

**ITTO THEMATIC PROGRAMME ON  
TRADE AND MARKET TRANSPARENCY  
(TMT)**

**PROGRAMME DOCUMENT**

**5 March 2010**

## **TABLE OF CONTENTS**

<b>I.</b>	<b>PLANNING ELEMENTS</b>	<b>1</b>
1.	RATIONALE AND PROBLEM ANALYSIS	1
2.	OBJECTIVES	6
3.	PROGRAMME STRATEGY	6
4.	OUTCOMES/OUTPUTS/DELIVERABLES AND EXPECTED IMPACTS/BENEFITS	11
5.	OTHER PARTNERS AND STAKEHOLDERS	13
6.	ACTIVITIES	14
7.	WORK PLAN, INCLUDING BUDGET ESTIMATES AND DONOR CONTRIBUTIONS	16
<b>II.</b>	<b>OPERATIONAL ELEMENTS</b>	<b>17</b>
 <b>ANNEXES</b>		
<b>ANNEX 1.</b>	<b>PROBLEM TREE ANALYSIS OF THE TMT THEMATIC PROGRAMME</b>	<b>19</b>
<b>ANNEX 2.</b>	<b>SUCCESS FACTORS OF PAST ITTO PROJECTS IN FOREST AND MARKET INFORMATION SYSTEMS</b>	<b>20</b>
<b>ANNEX 3.</b>	<b>THEMATIC PROGRAMME APPRAISAL PROCESS</b>	<b>22</b>

## I. PLANNING ELEMENTS

### 1. RATIONALE AND PROBLEM ANALYSIS

#### Rationale

The tropical timber trade in logs, sawnwood and plywood/veneer generates significant income and employment. The export revenue to ITTO producing member countries is about USD 11.2 billion<sup>1</sup>. This is complemented by exports of about USD 10.8 billion of Secondary Processed Wood Products (SPWPs)<sup>2</sup>. While the exports of the latter have been growing and there has been some expansion in tropical sawnwood exports in the recent years, tropical plywood from the ITTO producing countries has lost its market share and the export volume has been declining. Trade flows have also changed due to the rapidly increasing demand for timber and timber products in China, the Gulf States and many other emerging markets in Asia and Latin America. At the same time, China has emerged as a major in-transit producer/exporter of plywood and SPWPs, largely based on imported raw materials from the tropical countries, Russia and other sources. Another trend is the on-going penetration of plantation wood into solidwood product markets in the form of reconstituted panels, plywood and SPWPs influencing the competitiveness of tropical timber from natural forests. MDF-based flooring, furniture from non-wood materials and other products made of bamboo are also penetrating some typical end-uses of tropical timber.

International tropical timber markets are undergoing dynamic structural changes in the face of changing global demand patterns and emerging market requirements, including those for supplies from legal and sustainably managed forests.<sup>3</sup> It is critical that trade is developed in such a way that it effectively support sustainable management of tropical forests. The current concentration on international trade in few major species is a critical constraint which has also led to over-harvesting of some of them. The situation calls for trade development of lesser-used species (LUS) and other new materials.

There are several untapped export opportunities for tropical timber products. For example, a recent analysis of the intra-African trade revealed that less than 10% of the region's timber products imports of USD 4.4 billion (2007) originated from the region itself, suggesting major opportunities for expansion.<sup>4</sup> Similar opportunities for the development of intra-regional trade are also existent in the Asia-Pacific and Latin America. Knowledge on the regional markets among potential exporters is however limited and specific measures are needed to develop intra-regional trade in tropical timber.

Domestic demand for timber and timber products both for subsistence and market consumption is growing in many tropical timber producing countries. As a result, some traditional exporters have become importers of wood raw material and primary processed products, which is having a major impact on their marketing strategies. The importance of domestic markets as alternative outlets has also become increasingly important because the demand for tropical timber in the main import markets has contracted due to the recent financial crisis. Improved information on domestic markets is therefore needed.

The market requirements for timber and timber products are constantly changing. Technical, health and sanitary standards and product specifications in major import markets are evolving influencing access to markets by tropical timber producers.<sup>5</sup> Public and private timber procurement policies and emerging regulations are developed to transform the markets towards promoting demand and supply of timber and timber products.<sup>6</sup> These new requirements represent a major challenge for tropical timber exporters impacting their competitiveness.

---

<sup>1</sup> The total forest sector exports was reported as USD 30.8 billion in 2006 (excluding NFTPs).

<sup>2</sup> A significant share of this is produced based on non-tropical timber, often imported.

<sup>3</sup> The specific issue of legality and sustainability of tropical timber supplies is covered by the ITTO Thematic Programme on Tropical Forest Law Enforcement, Governance and Trade.

<sup>4</sup> Favada, I. 2009. The Promotion of Intra-African Market for Timber and Timber Products. Report prepared for ITTO.

<sup>5</sup> Tissari, J. 2009. Report on the Study of the Technical and Environmental Standards of Tropical Timber Products in International Markets (Draft). CEM-CFI(XLIII)/9.

<sup>6</sup> Simula, M. et al. 2010. Study on Developments and Progress in Timber Procurement Policies as Tools to Promote Sustainable Management of Tropical Forests. Report prepared for ITTO.

While tariff barriers have declined in developed countries, there still remains a degree of tariff escalation. This is further compounded by trade between developing countries in which both tariff rates and escalation represent a key barrier to the development of intra-regional trade. Non-tariff barriers continue to be significant for tropical timber trade in major import markets<sup>7</sup>. These barriers can rapidly affect market access for tropical timber (e.g. CE marketing in the European Union).

There is a need to monitor these various developments in regulatory and other market requirements and support tropical timber producing countries in meeting them. Without assistance, tropical timber producing countries will continue to face difficulties in having facilitated access to import markets.

There are also other factors which are adversely affecting tropical timber trade such as complex procedures of importation in exporting and consuming countries (both developed and developing), lack of clarity of sanitary regulations, and high transaction costs paid to trade intermediaries. Trade facilitation could help tropical timber exporting countries in overcoming these limitations which need to be addressed.

Tropical timber exports are under a strong competitive pressure from temperate timbers and other materials which can be used for the same purposes. In some markets there are stakeholder and consumer concerns about the environmental acceptability of all types of wood-based products, in particular tropical timber. There is a need to improve communication on the environmental credentials of tropical timber and timber products from sustainably managed forests to buyers, consumers and other stakeholders.

### **Problem Analysis**

The core problem to be addressed by the TMT Thematic Programme is inadequate market transparency and weak capacity of ITTO producing member countries to develop and sustain a profitable trade in timber and timber products and to proactively adapt to rapidly changing markets. There are three main direct causes to the situation including (i) weak information systems on the markets and the forest sector in producing countries, (ii) gaps in the existing market intelligence, and (iii) limitations in accessing markets and in market competitiveness of tropical timber and timber products due to various constraints, in particular changes in market requirements as well as specific measures taken by regulators and activists to eliminate or reduce the use of tropical timber in general. Capacity building and weaknesses in national policy, legal and institutional frameworks are cross-cutting issues in addressing the core problem of the Thematic Programme. (see Annex 1 for problem tree analysis)

With regard to market information systems the following general situations in the ITTO member countries can be identified: (i) countries which have no functional information systems or which are in initial phases of their development, (ii) countries which have recognized the importance of market information, developed institutional models, but which still have significant needs to strengthen and coordinate their information systems, and (iii) countries which have relatively well-established national systems but which still have gaps and other needs of improvement.

