, that uses high volumes of timber for pallets. In a follow up project, ITP trained business skills among MSMEs in legal timber trade. According to the programme's 2020 annual report, a total of 86 representatives were trained in Lima and Ucayali on public timber procurement and training workshops on value chain were attended by a total of 258 participants. A project on technical assistance to enterprises in the value chains is now under implementation. While it cannot be assessed if this increased awareness and improved capacities resulted in actual more legal timber procurement, they can certainly be considered as 'component of traceability' (indicator 2.2

- of outcome 2). The collaboration with other partners in the studies is an example of how the leverage of additional funding can address issues identified in the country roadmap (indicator 2.4). The support to a private sector association (ADEX) in collaboration with a public procurement agency (Perucompras) developed and adopted standardization of public purchase for timber in fencing and pallets (see Finding 3). This directly contributed to outcome 2 through output indicator 2.6.1.
23. Another important line of work in Peru on forest governance was the support to independent forest monitoring, by IP organizations. Independent forest monitoring in the Peruvian Amazon started more than 10 years ago as a tool for indigenous peoples to improve their negotiation position with private enterprises acting in IP concessions (Cartagena, 2021). The tool was later included in legal instruments (Ley Forestal, 2014) as an option for independent monitoring and promoted at national level by the Amazon IP association. This initiative was executed in other provinces (Loreto, San Martín) as well.
 24. FLEGT III supported independent forest monitoring with two IP organizations: CODEPISAM in San Martín and CORPIAA in Ucayali. This was done in close collaboration with another EU-funded programme, namely Amazonia 2.0, managed by the international Union for the Conservation of Nature (IUCN) and implemented in Peru by the NGO Ecoredd. Both programmes provided a similar kind and coordinated support to organizations and to other communities. This did not only focus on technical capacities (including forest evaluation, early warning, use of digital devices, El Peruano, 2021), also much attention was paid to administrative capacities that would allow the IP organizations to be formally recognized by OSINFOR as forest surveyors. FLEGT III also funded a project to OSINFOR to ensure formal acceptance of the community surveillance systems and to promote the use of forest surveillance information to the different public agencies involved in the Multisectoral Commission for the Fight Against Illegal Logging (FLEGT III annual report 2020). In support of the IP organizations' independent forest monitoring, a forestry toolkit for communities (Ciseiargentina, 2015; Pérez Meléndez 2021) -developed previously by the USFS- was translated in four main Amazon native languages.
 25. FLEGT III also directly supported national (SERFOR) and regional forest agencies (Forest Directorates, or *Gerencias Forestales*) in San Martín and Loreto. This support resulted in some good outputs at the level of policies such as the publication of community forest management guidelines (with SERFOR) and adoption of the pilot forestry transparency plan for the region of San Martín (Regional Regulation No. 006-2017). There were also challenges such as the incomplete project for strengthening the GERFOR of Loreto in terms of management and access to forest resources. According to the PMT's internal assessment of project delivery modalities, the main reason was the change in government staff and priorities. The same was happening at the time of evaluation with SERFOR, which does currently not have a director and it has not been able to concrete a Letter of Agreement. According to an interviewed person who was involved in this process, the project will now be included in another programme supporting SERFOR (funded by CAF).

Finding 3. FLEGT III in Perú has increased the capacity of different MSMEs along the timber value chain to participate in legal timber trade and created public-private collaboration to promote responsible purchasing policies (Outcome 3).

26. FLEGT III in Peru had an innovative approach to supporting the private sector: Direct support and training was done through a public agency while improving the standards for

public procurement was led by private sector organizations. In both lines of work, there was an effective public-private collaboration.

27. The programme successfully supported the capacities of a considerable number of MSMEs, though the public production technology institute ITP (see Finding 2). Studies were done to identify the legal status of timber on the domestic market and training in business skills for the Peruvian timber value chain stakeholders were provided, in both timber producing and timber consumption, reaching over 100 MSMEs. Beyond its contribution to Outcome 2, this result contributed to Programme Outcome indicators 3.1 and output indicators 3.2.2 and 3.4.1. While a considerable amount of MSMEs was reached, it is still a fraction of all companies in the timber sector (estimated by ITP at 110 000; Andina 2009). According to interviewed representatives from public agencies and a FAO-EU FLEGT-supported regional study by the Global Timber Forum (GTF, 2018), a challenge in Peru is the low level of association of the companies in the timber sector. While the sectors of timber use included in the programme's support to ITP (doors and pallets, for construction and retail) are important, the largest sector is furniture.
28. A project executed by the *Fundación Amazonía Viva* (FUNDAVI) aims at the development of a sustainable trademark for timber from plantations and agroforestry systems of small organized farmers, in the San Martín region, Peru and targets small forestry enterprises associated to FUNDAVI. Since this project is ongoing, results have not been reported yet (FAO and FUNDAVI, 2021).
29. With FAO-EU FLEGT programme support, a consortium consisting of a private sector association (ADEX) and an NGO (SPDE) developed a roadmap for a responsible public purchasing policy of wood products for Peru. This was an initiative from the private sector but was endorsed by the public sector (Perú Compras) who formally adopted the standardization of public purchase for timber in fencing and pallets (Perú Compras, 2021). According to the interviewed service providers, this was not only a matter of developing a roadmap and guidelines but was based on research, training and development of a policy brief on the public purchase of wood products as strategy to encourage legal trade in the national market. Beyond its contribution to Outcome 2, this result contributed to Programme Outcome 3.2 through output indicators 3.2.1. and 3.3.1. While this result is only targeting two products, with the methodology and procedures developed and the high volume of harmonization standards approved by Peru Compras (Peru Compras, 2021), it is likely that other guidelines will be endorsed on short term.

