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REPORT OF PROJECTS, PRE-PROJECTS AND ACTIVITY IN PROGRESS

ECONOMIC INFORMATION AND MARKET INTELLIGENCE

[A] Projects, Pre-Projects and Activity under Implementation

1. PD 16/93 Rev.4 (M) Phase IV Market Information Service for Tropical Timber and Timber Products (MIS) (ITTO)

Budget and Sources of Funding:

Total Budget:	US\$	4,193,258.00
Government of Japan	US\$	1,273,258.00
Government of Switzerland	US\$	170,000.00
Bali Partnership Fund Sub-Account B	US\$	2,015,000.00
Government of Sweden	US\$	35,000.00
Government of USA	US\$	50,000.00
Unearmarked	US\$	650,000.00

Implementing Agency: ITTO Secretariat

Council Session Approved: Twenty-first (Yokohama, 1996)

Starting Date: January 1997

Duration: Planned: 24 months with 2-year extensions
To date: 108 months

The main output of this project, which has been implemented by the ITTO Secretariat since 1996, is the bi-weekly *Tropical Timber Market (TTM) Report*. This report contains price data for about 500 tropical timber products as well as relevant market news from around the globe aimed at meeting the market information needs of the tropical timber trade. The *TTM Report* is disseminated online, by e-mail and in hardcopy.

TTM Report readers and online users are from over 160 countries, notably Malaysia, the US, Japan, Indonesia, the UK, Brazil, China, Hong Kong SAR and The Netherlands. The top user categories, in descending order, are: Manufacturers/exporters, Consultants, Traders/Agents, Civil Society and Educational Institutions.

2. PD 168/02 Rev.1 (M) Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistical Data in Togo

Budget and Sources of Funding:

Total Budget:	US\$	340,690
Government of Japan:	US\$	243,594
Government of Togo:	US\$	97,096

Implementing Agency: Office National de Developpement et d'Exploitation des Forêts (ODEF)

Council Session Approved: Thirty-third (Yokohama, 2002)

Starting Date: July 2003

Duration: Planned: 24 months
To date: 86 months

The objective of the project is to develop and establish a fully operational forestry and timber statistical data collection, processing and dissemination system, managed by local personnel. The project is also designed to enable the development of a permanent data bank, which would serve as an operational control panel for rational decision-making in sustainable forest management.

The implementation of project activities has been progressing slowly. The limited availability of the project coordinator (paid by the Government of Togo and available for only 20% of the time) to implement project activities remained the main constraint, causing the project to be seriously behind schedule. At the PSC meeting in March 2007, the ITTO Secretariat recommended the engagement of a new national consultant to complete the remaining work. A new national consultant was subsequently engaged and the implementing agency submitted an updated work plan for the implementation of the remaining project activities. The implementing agency was expected to complete activities and submit final reports by the end of 2008, but subsequent problems with the statistical system required an international consultant to update the system in order to make it functional.

In January 2010, the Secretariat wrote to the implementing agency to enquire on the status in the implementation of the project. In response, the implementing agency submitted a proposal to complete the implementation of the project with a revised work plan and budget. The Executive Director duly approved the proposal as well as the appointment of Mr. Tafiki Gerarolo as a national consultant to execute the revised workplan. Subsequently, the fifth and final instalment of ITTO funds was transferred to the implementing agency on 17 February 2010. The Secretariat is still awaiting the submission of the completion and final financial audit report of the project from the implementing agency.

3. PD 182/03 Rev.2 (M) Enhancement of the Forest Statistics Information and Management System (STATFOR) through the Integration of a Computer Module for Processed Log Management (Gabon)

Budget and Source of Funding:

Total Budget:	US\$	439,618
Bali Partnership Fund Sub-account A:	US\$	235,768
Government of USA:	US\$	50,000
Government of Gabon:	US\$	153,850

Implementing Agency: Direction des Inventaires, des Aménagements et de la Régénération des Forêts (DIARF)

Council Session Approved: Thirty-seventh (Yokohama, 2004)

Starting Date: January 2008

Duration: Planned: 11 months
To date: 33 months

This project was designed to further develop the STATFOR computerized forest management/monitoring system developed in three earlier ITTO projects [PD 36/92 (M), PD 15/98 Rev.2 (M)

and PD 56/00 Rev.3 (M)] which has been utilized in a large World Bank project in Gabon. The project aims at creating a new module for STATFOR called TRANSFOR which will extend the bar-code monitoring system developed earlier for logs to processed products like sawnwood and veneer. This will assist the government in monitoring logs from felling to final product, thereby improving tax revenues and laying a foundation for eventual certification of exported timber products.