There are a number of underlying problems (sub-causes) for the current weaknesses. In many cases decision makers have weak understanding on the strategic importance of information for policy development, planning and performance assessment. This is coupled with a lack of commitment to improve information systems. Building up the forest sector information systems has typically taken place through a piecemeal ad hoc approach by adding new elements which are not linked with each other without a holistic approach. Data collection suffers from sources of error leading to unreliable data. The coverage of the systems typically includes only some aspects of information needs. For instance, many countries do not have reliable data on production and use of timber and timber products which makes reliable assessment of demand and supply impossible. Illegal logging and illegal trade of timber products introduce another constraint to the collection of reliable timber production and trade data.

---

<sup>7</sup> Taylor, R. & Ass., STCP Engenharia de Projetos & Wing Hing, L. 2005. Report on the Measures to Promote the Expansion and Diversification of International Trade in Tropical Timber. ITTO.

Manual systems are still common but suffer from errors and computerization could significantly improve cost-efficiency. On the other hand, some countries which have adopted sophisticated computerized systems suffer from an imbalance between system sophistication, technical level of hardware and staff skills limiting effectiveness.<sup>8</sup>

Lack of trained staff to build up and operate information systems and high staff turnover are other key constraints. Specialized training would be needed but facilities are often lacking. Furthermore, motivation to collect and produce reliable data in the assigned organizations is constrained by lack of effective dissemination of the results.

Gaps in the marketing intelligence typically include (a) lack of information on domestic markets, the informal sector and legal/illegal production; domestic demands are growing fast and are often difficult to satisfy by the available national supply due to lack of knowledge. (b) Unreliable projections of demand and supply make planning at enterprise and national level difficult. (c) End uses and market characteristics of individual species, including LUS and plantation species, are poorly known. The development of LUS utilization can play a critical role in making sustainable forest management in natural tropical forests economically viable. Market prospects for individual plantation timbers should be known to guide species selection but such information is presently too general or scanty for decision-making on plantation investments. (d) There is inadequate information on the factors driving change in tropical timber consumer markets and how to proactively respond to these. New markets for tropical timber and timber products are poorly known and their dynamics is different from the traditional importing countries. Their relative importance has recently become even greater than in the past due to the financial crisis which has impacted most traditional major markets for tropical timber. (e) Specific information on markets for SPWPs is inadequate but necessary to guide investment in adding value. There is poor knowledge on the structure of the value chain (volumes of timber and timber products produced and used in different phases of the value chain, requirements of wood raw materials used in SPWPs, costs of processing, logistics, intermediaries and transaction costs) and on cost competitiveness of individual producers.

There are also limitations in accessing international and regional markets of tropical timber producers. Many factors including tariffs, standards and technical regulations, and other potential non-tariff-barriers to trade affect market developments cannot be monitored effectively by tropical timber producing countries. Lack of adequate information on these developments makes it also difficult to improve national policy and regulatory frameworks which are compatible with the WTO rules and could thereby promote trade in timber and other products from tropical forests. ITTO's work in this field has been fundamental but due to limited resources it has fallen short of the needs of producing countries.

In market access proliferating and varying individual market requirements make it increasingly difficult for tropical timber producers to promote trade. Various requirements of procurement policies, green building initiatives, local government legislation, etc. have emerged with the purpose of promoting sustainable development and consumption but often without due consideration of economic, social and environmental impacts on tropical timber producing countries. In addition, specific measures to eliminate or reduce tropical timber use are being taken such as anti-tropical timber campaigns. Monitoring of these developments, particularly green building initiatives which are gaining momentum in North America and the European Union, is necessary but there is also a need to provide relevant information on the impacts and implications of such measures in tropical timber producing countries to ensure that these can contribute to sustainable management of tropical forests.

Trade development suffers from several gaps which should be addressed by international and regional level efforts. Removing barriers to intra-regional trade with significant expansion potential would require systematic action for effective trade development.<sup>9</sup> There are also constraints for trade development in the producer countries. The legal and policy frameworks are often inappropriate with

---

<sup>8</sup> ITTO. 2003. Lessons Learned from ExPost Evaluation Missions Carried Out by the Committee on Economic Information and Market intelligence. CEM-CFI(XXXIII)/3. 8 September 2003.

<sup>9</sup> See e.g. ITTO Accra Action Plan in ITTO (2009). Tapping Market Opportunities for Tropical Timber Producers in Africa. Report on the International Conference on Promotion of Intra-African Trade in Timber and Timber Products. Accra, Ghana, 30 June-2 July 2009.

bureaucratic customs and inspection procedures and associated high transaction costs, corruption, as well as inappropriate taxation and incentives. There is a need for trade facilitation measures to address these problems.

In the private sector of many ITTO producing member countries the main constraints include lack of market information, weak marketing capability, competition from illegal operations coupled with high transaction costs of legal operations, multiplicity of documentation requirements in exporting and importing countries, limited access to trade finance; weak secondary processing capacity, low quality and design of further processed products, and intense competition. In general there is lack of knowledge on international market opportunities among small and medium-scale forest-based enterprises (SMFEs). Their capacity to market products in export trade is weak due to small size and limited resources.

At the international and regional levels, the lack of compatibility in statistics of imports and exports between trading partners is a serious constraint to market transparency. Furthermore, the Harmonized System codes of the World Customs Organization (WCO) are changing which may result in less detailed information on tropical timber trade at the international aggregate level. There is an urgent need to improve the foreign trade statistics of tropical timber and timber products among trading partners which requires collaborative efforts.

Another major constraint is the diversity of species nomenclatures and grading rules which make it difficult for buyers and users to understand product characteristics. For instance, in Africa the same or similar species are being offered under different trade names from different countries. To address this issue regional cooperation is needed. There is a major need to promote species/species groups to educate timber users and to provide adequate information on their characteristics and end use applications. Harmonization and simplification in this area are needed through regional cooperation with the participation of market partners.

Tropical timber is under strong competitive pressure in international markets from temperate timber products and other substituting materials. The environmental credentials of tropical timber products are poorly documented and promoted and the result is often a weak image among consumers, architects, builders and building authorities in consuming countries. There is a need for adequate comparative life-cycle studies between tropical timber and its substitutes as well as other information on the various environmental, social and economic benefits of SFM to generate credible information which can be communicated to stakeholders in international and domestic markets to facilitate trade development. In addition, there is lack of generic marketing and trade development of tropical timber products which would be needed to counter the strategic marketing initiatives from other material sectors.

### **Relevant International and Regional Work**

ITTO has been instrumental in the improvement of market transparency and promotion of trade in tropical timber and timber products. The main ITTO outputs in this field include Annual Review and Assessment of the World Timber Situation, the bi-weekly Tropical Timber Market Report disseminating systematically updated data on tropical timber prices and market news in are unique international sources of information to detect medium and short-term changes in the market situations. Availability of these data sources is being further enhanced by the development of an on-line database including statistics on production and trade of tropical timber by ITTO member countries.<sup>10</sup> ITTO's periodic reports on the status of tropical forest management and various outlook studies have provided information on long-term trends in the tropical timber supply and market situation. Annual ITTO Market Discussions provide an opportunity for exchange of information and views among trading partners on the tropical timber market situation and trade issues. ITTO's analytical studies on market characteristics and factors affecting demand, supply and market access have improved market transparency and policy design. Various policy initiatives of the Organization have contributed to the capacity of producers in adapting to changing market conditions. ITTO's work to improve market information systems and trade statistics among its member countries has also been critical in this respect.

---

<sup>10</sup> This is a collaborative effort with UNCTAD.