Finding 4. FLEGT III in Peru published some key studies on timber legality and tools for forest management. Regional exchange of experience and communication capacities were improved. Overall, the programme had a relatively low communication activity in Peru (Outcome 4).

30. In Peru, FLEGT III collaborated with and published some key documents that improved knowledge on legal timber. This included a series of publications and a policy brief on timber trade, in collaboration with USFS and OSINFOR (OSINFOR, 2021a). Also, the programme supported the publication of the characterization of the timber industry in Peru (ITP and CITEMadera, 2018), and a case study on Voluntary Forest monitoring (Yamauchi et al., 2021) elaborated in collaboration with Tropical Agricultural Research and Higher Education Center (CATIE). The programme produced other knowledge products such as policy briefs on public procurement and training documents for community forest management and monitoring and MSMEs. These studies and publications contributed to Outcome 4 through Output indicator 4.1.1.

31. The programme in Latin America actively promoted exchange of experiences among different FLEGT countries and four out of six interviewed service providers mentioned benefits of regional exchange. For instance, the methodology developed by ITP to voluntarily promote traceability in the timber value chain was applied to Colombia and the experiences by the Programme with private sector organization from Colombia were applied to Peru. For this, it helped that the FAO-FLEGT Programme Officer in Peru also managed Colombia. The programme organized a traceability exchange forum with experts from Mexico and Peru in the Central American Commission on Environment and Development (Honduras, 2017).
32. FLEGT III actively promoted communication capacities of service providers. A positive example of this is the IP organization CODEPISAM who were trained on communication skills and provided equipment, and produced a series of ten YouTube videos communicating their approach and results in Independent Forest Monitoring (CODEPISAM, 2021).
33. According to the communication and visibility report from the FAO-FLEGT regional coordination, the programme in Peru communicated its activities and results through the FAO website, press bulletins and social media posts. While this has certainly contributed to Outcome 4 through Output indicator 4.1.1., in comparison to other countries in the region the communication efforts in Peru have been relatively small (e.g. the different FAO websites published 2 stories on Peru, while 7 stories each were dedicated to Guatemala and Honduras and 17 to Colombia).

Finding 5. FLEGT III in Peru contributed overall to adequate building of capacities for IP organizations and (indirectly) to MSMEs (Outcome 6).

34. In total, the 17 projects supported by FAO were executed by ten service providers. Following the programme's mission, the support to service providers aimed not only to provide funding to implement a project and achieve results, but also to strengthen the technical and administrative capacities of the service providers. This mostly targeted organizations that had deficient capacities at the outset. However, this was only partly realized in Peru because according to the characterization of the forest sector in Peru (ITP and CITEMadera, 2018) and interviews during this evaluation most MSMEs in the timber sector had a low level of formality and association and probably too low capacities to manage projects. Therefore, the programme opted to work indirectly through ITP and a larger association of private sector (ADEX) rather than with MSMEs or small associations as service providers. Hence, the service providers that worked with the Private Sector were strong institutions and the relative contribution to their capacities created was low. However, indirectly through these, the Programme build institutional capacity of more than 100 MSMEs (see Finding 3). ADEX (and their associate SPDE) and ITP are committed and have the financial (new funding) and technical capacity to continue their work in the thematic area (Outcome indicators 6.1 and 6.2).
35. The IP organizations who are service providers of the programme (CORPIAA and COPEDISAM) increased their administrative capacities through the programme and mentioned high appreciation to FAO's support. Between 2018 and 2020, CODEPISAM managed additional resources from WWF, GIZ, and implemented another letter of agreement with FAO Peru, within the framework of the ONUREDD Program. However, these are relatively well-established organizations and the biggest institutional capacity increase was done at the level of their member associations. Eight community organizations in

Ucayali (FAO and CORPIAA, 2021) and San Martín (FAO and CODEPISAM, 2021) established Community Monitoring Agencies (*veedurias forestales comunitarias*) that are now legally registered, including their bylaws, herewith adding to Outcome 6 indicator 6.3.