The Agreement for this project was signed in July 2006. A work plan from the implementing agency had been submitted prior to this, in May 2006. After a lengthy delay, the Government of Gabon submitted in August 2007 nominations for international and national consultants that were required for the initiation of project activities. Following consultations and approval by the Secretariat of the nominated consultants, the first installment of project funds was sent in January 2008 following which no reports on progress were submitted by the implementing agency in 2008. During a project monitoring mission in December 2008, the Secretariat was informed that the Government of Gabon wished to substantially revise the project proposal and nominate new international consultant(s). The Secretariat informed the Government of Gabon that a revised proposal (including revised budget, nominated consultants and justification for these changes) would need to be submitted for the consideration of the Committee at its Forty-third session. At the session, however, the delegation of Gabon announced that the project would be implemented as originally planned with the originally nominated international consultant, that the initial installment of funds sent in 2008 was still intact and that work had already begun. This was confirmed by the Secretariat during a monitoring mission at the end of 2009.

The international consultant (Pierre Samson) has been working with the DIARF team during 2010 to implement project activities including the development of TRANSFOR. All capital equipment has been purchased (vehicle, bar code scanners, portable computers, etc.) and the project is on track to achieve all of its outputs and objectives by mid-2011. The private sector in Gabon has shown considerable interest in the tracking technology being developed by the project and activities may be requested to be extended somewhat (with no impact on the ITTO budget) to allow further extension of project results to the private sector. The final project monitoring mission has been scheduled in October 2010.

4. PD 196/03 Rev.1 (M) Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela

Budget and Sources of Funding:

Total Budget:	US\$	539,002
Government of Japan:	US\$	384,265
Government of Venezuela:	US\$	154,737

Implementing Agency: Dirección General del Recurso Forestal (DGRF) del Ministerio del Ambiente y de los Recursos Naturales (MARN)

Council Session Approved: Thirty-fourth (Panama City, 2003)

Starting Date: September 2004

Duration:	Planned:	24 months
	To date:	72 months

The objective of this project is to strengthen the National Forest Information System of Venezuela developed in 1992. Project activities include data sharing between information-generating institutions as well as development of new modules and four regional nodes to decentralize the gathering, processing and validation of forest statistical information.

After initial delays, the implementation of project activities has proceeded, resulting in the completion report being submitted to the Secretariat in November 2009 indicating the outputs that have been achieved as follows:

- Requirements and needs to up-date and consolidate the National Forest Information System identified: output has been achieved, with inter-institutional relationships for the flow of information within the forest sector enhanced through the establishment of Provincial Committees for Forest Statistics and Information.
- Computer equipment and software installed at central and provincial levels: output has been achieved and equipment has been provided to four nodes at the central level and five nodes at the

provincial level. The software designed is accessible by internet through the Ministry of Environment's website.

- Personnel trained: output has been achieved. Training was conducted in the field of the management of forest statistics and the use of data-bases. During the training sessions, the forms and protocols to input data were revised, along with guidelines for the functioning of the Provincial Committees. Altogether, 66 professionals were trained.
- Information validated at field level for the various types of forest operations: output has been achieved. The functioning of the processes to collect data were tested and verified during field visits. The connectivity of the regional nodes with the central system was also tested.
- Website established and operational: output has been achieved. Seven new modules had been integrated into the National Forest Information System. The system can run 96 different types of reports/searches at the Ministry's intranet <http://snief.desarrollo.minamb.gob.ve>

The Implementing Agency was able to make savings in the implementation of project activities to the amount of US\$80,000.00 which has yet to be disbursed by the ITTO Secretariat.

At the time of preparation of this report, the implementing agency informed the Secretariat that the final financial audit report of the project was being prepared.