Only a limited body of work has been taken by other multilateral and bilateral organizations to improve market transparency and develop trade in tropical timber and timber products. FAO's statistical work focuses on production and trade statistics of wood raw material and primary processed wood products on a general level, not separating information on tropical timber and timber products for the bulk of the categories covered. The International Trade Centre has a market news service on selected product groups among which of relevance to ITTO's work are some NTFPs such as medicinal plants, essential oils, and flowers and ornamental plants. FAO also publishes Non-Wood News which reports some information on markets for NTFPs as well. The International Network for Bamboo and Rattan (INBAR) maintains a data base on these two non-timber forest products but does not have a market information facility.

Several attempts have been made to improve market information on regional and sub-regional levels. The African Timber Organization invested in the past in developing a regional information system to share knowledge but it is unfortunately not functioning.

In the private sector national and international trade and technical associations (e.g. ATIBT, UCBT) collect and publish annual statistics on timber trade. A few commercial enterprises also provide information on some tropical timber markets. These are patchy but important sources of information which however suffer from partial coverage (mostly based on member surveys), delays in publication and limited dissemination (mostly to members only or at high costs to non-members). There are also other sources of information such as the Global Forest and Trade Network of the World Wide Fund for Nature but they tend to largely rely on secondary information and focus on some specific aspects of timber trade.

### **Value Added of the TMT Thematic Programme**

The main value added of the TMT Thematic Programme derives from its complementarity with ITTO's current activities as well as those of other organizations by filling the existing gaps in market transparency and strengthening of the capacity of tropical timber producers in trade development and marketing. The ITTO efforts have been crucial to assist producing countries but the core problems are far from being adequately addressed and therefore further concerted action is needed which cannot be undertaken by other actors. Through the TMT Programme, the impact of ITTO's contribution can be significantly leveraged through a strategic approach.

ITTO's competitive edge is in the following aspects: (i) extensive accumulated knowledge base on all aspects of trade and markets which can be further developed, (ii) strong track record in capacity building in improving forest information systems in member countries (a total of about 26 projects throughout the tropics with valuable lessons learned on best practices providing a solid basis for sharing of knowledge), (iii) comprehensive approach covering the entire value chain including logs, primary processed wood products and SPWPs such as furniture and joinery, (iv) established, well-developed mechanisms for knowledge sharing at all levels (MIS, publications, website, etc.), (v) extensive geographic coverage including almost all the major producing countries and all the main international markets, (vi) ITTO's extensive outreach capacity to individual enterprises and other stakeholders through its Market Information Service (MIS)<sup>11</sup> as an exclusive source of information on short-term changes in markets is an efficient channel for disseminating information on key Programme outputs among potential beneficiaries, (vii) the existing advisory structures (Trade Advisory Group and Civil Society Advisory Group) engaging the key intermediary organizations offer an additional outreach instrument which can also provide relevant advice on Programme activities and validation of its main results.

ITTO has carried out successful projects in the field of strengthening of forest and market information systems in Bolivia, Brazil, Colombia, Panama, Peru, Ghana, Gabon, China, and Papua New Guinea. Success factors of these projects are highlighted in Annex 2.

Thematically, the TMT Programme focuses on three main areas of constraints which are critical for improving trade and market transparency in tropical timber and timber products. In capacity building, the focus is on strengthening of information systems which will bring benefits to all trading partners. Improvement of the marketing skills and efforts of the private sector, particularly small and medium-

---

<sup>11</sup> The Market Information Service has about 15,000 organizations/persons worldwide in its distribution list.

sized enterprises which still have a limited role in international trade, is another area in which the Programme can make significant contributions to trade development. The Programme will also address gaps in the available information on domestic, regional and international markets which are poorly known and therefore represent an untapped potential in many cases. In addition, the Programme will provide tools to monitor and influence factors impacting markets for tropical timber.

The TMT Programme has strong synergies with the ITTO Thematic Programmes on Tropical Forest Law Enforcement and Trade (TFLET) and on Industry Development and Efficiency (IDE). The former will generate specific outputs related to market intelligence on products from legally and sustainably managed forests. The issues related to forest certification and verification of legal compliance will be also covered by the TFLET Programme. In addition, there are strong synergies with the ITTO Programme on Ensuring International Trade in CITES-listed Timber Species Is Consistent with their Sustainable Management and Conservation as the TMT Programme will improve market transparency on the CITES-listed species amongst others.

The TMT Programme has also strong links with the ITTO Thematic Programme on Community Forest Management and Enterprises (CFME) as it will produce information on export and domestic markets which can be directly used by the ultimate beneficiaries of the CFME, i.e. community forest enterprises, indigenous peoples and smallholders. There are also synergies with the ITTO Thematic Programme on Reduced Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) which will initiate the development of the information base on the markets for environmental services. To harness synergies and avoid operational overlaps, a close coordination with the other ITTO Thematic Programmes should be established.

## **2. OBJECTIVES**

The general objective of the TMT Thematic Programme is to: (i) promote the trade of tropical timber and timber products and NTFPs by increasing the capacity of producer member countries in market intelligence and marketing skills; and (ii) improve market transparency through improved data and knowledge.

The specific objectives of the TMT Programme are (a) to strengthen information systems on markets and the forest sector, (b) to fill gaps in the market transparency of tropical timber and timber products, and (c) to enhance market access and trade promotion of tropical timber.

## **3. PROGRAMME STRATEGY**

The Programme scope covers (i) strengthening of market information systems, (ii) improvement of market transparency and (iii) facilitation of market access and trade development (Figure 1). Capacity building and strengthening of the policy, legal and institutional frameworks are cross-cutting themes in the Programme strategy.

The product scope of the Thematic Programme focuses during the pilot phase on market transparency and trade development in timber and timber products including SPWPs. In the follow-up phase the Programme can be expanded to include non-timber forest products and such forest services as ecotourism, hunting, recreation, etc.

In the strengthening of information systems the TMT Programme can support interested governments which are still in initial phases of development in this field in the elaboration of national strategies and action plans for the development of market and forest sector information systems. In this group of countries there is typically a strong need to increase awareness among decision makers and other stakeholders on the importance of market and sectoral information for policy design and implementation. The Programme can support building up institutional capacity and training of a critical mass of specialists to operate improved information systems. A country support package of the TMT Programme can be provided through medium-sized projects in countries which have little or no experience in market/forest sector information systems but which have a firm political commitment to improve their decision making based on reliable information. The Programme can also facilitate access to other countries' experience through knowledge sharing at regional and international levels.



In countries which are already actively developing their information systems, the Programme can focus on the improvement of the existing data bases, staff training, upgrading and integration of individual system components, and communication of the results. Support can also be provided to strengthening of organizations of the private sector and forest communities and their networks to contribute to national information systems and to build up their own market information systems, including raising awareness regarding the important role of forest information systems in contributing to tax/royalty collection. Support to the establishment of information systems is particularly relevant in countries which have difficulties in meeting their reporting requirements to ITTO. In countries with well-established information systems the Programme can support filling gaps in the existing information and to strengthen analytical skills. The Programme will build on success factors already identified for projects in this field (see Annex 2).