36. At governmental level, the Programme worked with well-established agencies (OSINFOR, SERFOR) who, in spite of frequent staff turnover and changing policy instructions, do have considerable amount of staff, technical capacities and experience in managing funds. The regional forest authorities (GERFOR Loreto and ARA San Martín) are more incipient and while ARA San Martín managed to has a satisfactory project delivery, GERFOR showed challenges (see Finding 2). All projects executed by non-governmental service providers were executed efficiently and outputs were delivered in time (Output level indicator 6.2.1). Due to staff turnover and a leadership gap the efficiency of work with SEFOR was challenging and the project with GERFOR Loreto was unsuccessful (see Finding 3).

Evaluation Question 3. Outcome harvesting: What have been the most significant (positive) changes generated by the programme?

Finding 6. Outcome harvesting: Stakeholders agreed that increased capacities of Service Providers and Private sector were the most significant changes, as well as the increased knowledge on legality and monitoring in the timber value chain. This change linked the consumers to the producers and visualized the challenges in the domestic market. The continued improvement of independent forest monitoring by IP builds on ongoing processes and a significant contribution to level forest management.

37. The three most significant changes that during inception were identified by the FAO-FLEGT management team were endorsed by interviewed stakeholders in Peru. The most significant change was the increase in capabilities of MSMEs, directly related to the information and knowledge on timber legality along the value chain (Finding 2 and 3). The focus on both timber producer and consumer sectors and inclusion of non-conventional sectors such as retail, visualized the complexity of the domestic market.
38. Another significant change that was endorsed by interviewed stakeholders was the continued improvement of independent forest monitoring by IP organizations (Finding 2 and 5). Interviewed representatives from the service providers and government agencies confirmed that independent forest monitoring in the Peruvian Amazon is a process that has been associated to Forest Governance since at least 15 years (AIDSEP, 2021; Gaviria and Sabogal, 2013) and has been supported by several large programmes from the European Union (Amazonia 2.0, 2021) and others (USAID, GIZ). This is also a recognized element in REDD+ processes. Two elements made the contribution of FLEGT III relevant: One is the direct link to the timber value chain, accepted by OSINFOR. The other is the opportunity provided by the context of the Conditional Direct Transfer program (TDC), which compensates indigenous communities for protecting and monitoring their communal forests. This model is expected to allow for greater efficiency for tracking deforestation through Peru's National Forest Monitoring System (NFMS) given communities' proximity to forests. According to interviewed programme staff and representatives from government agencies, both processes require formal establishment of community associations, which is where the institutional capacity support from FAO-EU FLEGT was crucial.

Finding 7. The programme's contribution to the most significant changes is difficult to assess in a national context of many large initiatives. The programme distinguishes from other initiatives because of their small-grant character that could focus on specific needs.

39. There have been many large programmes in Peru in the area of forest governance, including timber trade. Because of the trade agreement with the United States of America that has a specific annex about timber, there has been a sequence of projects funded by USAID (USAID, 2021). It is a target country for REDD and received funding from the UN-REDD program as well as from the World Bank's FCPF and the FIP. Furthermore, there are GEF, GCF and bilateral programs as well as international loans (CAF) - all targeting forest governance. The entire portfolio surpasses USD 200 million in funding.² Within this landscape, the contribution of a USD 750 000 programme to changes in capacities of service providers (government agencies, IP groups), capabilities of MSMEs, and legality and traceability (including monitoring) is difficult to assess. For instance, while the collaboration of the programme with OSINFOR or the ARA San Martin has been welcome, the same service providers have also been supported by several other, and major donors. The same happened to the two IP organizations.
40. In this institutional landscape however, the Programme has been able to achieve a concrete contribution to particular processes or stakeholders that the Partners identified. The programme supported additional communities for independent forest monitoring that were not covered by other programmes and it targeted the domestic timber market through research and working with consumer companies. Also, it worked on public procurement regulation and build capacity of the private sector through other (more experienced) agencies such as ITP and ADEX. These specific contributions were brought about by the small grant mechanism that ensured relatively fast and concrete funding for specific tasks and stakeholders. The oversight of the project selection was done through a collaboration between FAO, the European Union and SERFOR, through which, according to the interviewed representatives from this agency, there was a clear identification of demand and stakeholders' needs. Also, according to other stakeholders in the area, the FAO-FLEGT programme maintained good communication with other initiatives. While this did not always result in joint activities (see Finding 10), the programme was familiarized with the institutional landscape and could identify strategic (small) gaps left by other support initiatives. The TOC design helped to identify this complementariness.