5. PD 291/04 Rev.2 (M) Establishment of a Network to Facilitate Collection, Processing and Dissemination of Statistics Pertaining to Tropical Timber and Other Forestry Parameters in India

Budget and Sources of Funding:

Total Budget:	US\$	241,478
Government of Japan:	US\$	124,000
Bali Partnership Fund Sub-account A:	US\$	52,378
Government of U.S.A.:	US\$	30,000
Government of Korea:	US\$	10,000
ICFRE:	US\$	25,100

Implementing Agency: Indian Council of Forestry Research and Education (ICFRE)

Council Session Approved: Thirty-eighth (Brazzaville, 2005)

Starting Date: June 2006

Duration: Planned: 24 months
To date: 51 months

The agreement for the project was signed in May 2006. Following submission of the work plan by the implementing agency, the Secretariat transferred the first installment of funds to the project account in June 2006. Subsequently, the project team was recruited and a National Forestry and Environmental Statistics Laboratory was established at ICFRE. All software and hardware envisaged in the project document were obtained by the end of 2006. A national meeting of stakeholders was convened in late 2006 and data collection formats were agreed to. Eight regional consultation meetings were conducted in 2007 and 2008 to secure cooperation from state officials and to establish statistical nodes in relevant states, including at the Ministry of Environment and Forests headquarters in Delhi. The international consultant visited ICFRE for a week in May 2008 to advise on further refinement of the statistical system to ensure its compatibility with international forestry reporting requirements, including those of ITTO.

The project activities were completed in mid-2009 following a 6-month extension of project duration without additional ITTO funding. A final monitoring mission was carried out in January 2009 and all project outputs were reviewed. A national workshop to disseminate the results of the project and to establish an on-going network of statistical correspondents in all of India's states was convened in April 2009. The completion report and financial report were submitted to ITTO by ICFRE at the end of 2009, along with a request to use remaining project funds to carry out a survey to obtain better production statistics on pulp, paper and wood panel products. The Secretariat approved this request and was informed at the time of preparation of this report that the final report of this work and the final audited financial statement accounting for all project funds would be submitted to the Secretariat by March 2011.

6. PD 340/05 Rev.2 (M) National Forest Statistical Information System in Guatemala

Budget and Sources of Funding:

Total Budget:	US\$	466,913
Bali Partnership Fund Sub-account A:	US\$	205,523
Government of Japan:	US\$	50,000
Government of U.S.A.:	US\$	50,000
Government of Guatemala:	US\$	161,390

Implementing Agency: Instituto Nacional de Bosques (INAB)

Council Session Approved: Fortieth (Mérida, 2006)

Starting Date: September 2007

Duration: Planned: 24 months
 To date: 36 months

The objective of the project is to contribute to the social and economic development of the country by providing timely, easy-to-access, reliable information on forest activities as the basis for the development of policies to promote national and foreign investment in the sector. To achieve this objective, a national statistical system will be established and statistical tools will be developed to evaluate the performance of forest harvesting, industrialization and marketing.

The project suffered initial delays, prior to the implementation of project activities which commenced in September 2007.

To date, the achievement of project outputs is as follows:

- Elaborating methodologies to compile, standardize process, analyze and define forest statistical information: Seven (7) of the eight (8) project activities had been implemented. The only outstanding activity is the signature of MOUs with the participating institutions.
- Designing a system for forest information and establishing it throughout the country: The output has been achieved. The forest information system has been designed and is now operational.
- Information System established and operational at the points of origin of information: The output has been achieved with 16 regional offices connected on-line to the INAB central office.
- Statistical information produced and disseminated through the System: The output is almost achieved. The System is already accessible at www.sifgua.org.gt and the available information includes:
 - Statistics on exports / imports 1998-2009;
 - Information on all current permits for forest harvesting and wood production;
 - A compilation of traded forest species of Guatemala;
 - A compilation of traded forest products for export (HS codes);

Additional counterpart contributions have been provided for items such as the international consultant (who was hired for a longer period), project personnel who after 24 months (original duration of the project) had been hired by INAB directly, insurance and licenses.