In improving market transparency the Programme can support, inter alia, improvement of the statistical information on trade by improving collection and analyses of price data, promoting appropriate HS codes for tropical timber and conversion factors, cross-checking of trade flow data, and other actions to identify problems in, and improve reliability of, trade statistics. Support to addressing information gaps can include periodic surveys on production and use of timber and timber products, wood-based bioenergy, the role of the informal sector, etc. The Programme can also support studies to improve knowledge on consumer markets, including periodic surveys of consumer perceptions of tropical timber products and market drivers to improve strategic marketing. Support can be provided to studies on domestic and regional market prospects, characteristics of emerging markets and prospects for intra-regional trade, demand and supply outlook of tropical timber products, end uses of tropical timber species, as well as specific characteristics of potential markets for lesser-used species and plantation timbers for solidwood products as well as SPWPs. As regards market studies, the TMT Programme focuses on improving the information on the characteristics of the markets which are not presently adequately known. As regards the LUS, three to five promising species could be selected in each region to carry out exploratory detailed market studies to assist in their promotion.

In the area of facilitating market access and improving the competitiveness of tropical timber, the Programme can support (a) monitoring and assessing the economic, social and environmental impacts of factors affecting tropical timber markets (e.g. tariffs, product standards and technical regulations, non-tariff barriers, macroeconomic changes in the international markets, and other emerging factors), and (b) studies on competitiveness of tropical timber, comparative life-cycle analyses on tropical timber products vis-à-vis their substitutes including their carbon credentials, benchmarking of cost-competitiveness, and other relevant topics.<sup>12</sup> The Programme can also support (c) proactive activities to influence policy design and market requirements related to trade in tropical timber as well as generic market promotion (advocacy, communication, stakeholder consultations, etc.) to make effective use of the Programme's informational outputs.

In the area of trade development and facilitation, the Programme can provide support to analytical work on identifying and assessing optional measures of trade regulation including advocacy and generic market promotion (export bans for logs, export taxes and quotas, etc.) for the development of exports in further processed products. This is a key issue in several African countries and some Asian member countries of ITTO. Support to analytical work on other relevant policy issues can also be provided e.g. for the development of the domestic market, improving the performance of the informal sector and its integration into the formal sector, reduction of tariff and non-tariff barriers, and design of trade development measures.

The Programme support includes knowledge sharing to disseminate the results of the outputs through regional and international workshops, publications and ITTO's website, the Market Information Service and other means. The accumulated knowledge on the tropical timber species and their characteristics and use properties in the three regions will be made available on ITTO's website to facilitate trade.

---

<sup>12</sup> ITTO has recently carried out studies on technical and environmental standards (Tissari, 2009, *ibid*) and competitiveness of tropical timber (Oliver, R. & Donkor, B. 2009. Draft Report on Monitoring the Competitiveness of Tropical Timber. ITTO, CEM-CFI(XLIII)/8. Updating of the information will be relevant in 2 to 3 years' time depending on the developments in these fields.

At the enterprise level the Programme can support development of marketing strategies and strengthening of marketing skills as pilot operations which have potential for replication on national and regional levels. Such support may be provided through industry and trade associations.

The ultimate target groups are people employed by forestry and forest industry associations and individual enterprises, forest communities, indigenous peoples and smallholders, as well as their organizations. The intermediate target groups are government agencies, knowledge institutions, relevant private sector organizations, timber product distributors, civil society organizations, consumers and other stakeholders. .

The Programme is open for stakeholders in all ITTO member countries. In view of the fact that further processing and trade in tropical timber products is less developed in most African member countries than in Latin America and the Asia-Pacific, the region should receive special consideration in the Programme implementation.

The main instruments of the programme implementation are pre-projects and projects as well as activities proposed by stakeholders in the ITTO developing member countries and submitted through the national ITTO focal points to ensure a coordinated approach.<sup>13</sup> The proposals should fall under one or more of the strategic interventions of the TMT Programme.

In addition, ITTO-implemented activities benefiting all the member countries of the Organization are carried out which are targeted at improving the transparency of international markets, monitoring of factors affecting markets for tropical timber, improvement of international trade statistics and nomenclatures, as well as international and regional-level actions to share experiences and lessons learned.

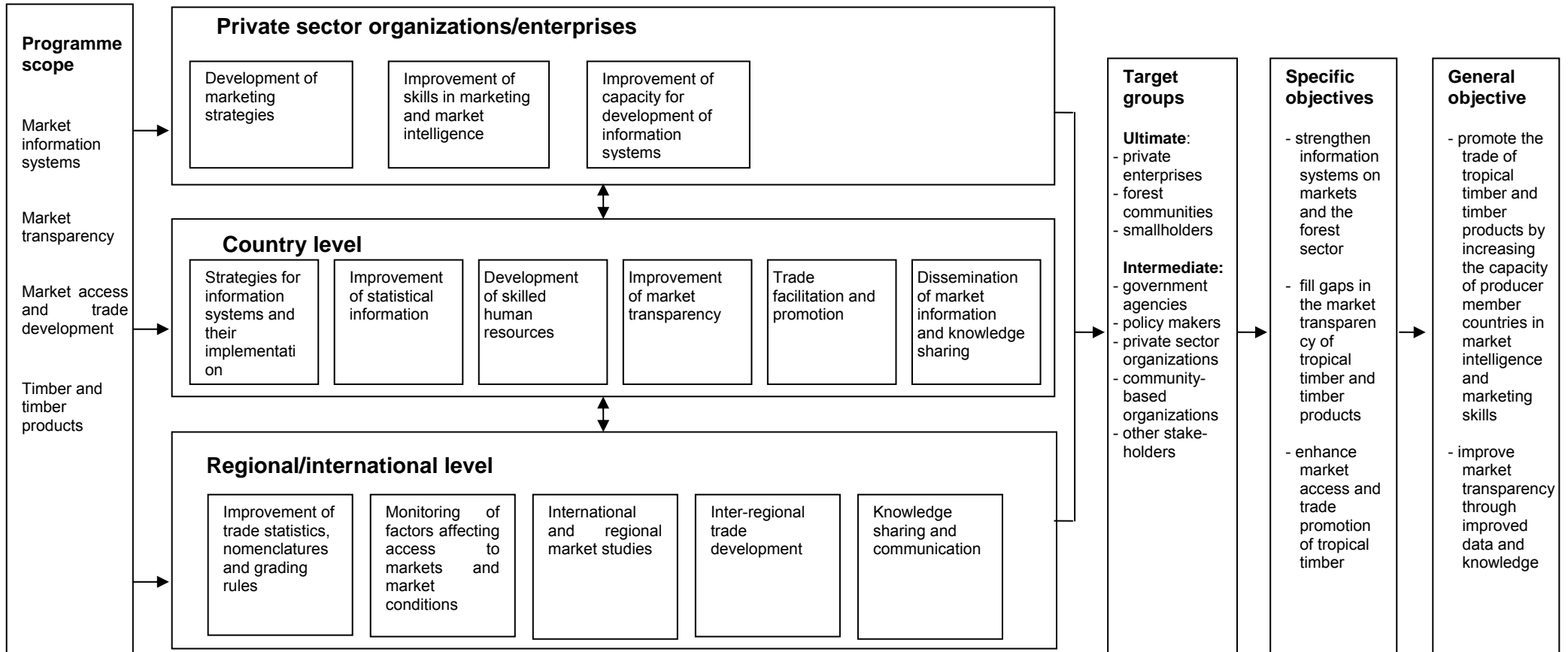
---

<sup>13</sup> The provisions of the ITTO Manual for the Formulation of Projects, Annex B Guidelines for the Participation of Local Communities in the Project Cycle are considered in all the activities of the Thematic Programme.

