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REPORT OF PROJECTS AND PRE-PROJECTS IN PROGRESS

ECONOMICS, STATISTICS AND MARKETS

[A] Projects and Pre-Projects under Implementation

1. PD 599/11 Rev.1 (M) Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration (The Philippines)

Budget and Sources of Funding:

Total Budget:	US\$	788,043
Government of Japan:	US\$	392,930
Government of Australia:	US\$	60,000
Government of USA:	US\$	25,000
Government of Korea:	US\$	20,000
Government of the Philippines:	US\$	290,113

Executing Agency: Philippines Forest Management Bureau (FMB)

Approved: Spring Project Cycle, May 2011

Financed: Forty-seventh Council Session (La Antigua, 2011)

Starting Date: May 2013

Duration: Planned: 18 months (extended to 51 months including 15 month suspension due to funding impairment)
To date: 54 months

The project is aimed at improving forest governance, institutional law enforcement capacity, stakeholder coordination and forest sector competitiveness through improved data management in the Philippines. Its specific objective is to develop and test an integrated, real-time, multi-tiered, online national Forest Stock Monitoring System (FSMS) with improved governance capabilities at all levels of the Forest Administration.

The project was approved and funded at the Forty-seventh Session of ITTC in November 2011 and the project agreement was signed in November 2012. Following the signing of the project agreement, the Executing Agency was slow to finalize the project inception report incorporating the detailed work plan. After the revised inception report as well as other relevant documents were finally submitted and approved, the first installment of ITTO funds for the project was disbursed to the Executing Agency in May 2013, marking the official commencement of project implementation.

The implementation of the project experienced further substantial delay due to problems related to the recruitment of project staff and consultants. Eventually, actual implementation began in April 2014 and a letter approving the full project team was sent by ITTO in August 2014. However, the project implementation continued suffering delays due to the changes of project team and consultancy firm. In accordance with the request of the Executing Agency and the recommendation of the first PSC meeting, which was held in

April 2015, a letter approving no-cost extension of 18 months was sent by ITTO in May 2015. The Executing Agency also submitted the request in September 2015 for subcontracting the consultancy firm which was approved subsequently. Since then project implementation is back on track and most of the project outputs and activities have been implemented.

The following project activities have been carried out to-date:

- Concluded a series of project meetings that enhanced levelling-off with the Sub-contractor on project descriptions, activities and expected outputs for the period. Also discussed assumptions, constraints, risks, what if scenarios, and critical success factors of the project.
- Translated the different Technical and Functional Specifications required of the project for Output 1 (Traceability Module), Output 2 (Verification of Legal Origin or VLO Module) and Output 3 (On-Line, Multi-tiered & Integrated Forest Monitoring System), into the NFSMS.
- Conducted meetings and discussions of the Traceability Module Configurations (Output 1); VLO module configuration (Output 2) and field module and FSMS environment configuration (Output 3) that constitute the NFSMS.
- Conducted meetings, discussions and demonstration in terms of workflows and screens of the NFSMS.
- Completed and finalized coordination work and other logistical arrangements with the concerned DENR Region Office and the tenure holder for the new project pilot site due to the suspended release of projects from the ITTO.
- Completed deployment and testing of into the DENR Server, the Traceability Module, VLO (Verified Legal Origin) Module, and FMS Data Entry Module of the NFSMS.
- Conducted User Acceptance Testing (UAT) of the Traceability module, VLO (Verified Legal Origin) Module, and FMS data entry Module of the NFSMS.
- Conducted Pilot/Field testing of the NFSMS by module i.e. the Traceability module, VLO (Verified Legal Origin) Module, and FMS data entry Module.

The unexpected situation with ITTO funding impairment caused some negative impact to the project implementation. As the project funding was resumed, the Executing Agency had submitted a workplan and budget in March 2017 and further revised in May 2017, which was approved by ITTO in June 2017. Based on the approved workplan and budget, the second installment of funds of US\$163,910 was disbursed to the Executing Agency in July 2017. The third and final installment of funds of US\$79,341 will be released before the end of 2017 based on the progress in project implementation. The Executing Agency also indicated that it is seeking an extension of implementation period for the Additional Functionalities without additional funding in order to make project outputs fully compliant with the required "100% back-to-the-traceability" and the VLO (Verified Legal Origin) system for legality assurance procedures for planted trees that were not covered by the original project design. A project monitoring mission was carried out in April 2017 and found project activities were well underway and the project will be completed in 2018 as planned.