The implementing agency's request for an extension of project duration without additional ITTO funds until 31 May 2010 has been duly granted by the Secretariat. At the time of preparation of this report, the implementing agency has requested for a further extension of the project duration to 31 December 2010 in order to complete the remaining outputs (signatures of MoUs with relevant partners for the Statistical Information System) and prepare the completion and final audit reports.

7. PD 391/06 Rev.2 (M) Promoting and Creating Market Demand for Certified Tropical Wood and Verified Legal Tropical Wood (Japan)

Budget and Sources of Funding:

Total Budget:	US\$	372,142
Government of Japan:	US\$	313,892
Implementing Agencies:	US\$	58,250

Implementing Agencies: Friends of the Earth Japan (FoE Japan)
Global Environment Forum (GEF)

Council Session Approved: Forty-first Session (Yokohama, 2006)

Starting Date: May 2007

Duration: Planned: 36 months
To date: 40 months

The objective of the project is to promote and create market demand for certified tropical wood and verified legal tropical wood (C/VL wood) by promoting the use of C/VL wood in Japan through the establishment and operation of a clearing house, the Fair Wood Center, for exchange of information related to C/VL wood as well as by supporting the introduction of credible certification and verification systems in tropical wood exporting countries.

A request for additional funding amounting to US\$69,670 and a 12 month extension of the duration of the project to May 2010 was approved by the Council at its Forty-fourth Session held in Yokohama from 3 to 8 November 2008. The approval was in respect of an additional output, Output 1-6 - Study to activate information on C/VL wood from Papua New Guinea (PNG) including options for linking suppliers with potential buyers of C/VL wood as well as four additional activities, activities 1.6.1, 1.6.2, 1.6.3 and 1.6.4 under the output.

Since the previous report submitted to the Committees at the Forty-third Session in November 2009, further progress has been achieved in the implementation of the project. To date, 18 of the 21 project activities have been completed and 7 of the 8 outputs have been achieved. For the remaining outstanding Output 1-6, activity 1.6.3, identify potential buyers of tropical C/VL wood in Japan has been completed. Activity 1-6-1 – a review of the social and environmental risks of timber procurement from PNG has attained 60% progress in implementation while the percentage progress in implementation in respect of activity 1-6-2 – a feasibility study of C/VL wood procurement from PNG and activity 1-6-4 – disseminate information through the Fairwood Center are 50% and 70%, respectively.

As a whole, the implementation of the project is satisfactory save for some delays in the implementation of activities under Output 1.6. At the request of the two implementing agencies, the duration of the project has been further extended without additional ITTO funding.

To date, the implementing agencies had received all of ITTO funds cumulatively amounting to US\$280,000 on 7 May 2007, 24 March 2008, 10 April 2009 and 15 October 2009, respectively. The implementing agencies had submitted on time the report of the first, second and third annual financial audits of the project till the period ending 31 December 2009. Eight project progress reports had also been submitted to the ITTO Secretariat according to schedule. Five project monitoring missions and meetings of the Project Technical Committee had been conducted with the fifth undertaken in May 2010.

8. PD 406/06 Rev.1 (M) Establishment of the National Forest and Timber Marketing Statistics System (Ecuador)

Budget and Sources of Funding:

Total Budget:	US\$	569,401
ITTO Contribution:	US\$	454,148
Government of Ecuador:	US\$	115,253

Implementing Agency: Dirección Nacional Forestal del Ministerio del Medio Ambiente

Council Session Approved: Fortieth (Mérida, 2006)

Starting Date: July 2009

Duration: Planned: 24 months
To date: 14 months

The project, which is a product of PPD8/98 Rev.1 (M), is aimed at establishing a forest information and statistics system for Ecuador. The system will generate data, facilitate monitoring capabilities, enable economic analyses, and decentralize the process of information collection.

Before the commencement of project activities, the Ministry of Environment was engaged in the development of a platform for the management of authorizations for forestry operations, which is available at <http://servicios.ambiente.gob.ec/saf/default.php> and serves as the basis for the implementation of the project.

The first disbursement of ITTO funds for the project was sent in July 2009, after the implementing agency submitted its first Yearly Plan of Operation and proposed consultants for the project. Although the project was expected to commence soon after funds were disbursed, it experienced delay due to problems related to the appointment of the project coordinator. A new project coordinator was appointed in January 2010, following which the implementation of project activities commenced.