The main risks associated with the Programme and how they can be addressed are as follows:

- (i) Inadequate political will to strengthen information systems and improve transparency of the forest sector as well as to assign adequate budgetary resources for these purposes may reduce the impacts of the Programme. To address this risk, the Programme includes targeted awareness-raising activities among decision makers and broad engagement of the private sector and other stakeholders in the efforts to improve market transparency to ensure bottom-up pressure for improved available information on the forest sector and markets for forest products.
- (ii) Ultimate beneficiaries of the Programme may not have ready access to the generated outputs due to lack of country-level dissemination activities. To address this risk the Programme will expand open and targeted access to individual private enterprises, community forest enterprises and other stakeholders to reduce dependence on intermediaries in dissemination. In addition, specific dissemination activities will be included in the Programme-supported projects and activities.
- (iii) Government agencies may not be able to implement improvements in the information systems. This risk can be reduced by careful planning and consideration of the success factors in earlier support projects (see Annex 2 for lessons learned).
- (iv) The intervention period of support can be too short to generate tangible results. During the pilot phase of the Programme, this risk can be addressed by the inclusion of capacity building components and specific exit strategies to ensure sustainability of improved practices (e.g. integration with the implementation of national forestry programmes, mobilization of follow-up support from other sources, etc.).
- (v) There is a risk of resistance from the private sector regarding improved transparency for commercial reasons. This risk can be addressed through effective involvement of the private sector in the development and implementation of the Programme. Dissemination of the results of improved information systems and market intelligence will provide immediate tangible benefits to private sector enterprises which can be ensured by training of users of information.
- (vi) There is a risk for competitive sensitivities between tropical timber producing countries in the improvement of market transparency and data on competitiveness. In addition, some established exporters may consider it unnecessary to improve transparency in markets on which they have already gained leading positions. This risk can be reduced as the Programme can provide tangible benefits for suppliers in all the ITTO producing countries.
- (vii) Adequate financing should be made available including counterpart financing. Targeted fundraising efforts should be undertaken.

Figure 1. TMT Thematic Programme Strategy



#### 4. OUTCOMES/OUTPUTS/DELIVERABLES AND EXPECTED IMPACTS/BENEFITS

Table 1. Outcomes, Outputs and Deliverables of the TMT Programme

Specific objectives	Outcomes	Outputs	Deliverables
Strengthen information systems on markets and the forest sector	Improved decision making on markets and market promotion and strengthened performance evaluation	<ul style="list-style-type: none"> <li>- Countries with improved information systems on markets and forest sector</li> <li>-- National strategies to strengthen information systems (including improvement of policy, legal and institutional frameworks)</li> <li>- Strengthened capacity among decision makers to use information</li> </ul>	<ul style="list-style-type: none"> <li>- Number of countries with improved information systems</li> <li>- Number and quality of national strategies to strengthen information systems</li> <li>- Awareness raising events</li> <li>- Communication products</li> </ul>
	Improved reliability of information on the forest sector	<ul style="list-style-type: none"> <li>- Improved quality of data</li> <li>- Improved analysis of the data for decision making</li> </ul>	<ul style="list-style-type: none"> <li>- Diagnostic studies</li> <li>- Statistical information on forest sector and trade</li> <li>- Analytical reports</li> </ul>
	Improved capacities of building up and running of information systems	<ul style="list-style-type: none"> <li>- Trained staff and specialists</li> <li>- Private sector organizations with improved systems and skills</li> <li>- Networks between producers and users of information</li> </ul>	<ul style="list-style-type: none"> <li>- Working groups and thematic sub-groups established and operational</li> <li>- Training courses, workshops and other capacity building initiatives undertaken</li> <li>- Specialized networks operational</li> </ul>
Fill gaps in the market transparency of tropical timber and timber products.	Improved statistical information on trade	<ul style="list-style-type: none"> <li>- Identified weaknesses in the existing statistics</li> <li>- Improved trade statistics</li> <li>- Appropriate HS codes for tropical timber and timber products</li> </ul>	<ul style="list-style-type: none"> <li>- Improved Forest Sector Joint Questionnaire for data collection</li> <li>- Consultative meetings and workshops with stakeholders</li> <li>- Analytical and statistical reports</li> <li>- Improved trade codes and conversion factors</li> </ul>
	Improved information on markets	<ul style="list-style-type: none"> <li>- Specific information on production and use of tropical timber, demand and supply outlook, bioenergy, emerging markets</li> <li>- Improved information on intra-regional trade</li> <li>- Strengthened capacity to utilize market information for marketing strategies and improvement of policy, legal and institutional frameworks</li> </ul>	<ul style="list-style-type: none"> <li>- Study reports</li> <li>- Workshops, seminars, conferences</li> </ul>

<b>Specific objectives</b>	<b>Outcomes</b>	<b>Outputs</b>	<b>Deliverables</b>
	Improved decision-making on forest production and plantation development	<ul style="list-style-type: none"> <li>- Market information on Lesser Used Species and new materials</li> <li>- Information on market outlook for individual plantation species</li> </ul>	<ul style="list-style-type: none"> <li>- Survey and study reports on markets for LUS and new materials</li> <li>- Regular survey and study reports on market trends for tropical timber plantation species</li> </ul>
	Improved benefit sharing from trade	<ul style="list-style-type: none"> <li>- Improved information on the structure of the value chain of tropical timber and timber products</li> </ul>	<ul style="list-style-type: none"> <li>- Regular surveys and study reports on development of the value chain of tropical timber and timber products</li> </ul>
Enhance market access and trade development	Improved capacity of tropical timber producers to adapt to market changes	<ul style="list-style-type: none"> <li>- Periodic systematic information on factors affecting markets (tariffs, non-tariff barriers, etc.)</li> <li>- Monitoring and analysis of emerging market requirements for tropical timber and timber products</li> </ul>	<ul style="list-style-type: none"> <li>- Regular reports on trends and factors affecting tropical timber markets</li> <li>- Regular reports on emerging market requirements of tropical timber and timber products trade and trends</li> </ul>
	Improved competitiveness of tropical timber	<ul style="list-style-type: none"> <li>- Periodic systematic information and research on the life cycle impacts of tropical timber vs. substitutes</li> </ul>	<ul style="list-style-type: none"> <li>- Monitoring, research reports and awareness raising activities on life-cycle impacts of tropical timber vs. substitutes</li> </ul>
	Improved marketing strategies and skills	<ul style="list-style-type: none"> <li>- Marketing strategies in pilot enterprises</li> <li>- Trained staff and specialists in market intelligence and marketing skills</li> </ul>	<ul style="list-style-type: none"> <li>- Number of enterprises with marketing strategies</li> <li>- Number of trained staff and specialists</li> </ul>
	Facilitated trade procedures and reduced transaction costs	<ul style="list-style-type: none"> <li>- Policies and legal frameworks facilitating tropical timber trade in exporting countries</li> <li>- Trade policy change and optimization</li> </ul>	<ul style="list-style-type: none"> <li>- Analysis of policy and institutional constraints related to timber trade in exporting countries and dissemination activities</li> </ul>
	Enhanced trade promotion	<ul style="list-style-type: none"> <li>- Trade promotion strategies and action plans</li> <li>- Improved access by buyers, users and producers on information on tropical timber species characteristics and uses</li> <li>- Market promotion activities for tropical timber</li> </ul>	<ul style="list-style-type: none"> <li>- Number of countries with strategies and action plans</li> <li>- Web portal on timber species, trade and market information</li> <li>- Means of dissemination of information</li> <li>- Trade promotion activities implemented</li> <li>- Advocacy and market promotion activities of timber and timber products implemented</li> </ul>
	Enhanced knowledge sharing	<ul style="list-style-type: none"> <li>- Strengthened skills and knowledge on trade and marketing of tropical timber</li> <li>- Effective networking among trading partners</li> </ul>	<ul style="list-style-type: none"> <li>- Communication products, conferences, workshops and other training means and events to promote tropical timber marketing information and transparency</li> <li>- Information sharing networks operational</li> </ul>

## **Expected Impacts/Benefits**

The main intended direct impacts of the Thematic Programme in the long run are (i) strengthened country capacity in implementing information systems on markets and the forest sector, (ii) improved decision making on markets and market promotion, (iii) improved reliability of information, (iv) improved market transparency for tropical timber and timber products, (v) improved marketing strategies based on continuous information on market changes and factors affecting market access, (vi) facilitated market access for tropical timber and timber products, (vii) less discriminatory market requirements, and (viii) enhanced trade promotion and facilitation.