2. PD 692/13 Rev.1 (M) Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)

Budget and Sources of Funding:

Total Budget:	US\$	670,998
Government of Japan:	US\$	205,708
Government of U.S.A.:	US\$	84,833
Government of Côte d'Ivoire:	US\$	380,457

Executing Agency: Direction de l'Informatique, des Statistiques et des Archives du Ministère de l'Environnement, des Eaux et Forêts (DISA)

Approved: Spring Project Cycle, April 2013

Financed: Forty-ninth Council Session (Libreville, 2013)

Starting Date: March 2015

Duration: Planned: 24 months
To date: 32 months

The project is designed to develop a national forest statistics management system in Côte d'Ivoire. The aim of this project is to achieve the full computerization of the forest statistics data collection and processing system and thereby contribute to improving the decision-making process within the forest sector of Côte d'Ivoire.

The development of the statistics management system is based on two necessary outputs: (i) the deployment of IT equipment and software in 12 data collection centers and (ii) the collection of data in these centers according to established and harmonized procedures and training.

During the first year of the implementation, the 12 data collection centers were equipped with computers and connected to the internet. It is estimated that 50% of the roundwood production in these 12 pilot locations have been tracked through the system so far despite internet connection problems and software design issues which were not assessed properly in the project document. The data which has been collected is available on the project website (www.eauxetforets.gouv.ci/oibt in French only). Regular internet connection is still a challenge and the original project proposal did not include mobile solutions. Most of the activities of output 1 (*"The forest statistics management system is operational and improved."*) have been completed despite the fact that the system will need a longer on-going development phase (which will be beyond this project) in order to include mobile solutions to avoid unstable internet connection and numerous feedbacks from top level government officials and users.

The activities of output 2 (*"Data collection methods are appropriate and organized among collection centres"*) have been restarted and pursued after the disruption generated by the ITTO funds impairment in 2016. Most of the collection centers have benefited from the training provided by the Executing Agency as well as the implementation of a guideline of procedure for using the online system. The Executing Agency estimates that 70% of the users of the online system have been properly trained. During the training missions, the Executing Agency could also collect productive feedbacks from the users for future improvements and updates of the statistical system. Despite the disruption of the internet connection and software design issues, the Executing Agency could implement the bases of a robust system which would still need strengthening through a follow-up project that the Executing Agency is currently preparing for a future submission to the Expert Panel.

A project monitoring mission was carried out in February 2017 during which all the stakeholders (executive agency, government officials and timber producer unions) participated and proposed several future improvements to the current statistical system through a future follow-up project. All the ITTO funds have been disbursed and spent on the project implementation and the remaining funds (US\$12,000) will be used for the final audit and reports. The project should be declared complete in the next Council in 2018.

3. PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique

Budget and Sources of Funding:

Total Budget:	US\$	406,238
Government of Japan:	US\$	321,138
Government of Mozambique:	US\$	85,100

Executing Agency: National Directorate of Land and Forest (DNTF)

Approved: Spring Project Cycle, April 2015

Financed: March 2017

Duration: Planned: 15 months

The agreement for this project was signed by ITTO and the government of Mozambique in June 2017. Despite repeated reminders to the authorities in Mozambique, the Secretariat has still not received an inception report or other requirements to allow release of the first installment of funds. The representative of Mozambique may be requested to inform the Committee on the status of meeting these requirements to allow project implementation to commence.

