

# Formulation of a Project Proposal to Support the Sustainable Development of Small Forest Industrialists Peru

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## Final Report

PPD 6/00 Rev.1 (I)

This pre-project aimed at compiling supplementary information regarding portable sawmills, particularly in relation to the institutional planning of forest areas allocated for long term concessions and for small-scale timber extraction in Peru. The associated land tenure issues for both categories of areas, the experience gained through the operation of portable sawmills, and the technical characteristics of portable sawmills and the timber resources involved were also studied.

The following were the main outputs of the pre-project:

- (i) Report on the situation of forest areas allocated for long-term concessions and for small-scale timber extraction in Peru. The report showed that some small-scale concessionaires are facing difficulties in meeting payments due to lack of adequate equipment and capital. This might result in the returning of some concessions to the Peruvian government.
- (ii) Review of the experience gained through the operation of portable sawmills. The review concludes that there is not a good experience in the use of portable sawmills. Most of the portable sawmills are homemade with serious technical limitations. The use of this equipment results in highly operative costs and the limitation of timber extraction to some precious species such as mahogany and cedar.
- (iii) Identification of six regions (Madre de Dios, Ucayali, San Martín, Huanuco, Loreto y Junín (Selva Central)) where sawmills will be installed under a follow-up project.
- (iv) Formulation and submission to ITTO of a project proposal. The Government of Peru submitted project proposal PD 233/03 (I) titled "Support for the Sustainable Development of Small Forest Industrialists through the Use of Appropriate Intermediate Technologies in Forest Harvesting".

The project proposal was appraised by the Twenty-sixth Expert Panel and the Thirty-third Sessions of the CEM-CFI Committees and approved (and funded at the Thirty-fifth Session of the ITTC) as PD 233/03 Rev.2 (I) re-titled "Application of Intermediate Technologies for Sustainable Forest Harvesting". The main aim of the project is to promote the use of appropriate intermediate technologies for forest harvesting in forest concession areas under the management of small and

medium timber producers and native communities located in the major Amazon regions of the country (Madre de Dios, Ucayali, San Martín, Huanuco, Loreto, Selva Central and Cuzco).

The Executing Agency submitted the final report and two annexes (including a list of concessionaires, technological packages, maps, surveys and photographic material). The executing agency has also submitted its final audited financial statements on the use of project funds in accordance with the Project Agreements and the ITTO guidelines relating to auditing.