The ultimate benefits of the Programme include contribution to (i) improved marketing, exports and competitiveness of tropical timber, (ii) improved earnings and sharing of benefits from trade, (iii) enhanced trade contribution to SFM, and (iv) poverty reduction and sustainable development,

The social and economic impacts of the Programme are identified by target groups as follows:

For forest communities and smallholders the Programme will contribute to reduction in rural poverty and improved income and employment as well as appropriate sharing of benefits. This can be achieved through improved access to market information, strengthening of market intelligence, and enhanced transparency of the value chain of tropical timber and timber products. Other complementary measures are often needed to have a significant impact.

For the private sector enterprises and organizations the benefits derive from (a) improved market information systems, (b) strengthened marketing strategies and skills, (c) expanded sales as a result of improved market transparency, sectoral information, facilitated market access and trade development, and (d) reduced transaction costs as a result of trade facilitation.

For governments the TMT Programme provides benefits through (a) improved market and sectoral information for policy decisions and performance evaluation, (b) strengthened human resources, (c) optimization of trade related policies, and (d) expanded exports as a result of facilitated market access and improvement competitiveness of tropical timber and timber products.

For civil society organizations the Programme's benefits derive from improved market information in building up their capacity to support forest communities in improving their livelihoods.

For donors and the international community the Programme fills the important gap in the existing efforts in supporting the development of sustainable production and consumption of timber and timber products. The related international programmes would benefit from the synergistic outputs of the ITTO's TMT Programme.

The environmental impacts of the Programme derive from the improved trade and production data on timber species and the improved management and control of forests made possible by better information.

## **5. OTHER PARTNERS AND STAKEHOLDERS**

The Programme will be implemented in close cooperation with ITTO's Trade Advisory Group and Civil Society Advisory Group, relevant international and regional organizations, national timber industry and trade associations and civil society organizations.

The outcomes of ITTO's Annual Market Discussions and the Bi-annual Review and Assessment of the World Timber Situation as well as the recommendations of the ITTO Trade Advisory Group (TAG) also guide implementation of the Programme.

Relevant international bodies and programmes will collaborate on related activities. On the issues related to the improvement of foreign trade nomenclature and statistics, cooperation is established with FAO, the World Customs Organization, and other relevant partners.

## 6. ACTIVITIES

In this section an indicative non-exhaustive list of activities which can be supported by the Programme is provided. As country situations vary, necessary support interventions can differ and therefore other activities which are consistent with the Programme objectives may be considered in decision-making on the approval of proposals.

### A. Strengthening of information systems

- 1) In improving the market and forest sector information systems the Programme can support
  - (a) awareness raising among decision-makers on the strategic importance of market and sectoral information for policy design and performance evaluation
  - (b) diagnostic studies and surveys on critical data gaps related to production and trade of timber, timber products
  - (c) elaboration of national strategies, policies and action plans for the development of market information systems and their implementation
  - (d) upgrading and integration of individual information system components and improvement of the existing data
- 2) In strengthening the capacity in developing and maintaining effective information systems the Programme can support
  - (a) training of staff and specialists to operate improved information systems, data collection, processing, reporting, statistical methods, analytical skills and communication
  - (b) strengthening of organizations of the private sector and forest communities as well as relevant public agencies and their networks to contribute to national information systems and to build up their own market information systems
  - (c) dissemination of the results of information systems
  - (d) national and regional-level training workshops on statistical and economic information to continuously upgrade the skills of member countries

### B. Improvement of market transparency

- 3) In improvement of statistical information on tropical timber and timber products the Programme can support
  - (a) strengthening of the existing international information systems on tropical forests and timber trade for capitalizing synergies and avoiding duplication (e.g. the Global Forest Resource Assessment (FRA) of FAO, ITTO's Status of Tropical Forest Management (ITTO SFM Tropics) reports and the inter-agency Forest Sector Joint Questionnaire)
  - (b) comparative analyses of trade data to detect inconsistencies and anomalies for corrective action by member countries and other improvement of the statistical information on trade
  - (c) monitoring and review of international trade codes on tropical timber and timber products in view of improved market transparency
  - (d) reviewing and revising conversion factors (weight to volume, etc.) used in international and national statistical databases for tropical wood products
- 4) In improving market information the Programme can support
  - (a) periodic surveys and studies on specific information gaps such as production and uses of timber and timber products, chains of custody for market transparency, wood-based bioenergy, demand and supply outlook, end uses of tropical timber, etc.
  - (b) studies on export and domestic market prospects in target markets, characteristics of emerging markets and intra-regional trade, specific characteristics of potential markets for lesser-used species and new materials, plantation timbers, SPWPs, and other relevant topics



- (c) studies on the structure of the value chain of tropical timber and timber products from the forest up to processed products in exporting countries to identify market failures
- (d) workshop, seminars and training events on improved statistical and market information

### **C. Facilitation of market access and trade development**

#### 5) In facilitating market access the Programme can support

- (a) monitoring of factors affecting tropical timber markets (e.g. tariffs, product standards, technical regulations, product certification requirements, other potential non-tariff barriers, consumer and public perceptions of tropical timber products, green building initiatives) and development of strategies for tropical timber suppliers to adapt and respond to market changes, including regional and global economic crises
- (b) studies on substitution and competitiveness of tropical timber in relation to competing materials and non-tropical timber and timber products including studies on life-cycle assessment on tropical timber products vis-à-vis their substitutes focusing on climate change impacts;
- (c) monitoring of the competitiveness of suppliers of tropical timber and timber products in the major markets with regard to prices, production costs, chains of custody, transportation costs and costs of capital vis-à-vis their competitors from temperate and boreal zones

#### 6) In trade facilitation and development the Programme can support

- (a) development of marketing strategies and improvement of skills in marketing
- (b) facilitation of generic marketing and market advocacy of tropical timber products including the preparation of promotional materials on the various benefits of SFM and tropical timber
- (c) review of the existing regulations and procedures as well as the taxes, fees and charges to reduce the transaction costs of trade in timber and timber products; and to improve incentives for further processed production.
- (d) monitoring of tariffs and comparative studies on existing tariff barriers and reasons for the lack of implementation to reduce tariffs to agreed levels for identifying corrective measures
- (e) monitoring of fiscal policies and subsidies which influence competitiveness of tropical timber producing countries and to inform ITTO members on best practices in the application of such instruments
- (f) reviews of species nomenclatures, measurement practices, and grading rules and standards for tropical timber and timber products as well as promotion of their harmonization as a tool to facilitate timber trade, as appropriate
- (g) establish in the ITTO website a special section containing information on tropical timber species, their physical, mechanical and chemical characteristics as well as their processing and utilization properties;
- (h) design and implementation of other trade development and facilitation measures (e.g. streamlining trade payment rules, platforms promoting introduction of electronic trade documentation, facilitation of access to trade finance, organization of and participation in trade exhibitions and other promotional activities) ,
- (i) knowledge sharing through regional and international workshops, publications and other means

Proposals for projects/pre-projects/activities can include several elements from different action areas of the Programme if deemed appropriate. Proposals should be prepared in accordance with the ITTO Manual for Project Formulation (2008).