4. PD 751/14 Rev.3 (M) Sustainable Forest Management in the Chimbo River Basin, Ecuador: Conserving Forest Resources and Agroforestry Systems as a Mechanism to Strengthen the Economic Inclusion of Community Families, Particularly Rural Women, Settled in the Area (Ecuador)

Budget and Sources of Funding:

Total Budget:	US\$	163,280
Government of U.S.A.:	US\$	130,000
Government of Ecuador/SENDAS:	US\$	33,280

Executing Agency: Servicios para un Desarrollo Alternativo del Sur (SENDAS)

Approved: Spring Project Cycle, April 2016

Financed: Fifty-second Council Session (Yokohama, 2016)

Duration: Planned: 24 months

The agreement for this project was signed by ITTO and the Executing Agency in July 2017 and the Executing Agency submitted a draft Inception Report to the ITTO Secretariat in October, which is currently under review.

5. PD 756/14 Rev.1 (M) Development of a Business Management Services Program of Forest MSMEs (Micro, Small and Medium Enterprises) in Guatemala

Budget and Sources of Funding:

Total Budget:	US\$	275,053
Government of U.S.A.:	US\$	149,341
Government of Guatemala:	US\$	125,712

Executing Agency: Instituto Nacional de Bosques (INAB)

Approved: Autumn Project Cycle, October 2014

Financed: Fiftieth Council Session (Yokohama, 2014)

Starting Date: November 2015

Duration: Planned: 24 months
To date: 24 months

Following the signing of the project agreement in June 2015, the Executing Agency had been working on the finalization of the project inception report incorporating the detailed work plan. After the revised inception report as well as other relevant documents were finally submitted and approved, the first installment of ITTO funds for the project was disbursed to the Executing Agency in November 2015, marking the official commencement of project implementation.

The project implementation had actually started in March 2016 after hiring accountant service and 2 business management assistants and purchasing the computer equipment for regional delegates that INAB hired as counterpart for this project. The NOL request for the training services of regional and national work team (10 persons) hired by INAB and other regional technicians from local organizations was submitted and approved in June 2016.

A project monitoring mission was carried out in July 2017 when project activities were found to be on track and all project expenditures consistent with the approved budget. A second project monitoring visit is planned before the end of 2017.

The following project activities have been carried out to date:

- The inventory of Micro, Small and Medium Enterprises (MSMEs) has been updated. Information has been updated from 22 organizations in 3 regions of the country to strengthen the identification of forest MSMEs, and an inventory instrument was used within the Training Diploma of Business Management Trainers.
- 14 diagnostics of Priority Forest MSMEs have been elaborated.
- 10 diagnoses of MSMEs have been selected in each region to develop business development plans.
- 10 Business Plans have been developed. 40 MSMEs were trained based on the developed Diploma of Training of Trainers in Business Management, and 1 MAME has been selected in each region to prepare and develop the Business Plan.
- The following trainings were conducted or will be carry out soon:
 - The Workshop "PROTOCOL OF ATTENTION TO FOREST MSMEs AND AGROFORESTALES" was held in April 2017 in Guatemala City.
 - The General Training Program for Entrepreneurs, MSMEs and Industries Forestry Operations will be carried out in the second half of 2017, with 390 entrepreneurs will be trained.
 - The Workshop on "Care for Entrepreneurs" will be given soon by the Ministry of Economy to staff of entities interested.
- MSMEs were encouraged to participate in related commercial promotion activities, as 40 MSMEs participated in the Goods and Services Fair of the VI Region Forest in March 2017, 20 MSMEs attended the Verapaces Forest and Ecotourism Products Fair in June 2017, and 10 MSMEs joined the Turn to EXPOMUEBLE in July 2017.

The unexpected situation with ITTO funding caused some negative impact to the project and the implementation has been slightly delayed according to the workplan. However, the project objectives and outputs are being effectively implemented and achieved. As the project funding was resumed, the Executing Agency had submitted a revised workplan and budget in March 2017, which was approved by ITTO in April 2017. Based on the approved workplan and budget, the second and final installment of funds of US\$32,166 was disbursed to the Executing Agency on 8 May 2017. The project should be successfully completed in 2018.

[B] Projects Pending Agreement

None.