3.3 Social inclusion, equity and gender

Evaluation Question 4. To what extent have the programme interventions contributed to gender equality, equity, empowerment and social inclusion, and reached the intended users and uses?

Finding 8. The FAO-FLEGT programme in Peru improved social inclusion through targeting IP organizations and MSMEs to be included in forest governance and the timber value chain. Women participation in programme activities was promoted and reported upon, however there are no specific examples of women empowerment.

41. While the FAO-EU FLEGT logframe does not have specific goals or outcomes for social inclusion and gender equality, it does have a series of indicators on women participation and empowerment and equitable forest management systems at the level of impact and outputs. In Peru, the Theory of Change does not have clear gender outcomes or indicators

² Personal estimate from evaluator, based on different project websites.

but it does target social inclusion (local communities manage their forests adequately and dialogue between different stakeholders). The roadmap indicators do not have social inclusion or gender related indicators.

42. FLEGT III in Peru has a clear social inclusion target by building capacity for Independent Forest Monitoring, particularly among IP groups (see Finding 3 and 5). According to the characterization of the forest sector undertaken for the programme (ITP and CITEMaderas, 2018) and additional ITP information (Andina, 2009), more than 98 percent of all enterprises in the forest sector belong to MSMEs. The large majority are single family businesses, many of low income. Therefore, promoting MSMEs capabilities and promoting their inclusion in legal timber market, is a clear contribution to social inclusion.
43. The programme in Peru has applied basic gender tools in projects: They promoted and reported participation of women in projects. For instance, the projects with OSINFOR targeting community monitoring training, there was specific attention to include women as surveyors; a task until recently practically only done by man. According to interviewed service providers, this was done because the FLEGT programme stimulated to do so but also, because most agencies are committed to applying a gender focus. The different output indicators that reported sex-disaggregated data at programme level (2.1.3, 2.5.3, 3.2.3) showed consistent participation of approx. 30 percent in Latin America (FLEGT III annual report 2020, annex 2). In the two projects with IP communities, the participation of women in project activities was approx. 30 percent (COPEDISAM) and 38 percent (CORPIAA). There has been no direct effort or direct evidence of women empowerment and Peru has not reported against programme output indicator 3.1.2 (description of cases where women's roles in the forest sector or company gender policies were analysed).

3.4 Partnerships

Evaluation Question 5. To what extent has the programme managed to engage with relevant, strategic and capable partners and multi-stakeholder processes at global, regional and national level?

Finding 9. Between specific project partners of the FAO-EU FLEGT Programme in Peru working on similar themes, the collaboration and synergy has been constructive and led to positive results in public procurement regulation, capacity of MSME and IP organizations.

44. FLEGT III established effective collaboration between public, private and civil society organizations targeting specific outcomes. Examples of these are the project managed by OSINFOR which was complementary to the projects granted to CORPIAA and CODEPIDAM. While the latter were trained to further develop independent forest monitoring, OSINFOR provided training materials and formalized the process for independent monitoring (see Finding 2). According to the interviewed staff of these service providers, FAO stimulated collaboration and conversations among the teams in charge of executing the projects. Similarly, there was an effective complementariness between the private sector organization ADEX (supported by the NGO SPDE) and the public agency Perucompras to promote standardization of public procurement guidelines. Also, ITP provided the basic information about legal timber in the domestic market that formed a basis to the ADEX work. Finally, ITP established a good partnership with over 100 MSMEs to improve their capacities and performance at the legal timber market (see Finding 3).

45. The Programme did not directly establish or support a broad multi-stakeholder platform among its service providers. Because of the institutional context in Peru there are many initiatives underway in the field of forest governance and these have formal collaboration networks (e.g. “mesa ejecutiva forestal” at national level [Gestión, 2016; Agraria.pe, 2018a] or regional level [Agraria.pe, 2018b]) or, according to interviewed representatives from service providers and government agencies, frequent informal meetings among themselves or with the government agencies. Therefore, there is no need to provide an additional space for collaboration.

Finding 10. FLEGT III did establish effective collaboration with other initiatives which enhanced their effectiveness in knowledge generation and exchange of experiences. The Programme was focused on the EC regulations and while there was collaboration on the level of knowledge, there was limited effective synergy with initiatives that work on legal trade to other continents (North America).