If necessary, ITTO may upon request provide technical assistance to interested disadvantaged stakeholders to formulate proposals which meet the requirements of the TMT Thematic Programme.

## 7. WORK PLAN, INCLUDING BUDGET ESTIMATES AND DONOR CONTRIBUTIONS

### Work Plan

The general indicative work plan is given in Table 2. Detailed annual work plans will be prepared to implement the Programme. Two rounds of call for submissions by stakeholders through the ITTO focal points are arranged per year. During the first year the following activities are planned.

- (a) Promotion of the Programme launching through various ITTO organized and participated events to create awareness among stakeholders on the availability of Programme support
- (b) Organization of the first two rounds of submissions by stakeholders
- (c) Provision of support for project formulation to stakeholders who have requested this assistance

**Table 2. General Work Plan**

Actions	Year 1				Year 2				Year 3			
1. Programme launching and promotion												
2. Calls for proposals	●		●		●		●		●		●	
3. Advisory Committee meeting/review	●	●		●		●		●		●		●
4. Implementation of TP activities												
- A. Strengthening of information systems												
- B. Improvement of market transparency												
- C. Facilitation of market access and trade development												
5. Annual monitoring reports				●				●				●
6. Review and evaluation of the TMT pilot phase by the ITTC												●

### Budget estimates

An indicative three-year budget that would result in significant improvements in the development of trade and market transparency in the three tropical regions is US\$5 million (Table 3).

**Table 3. TMT Thematic Programme Budget (Indicative)**

Activity (US\$ 1,000)	Year 1	Year 2	Year 3	Total	Per cent
A. Strengthening of information systems	330.0	853.4	433.3	1,616.7	35.4
B. Improvement of market transparency	442.0	835.0	283.0	1,560.0	34.2
C. Facilitation of market access and trade development	387.0	788.0	210.0	1,385.0	30.4
<b>SUBTOTAL</b>	<b>1,159.0</b>	<b>2,476.4</b>	<b>926.4</b>	<b>4,561.7</b>	<b>100.0</b>
Programme Management (9.5%)	111.4	237.9	89.0	438.3	
<b>GRAND TOTAL</b>	<b>1,270.4</b>	<b>2,714.3</b>	<b>1,015.3</b>	<b>5,000.0</b>	

### Donor contributions

Pledged	US\$ 1,000,000
Balance	US\$ 4,000,000
<b>TOTAL</b>	<b>US\$ 5,000,000</b>

As of February 2010, donor contributions have been received from the Governments of Switzerland, the United States of America, Japan, and Finland.

### **Counterpart contributions**

In addition to donor contributions, implementing agencies for activities or projects developed in the framework of this programme are also expected to contribute financial and in-kind resources, taking into account their roles, responsibilities and capacities, in principle, with a share consistent with the level of such inputs in the existing ITTO project portfolio. The counterpart in-kind contributions include provision of logistical support comprised of services of staff members, office spaces, transportation, etc., provided by the implementing agencies. On average ITTO projects include counterpart contribution from implementing agencies of 10-20% of the ITTO budget and this average level is targeted in the TMT Thematic Programme.

## **II. OPERATIONAL ELEMENTS**

### **Composition of the Thematic Programme Advisory Committee**

The Advisory Committee (AC) has the following composition:

- a) Three producer member representatives with recognized expertise on the Thematic Programme;
- b) At least one non-donor consumer member representative with recognized expertise on the Thematic Programme;
- c) Expert representatives of interested donors and collaborating institutions; and
- d) Executive Director or his designated representative.

In consultation with members, the Executive Director will invite individuals to participate on Thematic Programme Advisory Committees.

As a general rule, the membership will not exceed seven members, taking into account the need for balanced representation among members.

The task of the AC is to assist the Executive Director with the implementation of the Thematic Programme as follows:

- a) Selection of activities/pre-projects/projects for financing under the Thematic Programme;
- b) Monitoring and evaluation of progress in implementing the Thematic Programme; and
- c) Identification of potential additional sources of voluntary financial contributions to the Thematic Programme

As a general rule, the AC works and coordinates through electronic means and meets once a year.

### **Specific selection criteria for proposed activities/projects/pre-projects**

In selecting activities/pre-projects/projects for financing, the Thematic Programme Advisory Committee will consider the following general criteria:

- a) Conformity with the Thematic Programme Document and ITTA objectives;
- b) Technical feasibility;
- c) Cost effectiveness;
- d) Environmental and social effects;
- e) Linkages or relevance to other activities/pre-projects/projects under the programme;
- f) Applicability/extension of results, e.g. regionally or globally;
- g) Clear quantitative and qualitative indicators to evaluate progress towards achieving programme objectives;

- h) Measures to verify the coherence and effectiveness of individual activities/pre-projects/projects funded under the programme;
- i) Overall impact and sustainability of outputs and outcomes; and
- j) Mechanisms for effective stakeholder participation.

In addition, the AC will consider the following specific criteria

- k) Potential impact to the achievement of the specific objectives of the Thematic Programme
- l) Contribution to the Programme deliverables

### **Administrative arrangements**

The Programme is implemented under the direction of the Executive Director of ITTO. The Programme is coordinated by the ITTO secretariat.

### **Monitoring and evaluation procedures**

The Programme is monitored according to the procedures of the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation and using the Organization's on-line monitoring system as appropriate.

The Advisory Committee monitors the progress of Programme implementation at least once a year based on the information generated by the monitoring system, including periodic progress reports. A programmatic monitoring protocol will be developed for the Programme as a whole.