[C] Projects Pending Financing

1. PD 124/01 Rev.5 (M) Phase III Stage 3 Promotion of Sustainable Management of African Forests (ITTO/ATO)

Budget and Sources of Funding:

Total Budget: US\$ 673,325

Executing Agency: ITTO

Council Session Approved: Autumn Project Cycle, September 2015

Duration: Planned: 18 months

Phase III Stage 3 of this project should now be considered for financing following completion of Phase III Stage 2 which the Committee declared complete at its last Session. The project coordinator prepared a revised work plan (18 months) and budget (US\$673,325) for Phase III Stage 3 which was approved by the on-line no-objection process in September 2015. The Government of China pledged US\$100,000 to this project in August 2014 but later decided to reallocate this pledge to the ITTO-CITES program due to the lack of other donor interest in providing financing to this project. Four African member countries (Benin, Cameroon, Côte d'Ivoire and the Republic of Congo) have written to the ITTO Secretariat expressing their desire that this important project continue to receive ITTO support; African members attending a recent workshop on implementation of the ITTO Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests

also highlighted the importance of completing this project (including updating the ATO-ITTO C&I). The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 30 June 2018.

2. PD 791/15 Rev.3 (M) Community Forest Landscapes and Small Enterprises Contributing to Legal Timber Trade in Ghana

Budget and Sources of Funding:

Total Budget:	US\$	368,312
ITTO contribution:	US\$	309,299
Government of Ghana/Executing Agency:	US\$	59,013

Executing Agency: Kumasi Wood Cluster Association

Approved: August 2017

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 31 March 2019.

3. PD 796/15 Rev.2 (M) Establishing a System for the Collection, Storage, Processing and Dissemination of Forest and Wildlife Statistics in Cameroon (Cameroon)

Budget and Sources of Funding:

Total Budget:	US\$	694,419
ITTO contribution:	US\$	567,627
Government of Cameroon:	US\$	126,792

Executing Agency: Division de la Coopération et de la Programmation, Ministère des Forêts et de la Faune

Approved: Spring Project Cycle, April 2016

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 30 November 2017.

4. PD 819/16 Rev.2 (M) Market Survey for Forest Products in Peru

Budget and Sources of Funding:

Total Budget:	US\$	605,272
ITTO contribution:	US\$	406,459
Executing Agency contribution:	US\$	198,813

Executing Agency: Cámara Nacional Forestal (CNF)

Approved: August 2017

Duration: 30 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the

Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 31 March 2019.

5. PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala

Budget and Sources of Funding:

Total Budget:	US\$	581,536
ITTO contribution:	US\$	416,080
Executing Agency contribution:	US\$	165,456

Executing Agency: Instituto Nacional de Bosques (INAB)

Approved: August 2017

Duration: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 31 March 2019.

6. PD 839/17 Rev.1 (M) Strengthening and Consolidating the National Process for Controlling Illegal Logging and Associated Trade in Cameroon – Phase 2

Budget and Sources of Funding:

Total Budget:	US\$	473,168
ITTO contribution:	US\$	459,813
TRAFFIC Intl. contribution:	US\$	13,355

Executing Agency: TRAFFIC

Approved: August 2017

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 31 March 2019.

7. PD 845/17 Rev.1 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana

Budget and Sources of Funding:

Total Budget:	US\$	171,344
ITTO contribution:	US\$	146,944
Government of Ghana contribution:	US\$	24,400

Executing Agency: Rural Development and Youth Association (RUDEYA)

Collaborating Agency: Resource Management Support Centre (RMSC/FC)

Approved: August 2017

Duration: 18 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 31 March 2019.

8. PD 858/17 Rev.1 (M) The Trends of Chinese Wood Product Markets and their Dependence on International Trade of Tropical Timber Towards 2030

Budget and Sources of Funding:

Total Budget:	US\$	537,868
ITTO contribution:	US\$	328,608
Government of China contribution:	US\$	209,260

Executing Agency: The Research Institute of Forestry Policy and Information, Chinese Academy of Forestry (CAF)

Approved: August 2017

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 31 March 2019.