46. The programme had a series of effective collaborative actions with other initiatives in the area of forest governance and timber trade. For instance, active collaboration took place with another EU-funded programme (Amazonía 2.0) in the support to independent forest monitoring (see Findings 2 and 5). FAO collaborated with USFS to produce studies on the domestic timber market, which strongly broadened the work of the programme. Also, FLEGT III programme established an effective collaboration at regional level with the programmes Global Forest Watch (2021) and Forest Legality Initiative (2021) of the World Resources Institute. In Peru, this particularly supported trainings to MSMEs (ITP project). Other collaboration for research and training was established with ITTO, CATIE and CIFOR.
47. Interviewed FAO staff recognized some collaboration with the UN-REDD initiative in the country in terms of independent monitoring and support to local networks. Furthermore, the national FAO representation has an active role in the national committee overseeing the project selection and implementation of the FLEGT Programme. External stakeholders note relatively little involvement of the FAO office in the forest sector beyond the UN-REDD initiative.
48. Even though the United States of America is a major export market for Peru, much larger than the European Union, and with a longer history of initiatives targeting timber legality in illegal trade funded by USAID, there is little direct collaboration between the FAO-FLEGT and US initiatives directly focusing on international timber trade and no mentioned coordination between the EC and US delegations on the issue. The major reason mentioned by interviewed stakeholders is the focus on the domestic market, and less on international market, by the FLEGT programme and the different realities of the Lacey act and the EU regulations.

3.5 Potential sustainability

Evaluation Question 6. What are the sustainability prospects of the programme results and what is their potential to contribute to long-term changes? (Impact)

Finding 11. FLEGT III partially achieved stated impacts in terms of improved forest governance and equitable forest governance at local level.

49. The positive outcomes of FLEGT III in Peru contributed to the partial achievement of set impact. The strengthened technical and institutional capacities of IP organizations for

independent forest monitoring and MSMEs for legal timber trade contribute to the impact-level indicators 2³ and 4⁴ of the programme logframe. Also, these outcomes contributed to a stronger voice of civil society and MSMEs in forest governance (impact indicators 6⁵ and 7⁶). This impact is nevertheless at a small scale (eight IP communities and 100+ MSMEs) and the programme has not targeted scaling of these initiatives. Reporting on the indicators on the national roadmap did not reveal impacts at other scales although here it should be mentioned that the full reporting is foreseen at programme's termination (early 2022).

50. The actual effects of improved forest governance and traceability/legality are not yet visible. According to the semestral data published by OSFINFOR, the data on forest control (supervision missions, certificate emissions, illegal timber confiscations) have been positively improving until 2019 but have been very haphazard in 2020; mostly related to the COVID pandemic (OSINFOR, 2020). At the same time, the Ministry of Environment has published that 2020 has been the year with highest deforestation in 20 years (Gestión, 2021).

Finding 12. Because of the high level of appropriation of early results and the presence of many other initiatives in the field of forest governance and timber trade, the sustainability of results is likely and already underway.

51. The results of FLEGT III in Peru are scattered though clear and relevant. According to the interviewed service providers, they have been fully adopted at institutional level and have found financial sustainability through other donors. The EU-funded Amazonía 2.0 will continue with the Independent Forest Monitoring process in the Amazon region and though not with the same communities as the ones supported by FAO, the overall process and capacity building will continue to be supported. The CAF project continues to support SERFOR for activities that were initiated by FAO, among others the homologation of public procurement standards. According to interviewed government agencies, all major initiatives that are included in the country level TOC (see section 2.2), have combat of illegality among their planned outcomes and assuming they continue to contribute to this TOC, they will sustain at least part of the positive results of the Programme.
52. According to the interviewed programme partner organizations, the upscaling and continuity of the impact depends not only on the central government and ongoing initiatives, but particularly on regional environmental authorities who have been granted major responsibilities through a decentralization process. This process is still incomplete and most regional authorities suffer from lacking capacities and even acts of corruption (Saavedra, 2017; Sierra Praeli, 2018). Another factor to consolidate results and promote impact is a positive change across the board of the private sector. Given the low level of

³ Number and description of non-VPA countries with evidence of improved forest governance in the Programme work areas.

⁴ Number and description of countries with increased quantity of MSMEs that have secured rights and demonstrate compliance to legality requirement.

⁵ Number and description of countries where civil society has a stronger voice and increased power in national FLEGT-related governance processes.

⁶ Number and description of countries where the private sector has a stronger voice and increased power (particularly MSMEs) in national FLEGT-related governance processes.

association of the forest companies and the diversity of the sector, the level of appropriation of sustainability standards is still low (see Finding 3).

3.6 Programme management

Evaluation Question 7. To what extent were the management and implementation arrangements appropriate?

Finding 13. The FLEGT-EU Programme in Peru was well managed (efficient administration and good technical support) and implementation arrangements were appropriate. The grant mechanism (direct assistance) was considered positive to attain relatively fast results that responded to institutional demands, however it led to scattered results.

