



Transforming Peru's Forest Sector

GOVERNMENTS, BUSINESSES AND CIVIL SOCIETY
PAVE THE WAY

Illegal logging is more prevalent in Peru than in most countries around the world. The majority of the timber from Peru is harvested illegally. But Peru is turning this situation around.

To address illegal logging, the Government of Peru, private sector and civil society are transforming and modernizing Peru's forest sector. National and regional policies related to forest governance are being strengthened and mechanisms to adequately enforce them are being created, particularly so all entities harvesting timber are playing by the same rules. Plans are underway to educate people who live and work in Peru, who (often unknowingly) are the main buyers of wood products made from timber harvested illegally in Peru, about what they are buying so they can make informed purchasing decisions. Incentives for producing legal wood are being created. And more.

The new national Forestry and Wildlife Law set the stage for such changes. It was published in 2011 and its bylaws were finalized in 2015. Most notably, in accordance with the law, a new national government agency—the National Forest and Wildlife Service (SERFOR)—was created in July 2014 to address several forest-related issues, including halting illegal logging. The agency's first mandate, as spelled out in its National Forest Sector Transformation Plan, was to work with producers and consumers to foster the use of legal timber. One of SERFOR's key approaches to doing so is the National Pact for Legal Wood.



LEGAL WOOD:

THE NORM, NOT THE EXCEPTION

The National Pact for Legal Wood represents an unprecedented opportunity to address major challenges in the country's forestry sector and to create the conditions needed to develop a domestic market for legal Peruvian wood. To date, the focus has not been on the country's rapidly expanding domestic market. It has been on Peruvian timber going to international markets, including the United States and European Union. Each hoped to disrupt Peru's illegal timber trade with legal prohibitions against its import and critical capacity building of Peru's forestry sector.

The pact has an ambitious goal: by 2021, all timber produced in the country will come from legal origins. The pact was signed in December 2014 by four Peruvian government ministers, the private sector, NGOs (including WWF) and indigenous federations. A multi-sectoral working group then designed the pact's governance structure, participation rules, and a strategy for bringing the pact to life. On May 12, 2016, several signatories of the pact publicly announced their commitments to help achieve the goal of the pact and new pilot projects that demonstrate the potential for legal wood to reach key segments of the domestic market. For example, the Ministry of Education announced that it plans to use verified legal wood to build 200 schools in the Peruvian Amazon. And Cuatro Cuartos, a Peru-based construction company, plans to use Forest Stewardship Council certified wood from Madreacre to build 300 houses along the coast of Peru.



ON THE HORIZON

A \$50 million loan from the Development Bank of Latin America (CAF) for the reform of Peru's forest sector was unlocked shortly after the intention to sign the pact was declared. These reforms will leverage existing efforts, including implementation of the Forest Annex of the US-Peru Free Trade Agreement.

But additional actions are needed to transform Peru's forest sector, including:

- **Traceability System:** A centralized database that provides timely information on the origin of trees from stump to purchase is critical to determine legality. SERFOR, with support from USAID through US Forest Service International, tested the prototype of such a system and will roll it out nationally in 2016. With safeguards to ensure accurate data input, training for officials using the system, and robust enforcement measures when red flags are identified, this system could be a critical step in Peru's journey to legal timber production.
- **Wood Processing:** Investments in technology and training to enhance wood processing capacity will support Peru's goal of establishing a competitive forest sector.
- **Increased Capacity for Indigenous Land Rights and Forest Management:** In Peru, indigenous communities have the legal right to manage approximately 16 percent of the country's forested land. They are requesting legal rights to manage more.
- **International Coordination on Audits:** Coordination is needed between Peru and export countries to audit producers and exporters, and to take action against illegal loggers.
- **Consumer Campaign:** Funding is needed for consumer research and a national communications campaign that inspires people in Peru to buy legal wood.



STOPPING ILLEGAL LOGGING IN PROTECTED AREAS

The Government of Peru, WWF and others are leading an effort to create a fund of approximately \$120 million to ensure the proper management of 50 million acres of Peru's protected areas, most which is forest land.

Responsible forest management in the protected areas will help minimize or eliminate the threats to the forests that are the result of illegal logging; unsustainable gold mining, logging and agriculture; and urban expansion.

They are using an innovative funding approach—called Project Finance for Permanence (PFP)—that ensures the long-term financial stability of protected areas or networks of protected areas. It is a means for permanent and full funding for protected areas. PFP addresses an issue often seen in the conservation community: piecemeal or insufficient funding for the management of protected areas. The goal is for the funding to come from the public and private sectors.

Although funding is key to PFP, the approach is about much more. It is, for example, a means for inspiring governments to commit to effective policies for long-term conservation and to create the institutions needed to permanently protect natural resources.

PHOTOS: Front page, top to bottom: illegal logging in Madre de Dios region of Peru, © Andre Bartschi/WWF; Tambopata National Reserve in Peru, © Day's Edge Productions/WWF-US; macaws at Tambopata National Reserve, © Day's Edge Productions/WWF-US; monkey at Tambopata National Reserve, © Day's Edge Productions/WWF-US; Back page, top to bottom: man recording legally-sourced logs in Peru, © Diego Perez/WWF-Peru; Manu National Park in Peru, © Andre Bartschi/WWF

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