9. PD 863/17 Rev.1 (M) Development and Strengthening of the Domestic Market for Non-timber Forest Products and Environmental Services in Guatemala

Budget and Sources of Funding:

Total Budget:	US\$	272,944
ITTO contribution:	US\$	149,632
Government of Guatemala contribution:	US\$	123,312

Executing Agency: Instituto Nacional de Bosques (INAB)

Approved: August 2017

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 31 March 2019.

FOREST INDUSTRY

[A] Projects and Pre-projects under Implementation

1. PD 600/11 Rev.1 (I) Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia

Budget and Sources of Funding:

Total Budget:	US\$	872,032
Government of Japan:	US\$	287,095
Government of Switzerland:	US\$	150,000
Government of Australia:	US\$	100,000
Government of Indonesia:	US\$	334,937

Executing Agency: Directorate General of Watershed Management and Social Forestry (DGWMSF), Ministry of Forestry in collaboration with Bangli District Forestry Agency (BDFA)

Approved: Spring Project Cycle, May 2011

Financed: Forty-seventh Council Session (La Antigua, 2011)

Starting Date: November 2013

Duration: Planned: 36 months
Actual: 34 months

The project is aimed at initiating the enhancement of national capacity in bamboo industry development through the development of model capacity building in Bali. The overall development objective of the project is to improve the management utilization of bamboo resources for their sustainable use and benefits to local communities, while the specific objectives is to initiate enhancement of capacity among stakeholders to develop and utilize bamboo resources in an efficient and sustainable manner.

The planned outputs of the project are: i) investment in bamboo industry promoted; ii) institutional framework for bamboo industry development enhanced; and iii) participation of local communities in bamboo industry development increased. The basic notion underlying the project design is that increased rate of utilization of bamboo resource should increase availability of substitutes for wood products and augment income of the poor thus lessening pressure on forest resources and that increased utilization can only be achieved and sustained through enhanced capacity in both bamboo resource-based development and in efficient utilization of the resource.

The main location for implementing the project's activities was Bangli District, Bali. However, in undertaking the activity on national campaign on development of 1000 Bamboo Villages, other provinces were visited, e.g. East Nusa Tenggara (Ngada District), South Sulawesi, Gorontalo, South Kalimantan and East Kalimantan. Ngada District had officially declared as the model for the bamboo villages development.

As of the date of this report, the project had completed all of its activities and all of the outputs have been achieved. The following are the highlights of the project's achievements:

Output 1: Investment in bamboo industry promoted

Activity 1.1 Collect, publish and disseminate reliable information on Bali's bamboo growing stock

The survey revealed the distribution of bamboo populations mostly found Bangli, Gianyar and Buleleng Districts. This activity also produced indication map of bamboo distribution in the whole island of Bali Province and a more detail map of bamboo distribution in Bangli District.

Activity 1.2 Collect, publish and disseminate updated information on market demand for bamboo products and processing technologies

The activity collected actual information on market for bamboo products focusing on large and emerging markets from primary and secondary sources, as well as recommendations for enhancing local bamboo

industry and strengthening the market opportunity of bamboo products. Strategies for bamboo industry development in Indonesia were formulated by taking into account three main factors, namely: 1) main potential market-based trading bamboo products since 2010; 2) availability of processing technology; and 3) availability of domestic raw materials.

Activity 1.3 Conduct feasibility study on bamboo development project in Bali

Feasibility study was conducted to determine the viability of bamboo industry development in Bangli District., Bali. Bamboo industry was considered consists of four business units, namely bamboo cultivation which is limited to species of bambu petung (*Dendrocalamus asper*) and bambu tali (*Gigantochloa atter*), laminated bamboo processing business, bamboo handicraft business with sokasi product (bamboo woven box), and bamboo shoots processing as the food source. The analysis undertook from five aspects: market and marketing aspect, technical and technological aspect, ecological and environmental aspect, socio-cultural-institutional aspect, and financial aspect.

Activity 1.4 Assess adequacy of economic infrastructure and discuss findings with Bali governments

The aim of this study were (1) to identify the needs of the economic infrastructure for the development of the bamboo industry; (2) to assess adequacy of the current condition of the economic infrastructure; and (3) to analyze the policy implications related to the economics infrastructure to support the development of bamboo industry in Bali. The economic infrastructures assessed in this study were the telecommunication and information infrastructure, road and transport infrastructure, banking infrastructure, market infrastructure, and (electrical energy infrastructure.