53. All-but-one interviewed service providers mentioned that FAO's management was efficient and of good technical quality. One mentioned the slow administrative process but all others respected the need for due diligence and appreciated the good support from FAO in this area, which actually increased their own administrative capacity. All commended the technical support provided by the FLEGT country coordinator and direct communication with the regional coordination office. No service provider considered it a disadvantage that the FAO-FLEGT country coordinator was not situated in the country but in Colombia. Two mentioned it an advantage, thanks to the active exchange of experiences with Colombia. The discontinuous presence of the country coordinator in Peru was mentioned by some interviewees as a potential factor for less-than-optimal partnership with the national FAO office and some major initiatives. However, the evaluator did not find any indication that confirms this observation.
54. Being a non-VPA country, all projects in Peru were assigned through the direct assistance modality. This was adequately overseen by a committee consisting of FAO, SERFOR and the EC. All three agencies as well as the service providers considered this an adequate, transparent and efficient way to assign funding. According to service providers, the three-party committee guaranteed that projects responded to local demand while keeping in line with the roadmap.
55. This evaluation shows that results are scattered and while originally the Programme's intervention was well planned in a country-level TOC, the synergy and effectiveness of collaboration along the TOC was not reported upon. The scattered results with a relatively low coherence of project results might be a negative consequence of the small grant mechanism leading to a high number of initiatives with a low level of coordination (see also Finding 9).

4. Lessons learned

56. In April 2021, the regional FAO-EU FLEGT team for Latin America did an internal reflection workshop on the lessons learnt of implementation of the programme, particularly the grant mechanism. Based on the findings of this evaluation, the evaluator validated many of the lessons identified by the which are presented below:
57. The development of technical, operational, financial and administrative capacities of the service providers: The service providers, especially those organizations with less experience in project management (indigenous and MSMEs), have developed installed capacities to formulate and manage projects and reporting, identify counterparts, and are able to master the different technical, operational, financial and administrative formats used by the programme, which enables them to work in the future with donors, FAO and government entities; and also guarantees results of greater impact in the short, medium and long term.
58. Processes to improve governance are processes that require longer periods of implementation, so that, by having long-term support, the impacts generated are greater and visible in the beneficiaries. Specific support and continuous monitoring are the foundations for improving forest governance and consolidating results. Some processes developed have been taken over by other projects/donors that can give them continuity over time.
59. In the cases of grants that have allowed actions for several years (two or three in a row), had a better development of synergies with other initiatives funded by different international technical cooperation organizations.
60. Having a roadmap/implementation plan, as well as having a technical committee was fundamental to guide the projects. Proposals that had clear relevance and contribution to the implementation plan/roadmap, with realistic results, budgets and timelines were better evaluated and generated better results.
61. The evaluation process, recommendations and negotiation with the private sector were relatively time-consuming processes (2-3 months), but fundamental to guide the projects to be efficient, effective and therefore generate the desired impact. The negotiation period is nevertheless shorter than other (non small-grant) mechanisms)
62. Projects to generate/strengthen capacities at the operational organizational level, promote participatory processes for policy and regulatory reform, and practices to improve forest governance require the development of long processes (two or more consecutive projects) because they need time to generate political momentum and high ownership by the beneficiaries, which generally require more time to be assimilated and put into practice by the project beneficiaries.
63. Making a country coordinator responsible for promoting the development of actions from the technical and operational point of view has been fundamental for the generation of synergies with other initiatives within the programme, within the country and with other countries in the region; in addition to generating relationships with other technical cooperation organizations.

64. Close working dynamics between FAO and service providers generated good coordination with the private sector from the beginning of the negotiation and implementation until the closing of the project. The due diligence process allowed the programme to identify the strengths and weaknesses of each service provider and thus the time to invest in trainings with each service provider, as well as a complete package of support materials and other support tools. Operational and technical support to the service providers during the entire project implementation have helped to have a satisfactory management of the projects.
65. Close financial accompaniment and monitoring of the service providers during the implementation phase, especially with those service providers with the weakest and most difficulties, made it possible to avoid delays and to provide support in order to have a quality final financial report.
66. Thorough and strong technical feedback - many service providers have shared their appreciation for the comments that are provided on the Progress Reports, as they often "push" the service providers to deliver at a higher quality or to take additional reflection and analysis that they would not have had otherwise. They also serve as a "second check" to the work done by expert consultants hired by the projects.
67. The development of synergies between directly related projects was directly promoted. In this case, the coordinator served as a bridge for bilateral meetings aimed at generating alliances between the private sector and the forestry authority in a specific way. In the case of Peru, in the area of public timber procurement, the programme served as a bridge between several government entities and the private sector, in order to generate a roadmap for the development of a responsible timber procurement policy.
68. Having a technical committee of the programme, integrated by the forestry authority, the European Union and FAO in the country, allowed the custody of the implementation of the roadmap, as a driving force in the coordination of all the actions of the programme. This allowed a strong and permanent collaboration from the national government, the European Union and FAO, in favour of the programme.