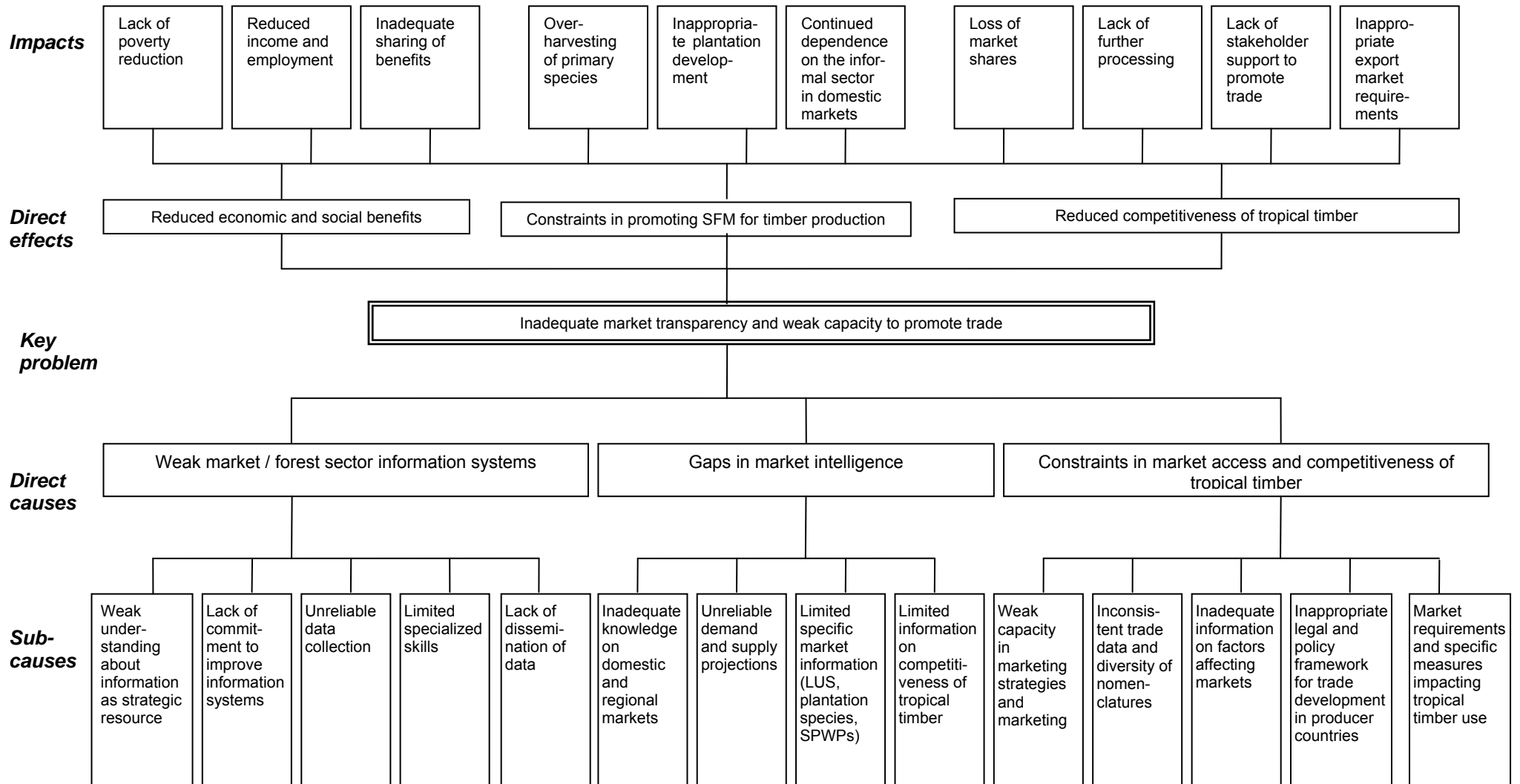
In accordance with the Decision 9/(XLIV) of the International Tropical Timber Council (ITTC) the Executive Director will report at each Council session on the development, status and other relevant information on the pilot operation of the Thematic Programme, and to keep Members informed inter-sessionally through the ITTO web site.

The effectiveness of the pilot operation of the Thematic Programmes will be reviewed and evaluated after three years by the ITTC.

### **Technical and financial reporting procedures**

ITTO standardized reporting formats will be used for individual activities/pre-projects/projects and the Thematic Programme as a whole. The reporting elements include work-plan, budget, regular progress, technical and completion reports, inclusive of narrative reports and financial reports, formats for consolidated narrative and financial reports, monitoring and evaluation reports. The provisions of the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation will apply, as appropriate. Donor contributions are not earmarked to specific projects/pre-projects/activities and a common reporting framework will be applied for participating donors rather than individual reports for each donor.

## ANNEX 1. PROBLEM TREE ANALYSIS OF THE TMT THEMATIC PROGRAMME



## ANNEX 2

### SUCCESS FACTORS OF ITTO PROJECTS IN FOREST AND MARKET INFORMATION SYSTEMS

The following key success factors have been identified in the evaluations of the ITTO-funded projects and could be considered, as appropriate, in the design and implementation of projects to be financed under the TMT Thematic Programme.

#### Project design phase

- Projects in this field require detailed planning. They would benefit from being part of clear national/organizational strategies to improve the information systems.
- Flexibility is often needed to ensure effective implementation in changing conditions.
- A limited number of strategic requirements can be focused on in the initial phase of building up of information systems.
- In decentralized institutional setting, sub-national bodies should be given a broader role than just data collection.
- Phasing of this kind of projects can be risky for effective smooth implementation due to risks related to institutional or organizational changes.
- Overambitious scope and targets should be avoided.

#### Pre-conditions for project success

- Strong government commitment is necessary for achieving the targeted results.
- Top management must understand the strategic importance of reliable up-to-date information.
- The information unit in forest agencies should be appropriately based in the organization.

#### Technical aspects

- Four basic sub-systems need to be covered: data collection, data processing and storage (data base), data analysis, and dissemination and access to data.
- Modular approach can be useful for individual sub-systems of information on specific topics.
- Interaction, coordination and compatibility between various data bases need to be ensured.
- Integration of statistical, economic and forest data bases provides effective management and control tools.
- Special measures are needed for quantification of illegal operations and the production and raw material use of the informal sector (e.g. periodic sample-based surveys). Adequate reliability of this kind of information needs specific measures.
- Reconciling data on timber flows in different stages of the logistic chain is important for data consistency.
- Statistical requirements of reporting to ITTO and other international bodies need to be considered.
- Clarity on conversion factors is needed from the beginning; particularly those applied for import and export data.
- Statistical theories and methods can improve and optimize data collection and analysis.
- In decentralized systems, appropriate communication technology is needed to ensure connectivity of different levels of organization.
- Engaging the private sector and other stakeholders and provision of results to them can ensure their support to improved systems.

#### Economic aspects

- The designed information system should be compatible with the budgetary framework for its operation.
- Clarity between responsibilities between participating organizations and their different levels is critical for economic efficiency.
- Systems depending on external expertise and services tend to have low cost-efficiency.

#### Capacity building

- Statistical information capabilities of the participating organization should be adequate.
- Training should cover all the levels, including data collectors and users of data.
- Training is also often needed for effective dissemination.

#### Dissemination of results and mainstreaming of experience

- Dissemination of information produced can ensure sustained stakeholder support to operation of the information systems.
- Wide dissemination in different forms to all relevant stakeholders is desirable including yearbooks, information bulletins, newsletters, CD-ROMs, web portals, and other interactive means; various means are complementary.

#### Implementation arrangements

- Project steering group has a critical role to ensure effective implementation.
- Multidisciplinary working groups and thematic sub-groups have been useful.
- Effective interrelation between available skills (experienced, high-level personnel), the required technological levels (specialized hardware and software) and efficient organization and management of the project is a key factor of success.
- Private sector can be effective in implementation if the government does not have sufficient staff and capacity, and when flexibility is needed in implementation.
- Mid-term reviews are useful to check relevance of interventions and to remove constraints of progress.

#### Sustainability of project interventions

- An agreed follow-up and monitoring arrangement can help ensure sustainability.
- Pilot projects need to include validation of the results and design of follow-up measures for replication and mainstreaming.
- Specific exit strategies in the project design or during implementation are often required.
- Regional-level sharing of experiences through networking is helpful for further development of experiences.

#### Sources:

ITTO. 2003. Lessons Learned from ExPost Evaluation Missions Carried Out by the Committee on Economic Information and Market intelligence. CEM-CFI(XXXIII)/3. 8 September 2003.

Buttoud, G. 2005. Ex-Post Evaluation Report. ITTO PROJECT PD 56/00 Rev.3 (M) Enhancement of the Forest Statistics Information and Management System (STATFOR) through the Integration of Two Computer Modules: Compilation of Management Inventory Data and Management of Export Log Lumberyard. CEM-CFI(XXXVII)/3. 5 September 2005.

### ANNEX 3

#### THEMATIC PROCESS APPRAISAL PROCESS