Activity 1.5 Organize one national workshop on bamboo industry development

In cooperation with the Ministry of Industry, the workshop was held in Yogyakarta with the aim at establishing cooperation between upstream sector and downstream sector of bamboo industry development.

Output 2 Institutional framework enhanced

Activity 2.1. Identify and officially designate zone area for bamboo industry development in Bali

This activity conducted to determined official designation of land area in Bangli District for bamboo industry development. It was found that around 38% area of Bangli District area are prospective locations for bamboo industry development. There were also 42 villages from 72 villages in Bangli District suitable for bamboo industry development.

Activity 2.2. Install and operate a publicly accessible bamboo information system

The web database bamboo was launched in September 2014 and be maintained continuously by the Executing Agency. The database could be accessed at <http://www.forda-mof.org/itto/> and <http://apps.alus.co/app.seribudesabambu/>.

Activity 2.3. Establish a stakeholder consultation forum for bamboo industry development

This activity carried out directly under coordination of project coordinator in conjunction with the implementation of Activity 2.5. The purpose of this activity was to build a common vision in each region in developing bamboo industry in accordance with the conditions and potential resources existed in each of areas. The national consultation forum was initiated and a permanent consultation forum was established in East Nusa Tenggara Province.

Activity 2.4. Review existing policies and define bamboo management regime to guide the conduct of efficient bamboo resource development and utilization

Two policy briefs plus a draft of National Strategy on Bamboo Industry Development were produced and submitted to the Ministry of Environment and Forestry.

Activity 2.5. Launch national campaign to promote bamboo industry development

The National campaign on “1000 Villages Bamboo Development” was undertaken to promote the development of bamboo industry based through different media tools e.g. television, printed materials, video and social medias. The activity disseminated information on bamboo resources and their development nationwide and international wide.

Output 3 Participation of local communities in bamboo industry development increased

Activity 3.1. Allocate 6 Ha of natural bamboo forest in 4 sites as demonstration plots of silviculture techniques

Bamboo clumps management was developed and applied in demonstration plots in Bangli District, Bali Province plus in bamboo forests in Ngada District, East Nusa Tenggara. In Bangli District, *Gigantocloa atter* or *bambu tali* species was grown for woven handicraft. During three years observation it was found that the planted bamboo clumps produced more shoots and improved its productivity. In Ngada District, *Dendrocalamus asper* or *bamboo petung* species was grown for construction and strand woven bamboo.

Activity 3.2. Establish 12 Ha of demonstration plantation of 4 bamboo species having high commercial value in 4 sites under different treatments

In collaboration with local farmer, 2000 bamboo seedlings of have high economic value were planted in Kintamani area.

Activity 3.3. Identify and develop appropriate technologies for producing quality planting materials to support bamboo plantation development

Activities undertaken under this activity was to produce bamboo seeding techniques that can be done by the community. This activity also produced a guide book for making bamboo seeds for community, conducted a bamboo breeding demonstration plot with a cocoon system in Ngada District. Bamboo nursery with a cocoon system aimed to obtain bamboo seedlings that have a high growth possibility when planted in the field and shorten the harvest schedule.

Activity 3.4. Identify appropriate bamboo processing technologies for a small-scale processing plant

This activity conducted related with activity 3.5, where through activity 3.4 has been conducted study and assessment about bamboo processing industry that is suitable for community which become project target. The study has made recommendations that the appropriate type of industry for the community in Bangli Regency was the processing of incense sticks.

Activity 3.5. Procure and install selected technologies, and operate the processing plant

The bamboo processing machines procured and delivered to farmer groups in Bali were: cutting machine, splitter blade, slicing machine, shaving machine, stick cutting machine, stick polish machine, knife sharpener machine, and incense making machine. A bamboo smoke preservation installation was established in Ngada District. This installation built to help community preserved their half-finished bamboo products as part of supply chain of bamboo industry to bigger industry.