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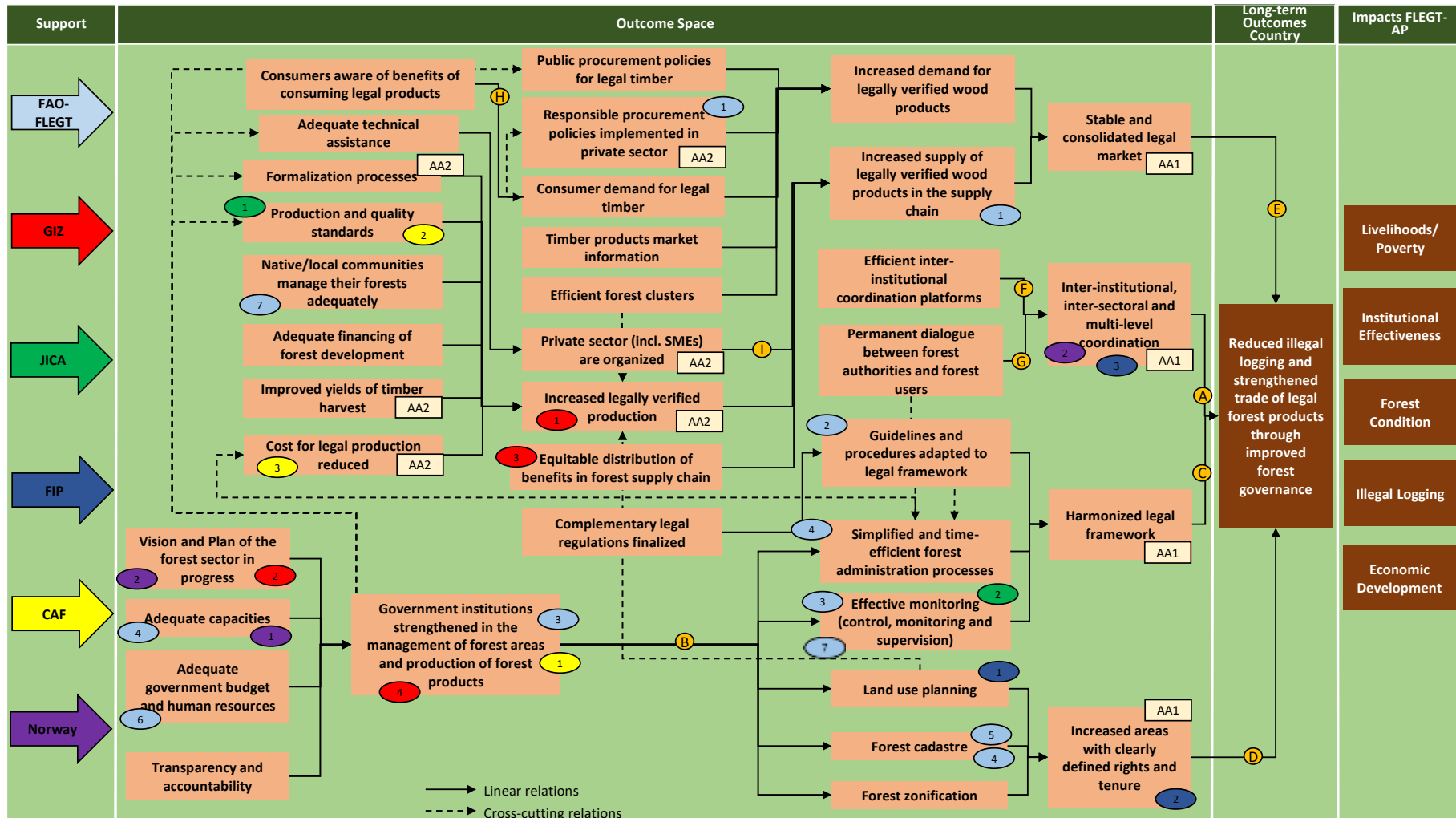
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Appendix 1. Theory of change



Narrative

Context

69. Almost 60 percent of Peru's land cover is covered by forests, making it one of the countries with the most tropical forest area, after Brazil, DRC and Indonesia. Unfortunately Peru's forest sector has also suffered from increasing levels of forest degradation and deforestation, driven by agricultural expansion, illegal logging, illegal gold mining and illicit coca cultivation, underpinned by expansion of infrastructure and extractive industry, as well as high levels of internal migration to the Amazon region. Illegal logging is widespread in the country, estimated to exceed 50 percent of the wood produced in Peru, consisting of selective extraction for commercial and domestic use.
70. Underpinning to the trends of deforestation and illegal logging is the very low level of forest governance, particularly in the Peruvian Amazon. The Peruvian government has a very limited capacity to enforce legislation in many areas of the country and there is a severe lack of land use planning and allocation of land rights. High-profile seizures of shipments of illegal wood and the killing of indigenous leaders by illegal loggers in the previous years have highlighted Peru's forest governance challenges.
71. Furthermore, forest governance in Peru has seen legal and institutional changes in recent years, including the introduction of a new Forestry and Wildlife Law N.29763, which entered into force in 2015. The law mandated the creation of a new national forest authority, SERFOR, which replaced the General Directorate of Forestry and Wildlife of the Ministry of Agriculture. The government also introduced Policy of Decentralization, which has seen many functions of the forest authority decentralized to regional governments, many of which lack sufficient institutional capacity to implement forest control activities. In 2007, Peru signed a free-trade treatment with the US. The agreement included an Annex on forest governance with obligations on management and trade of CITES species, strengthening institutions, sectoral governance and support for the legal participation of indigenous communities in the sector. As a part of its commitments in the agreement, Peru strengthened and re-launched OSINFOR, an independent body that oversees the forestry sector. Nevertheless, many challenges still remain in the forest governance of the country.
72. The FAO FLEGT Programme has started the operation of its third phase in Peru by conducting a comprehensive analysis of the situation of the forest governance in the country, after which priority areas for the programme support in the country were identified in a multi-stakeholder workshop, held in Lima in December 2016. A Theory of Change was developed by the FAO country team and FAO EU-FLEGT Programme Project Management Unit based on the results of the situational analysis and the stakeholder workshop.

Objective

73. The overall objective of the FAO EU-FLEGT Programme in Peru is to contribute to country's goal of reducing illegal logging and strengthen the trade of legal forest products through improved forest governance in the country. It is expected that this will have positive effects on economic development and improved livelihoods, institutional effectiveness and the condition of forests in the country.

Intervention logic of the FAO EU-FLEGT programme

74. The theory of change has identified four fundamental components to achieve improved forest governance and through that reduction of illegal logging and strengthened trade of legal forest products. These are: 1) Stable and consolidated market of legal wood products 2) Effective coordination among the relevant actors in the country 3) Compliance with the legal framework and 4) Increase of area with clearly defined tenure and land rights. Taking into account the existing interventions that aim to improve forest governance in the country, the programme seeks to contribute to three of the four components as follows:

Stable and consolidated market of legal wood products

75. To support stable and consolidated market of legal wood products, the country stakeholders proposed that the Programme should support forest enterprise development through implementation of value-chain analysis and pilot private procurement policies for timber products on the domestic market. These activities are expected contribute to increasing the demand of products from legal origin, while also linking the demand with the supply of legal products, thus providing incentives for legal production.
76. The national stakeholders also proposed that the programme support Indigenous *Veedurias*; a mechanism that promotes and supports sustainable management of forests in indigenous communities through the provision of technical assistance and the implementation of indigenous forest monitoring. Supporting this activity would contribute to good management of forest resources in indigenous communities, thereby increasing the supply of legal forest products and promoting a stable and consolidated market of legal wood products. This activity is also expected to improve legal compliance through improved monitoring of forest resources.

Compliance with the legal framework

77. The country stakeholders identified institutional strengthening as a key area of work in order to increase the compliance with the legal framework, with a focus on the regional governments that are responsible for most of the forest monitoring and law enforcement, but that have limited capacities and resources for this.
78. The stakeholders suggested that the capacity of regional governments in the approval, management and monitoring of forest licenses is a barrier for improved forest governance. Therefore, it was recommended that the programme support the capacity building of regional authorities in this matter. This would contribute to improved capacities of the regional authorities, which is assumed to result to improved law enforcement and more streamlined administrative procedures and finally lead to enhanced compliance with the legal framework. This activity would also contribute to an improved forest registry and therefore to the increase of areas with defined user rights.
79. The stakeholders also proposed that the Programme support the development of guidelines and procedures for the implementation of the Forestry and Wildlife law at regional level, as this would improve legal compliance in the region. Furthermore, it was proposed that the programme support the regional government in their insertion in the national budgetary programme, which would allow them to benefit of increased resources beyond the budget and timeline of the programme, therefore having a larger impact on their institutional capacity and the forest law enforcement in the region.

80. Finally, the stakeholders also proposed an activity to support the development of tools for the control of legal wood, particularly in order to implement inspections before and during the wood extraction. This activity is expected to make the law enforcement more effective and therefore increase legal compliance.

Increase of area with clearly defined tenure and land rights

81. Given that lack of clear land tenure and land rights is thought to be a major factor contributing to illegal logging in Peru, the stakeholders proposed that the programme support the development of *local forests*, a model for local use of forest resources by actors without titled forest land. This activity is expected to contribute to the increase of forest area with defined user rights, therefore reducing illegal extraction of forest resources.

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