Activity 3.6. Conduct a series of training on production of planting materials, plantation establishment, natural bamboo management techniques and efficient processing techniques

Series of nine of trainings had been conducted during the periods of 2014 – 2017. The training covered different aspects, such as propagule of planting materials, silviculture techniques on bamboo clump management, bamboo cocoon nursery, processing, handy-craft design, business plan development and community institutional strengthened. The conducted training successfully trained 300 participants from 10 provinces.

Activity 3.7. Publish and disseminate technical manuals on natural bamboo management, production of quality planting materials, establishment of bamboo plantation and efficient processing techniques

The project produced several books, guidelines, booklets, flyers and brochures that were widely disseminated to the bamboo development stakeholders.

Activity 3.8. Establish 2 Community Small Enterprises or cooperatives on bamboo business to be run by local communities using revolving funds from GOI

There were three group of CSE in Bangli District established and assisted by the project to produce incense stick bamboo. The chosen type of industry was based on recommendations of the study conducted under Activity 3.4.

Activity 3.9. Organize a national workshop on dissemination of project results nation wide

A workshop on dissemination of project's results had been conducted in July 2017 in Denpasar, Bali, attended by more than 60 participants representing the bamboo development stakeholders.

As for the exit strategy, the following plans have been identified:

- 1) Continuing activities of the national campaign on bamboo utilization and industry in Indonesia through "a thousand bamboo village program" supported by other parties and stakeholders;
- 2) Maintaining established networking on bamboo development and bamboo industry with several institutions/organizations in Indonesia and some international organizations, such as such as International Network for Bamboo and Rattan (INBAR), China Bamboo Research Center (CBRC), World Bamboo Organization (WBO) and World Bamboo Society (WBC); and
- 3) Developing a new project proposal with new donors to evolve the results of the ITTO Project PD 600/11 Rev. 1 (I).

The final monitoring visit took place in April 2017 when all project outputs and expenditures were found to be in order. The completion report and audit are expected soon and the project will be declared complete at the next CFI Session.

2. PD 737/14 Rev.1 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia

Budget and Sources of Funding:

Total Budget:	US\$	787,502
Government of Japan:	US\$	589,863
Government of Indonesia/ISWA:	US\$	197,150

Executing Agency: Directorate General of Forestry Utilization Management (BUK), Ministry of Forestry

Collaborating Agency: Indonesian Sawmill & Woodworking Association (ISWA)

Approved: Spring Project Cycle, April 2016

Financed: March 2017

Starting Date: October 2017

Duration: Planned: 48 months
To date: 1 month

This project aims to increase the contribution of the forest sector to renewable energy supply and regional economic development through increased supply of wood-based biomass energy. Its specific objective is to improve enabling conditions for building up supply capacity of wood-based biomass energy in North Sumatra region by efficiently utilizing existing forest resources through development of energy forests on degraded lands involving local communities.

The expected outputs of proposed project are i) development of sustainable supply of energy wood initiated, ii) skillful manpower for development of wood-based biomass energy available, and iii) investment in wood-based energy industry development promoted. The project will be implemented in close collaboration with local governments, local communities, private sector and other partners.

It is expected that at project completion, improved enabling conditions for development of wood-based energy industry will support achievement of national policy objectives of green energy development through efficient utilization of available forest resources. Development of energy forests on degraded lands will surely reduce carbon emission and at the same time open up larger job opportunity that will augment income of local communities. In addition, operation of power plants for manufacturing of wood pellets or generation of electricity power will also create large number of jobs thus increase income of local communities and reduce carbon emission through reduced use of coal and fossil fuels. By achieving the specific objective and realizing investment in wood-based biomass energy, the project shall significantly contribute to acceleration of economic growth, creation of job opportunity and reduction of carbon emission consistent with the basic principles of national economic development adopted by the government.

The amount pledged to this project was US\$489 less than the approved budget. The Secretariat liaised with the Executing Agency and a minor amendment to the project budget was agreed to allow the project agreement to be signed based on the amount of funds actually received. The project agreement has been signed in March 2017 and the Executing Agency submitted the Inception Report and other requirements to the ITTO Secretariat in October. The first installment of funds was sent immediately thereafter and the project was beginning its activities at the time of preparing this report.

[B] Projects and Pre-projects Pending Agreement

1. PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras

Budget and Sources of Funding:

Total Budget:	US\$	248,624
Government of Japan:	US\$	196,224
Government of Honduras/ICF:	US\$	52,400

Executing Agency: Instituto Nacional de Conservación y Desarrollo Forestal, Areas Protegidas y Vida Silvestres (ICF)

Approved: Spring Project Cycle, April 2015

Financed: March 2017

Duration: 24 months

The agreement for this project was sent to the officials in Honduras immediately after funds were released by the donor in March 2017. Despite repeated reminders from the Secretariat, the government of Honduras has not yet returned the signed agreement to ITTO, nor has it indicated any problems that it may have with the agreement. The representative of Honduras may be invited to inform the Committee of the reason(s) for the delay in signing the project agreement.

[C] Projects and Pre-projects Pending Finance

1. PD 700/13 Rev.2 (I) Development of Intra-African Trade and Further Processing of Phase I Stage 2 Tropical Timber and Timber Products – Phase I Stage 2 (ITTO)

Budget and Sources of Funding:

Total Budget:	US\$	4,874,556
ITTO contribution:	US\$	3,759,256
Participating Governments:	US\$	297,000
Private Sector	US\$	818,300

Executing Agency: ITTO

Approved: Spring Project Cycle, April 2015

Duration: 24 months

Phase I Stage 2 of this project should now be considered for financing following completion of Phase I Stage 1 which the Committee declared complete at its last Session. Four African member countries (Benin, Cameroon, Côte d'Ivoire and the Republic of Congo) have written to the ITTO Secretariat expressing their desire that this important project continue to receive ITTO support. This project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 30 June 2018.

2. PD 709/13 Rev.2 (I) Enhancing Bali Wooden Handicraft Industry by Improving the Quality of Planted-Wood Raw Materials and Complying to Legality Standard (Indonesia)

Budget and Sources of Funding:

Total Budget:	US\$	635,728
ITTO contribution:	US\$	540,008
Government of Indonesia:	US\$	95,270

Executing Agency: Directorate General of Forest Utilization in collaboration with Bali Provincial Forestry Agency

Approved: Spring Project Cycle, April 2016

Duration: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 30 November 2017.

3. PD 761/14 Rev.2 (I,M) Promoting Partnership between Farmer Group and Forest Industry (Indonesia)

Budget and Sources of Funding:

Total Budget:	US\$	572,193
ITTO contribution:	US\$	508,693
Government of Indonesia:	US\$	63,500

Executing Agency: Secretariat of Extension and Human Resource Development Agency (BP2SDM)

Collaborating Agency: Extension Implementation Agency and/or District Forestry in Purworejo, Batang, Lumajang and Taskimalaya

Approved: Spring Project Cycle, April 2016

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 30 November 2017.

4. PD 788/15 Rev.2 (I) Achieving Sustainable Forest Management through Enhanced Competitiveness of Small & Medium Wood Industries (SMWIs) in Ciamis District of West Java Province, Indonesia

Budget and Sources of Funding:

Total Budget:	US\$	643,560
ITTO contribution:	US\$	569,710
Government of Indonesia:	US\$	73,850

Executing Agency: Directorate of Forest Product Processing and Marketing, (Direktorat Bina Pengelolaan dan Pemasaran Hasil Hutan), DG of Sustainable Forest Management, Ministry of Environment and Forestry

Approved: Spring Project Cycle, April 2016

Duration: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 30 November 2017.

5. PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam

Budget and Sources of Funding:

Total Budget:	US\$	146,480
ITTO contribution:	US\$	116,480
Executing Agency contribution:	US\$	30,000

Executing Agency: Vietnam Timber and Forest Products Association (VIFORES)

Approved: August 2017

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project under the sunset provision of Decision 2(X) Annex 2 on 31 March 2019.

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