To date, progress towards the achievement of project outputs is as follows:

- Development and implementation of an operational forest information system: A diagnosis of the current forest management situation in the country, the flow of timber within the productive chain, and the standards needed to manage the information in the system have achieved 90% progress in implementation.
- Development and implementation of information technologies and connectivity solutions: The implementing agency has reported that connectivity has already been provided by the Ministry to the regional offices before the project commenced, and the procurement of information technology has been scheduled for next year. Accordingly, the implementing agency has expressed its intention to submit a proposal to the Secretariat on the alternative use of the fund for this output.
- Mechanism to coordinate the participation of relevant institutions established: Initial contacts in this regard have been established with other institutions in the government as well as with the private sector.
- Development and implementation of a geographical forest information system: A diagnosis of the geographical information available in the Ministry and its integration into the Statistical System has been carried out.

The implementing agency has so far received only the first installment of ITTO funds and has submitted relevant reports to the Secretariat on schedule.

9. PD 443/07 Rev.1 (M) Strengthening of the Forest Statistics and Information Center – CIEF (Honduras)

Budget and Sources of Funding:

Total Budget:	US\$	398,951
Government of Japan:	US\$	230,023
Government of Honduras:	US\$	168,928

Implementing Agency: AFE-COHDEFOR – Administración Forestal del Estado (original)
ICF - Instituto Nacional de Conservacion y Desarrollo Forestal (new)

Council Session Approved: Forty-second (Port Moresby, 2007)

Starting Date: December 2008

Duration: Planned: 24 months
To Date: 22 months

The Agreement for this project was signed in June 2007. Following governmental restructuring in Honduras (and the replacement of COHDEFOR by ICF as the implementing agency), the ITTO Secretariat received a detailed project work plan from the implementing agency in September 2008 and other relevant information to allow disbursement of the first installment of ITTO funds in December 2008. Subsequent to this the project team was recruited in liaison with the Secretariat and the international expert visited Honduras in May 2009 to advise on development of the statistical system. A comparison of the situation in 2006 (when this project was drafted) and in 2009 was undertaken and proposals for adjustment of activities sent to (and approved by) the Secretariat in mid-2009. An agreement was signed with a new government agency (PROBOSQUE) to provide inputs to the development of the statistical system amounting to \$180,000, more than covering the contribution of the Government of Honduras in the approved budget. A technical committee to guide the project involving all stakeholders was set up in early 2009 under the auspices of ICF and has met twice a year since then.

During 2010, significant progress has been made in implementing the project. The statistical software package and all computer hardware have been purchased and relevant staff trained in their use. Various other training courses and sector studies have been carried out during 2010. The annual financial audit for 2009 was underway at the time of preparation of this report and was expected to be sent to the ITTO Secretariat by November, following which the second tranche of project funds will be disbursed. An ITTO monitoring mission has been scheduled at the end of November 2010.

10. PD 449/07 Rev.2 (M) Enhancing Forest Law Enforcement in Papua New Guinea

Budget and Sources of Funding:

Total Budget:	US\$	739,040
Government of Japan	US\$	350,040
Government of Australia	US\$	50,000
Japan Lumber Importers' Association	US\$	50,000
Government of U.S.A.	US\$	23,000
Government of PNG:	US\$	222,000
PNG Industry:	US\$	44,000

Implementing Agency: Papua New Guinea Forestry Authority

Council Session Approved: Forty-third (Yokohama, 2007)

Starting Date: August 2010

Duration: Planned: 24 months
To date: 1 month

The objective of the project is to increase the contribution of the forest sector to PNG's national economy through enhanced market access and higher foreign exchange remittances, as well as further improve the sector's forest management practices by enhancing forest law enforcement and governance.

The project was approved and funded at the Forty-third Session of ITTC in November 2007, and the project agreement was signed in May 2008. Following the signing of the project agreement, the implementing agency had been working on the finalization of the project inception report incorporating the first Yearly Plan of Operation (YPO1). After the revised inception report with the YPO as well as other relevant documents were finally submitted to and approved by the Secretariat, the first installment of ITTO funds for the project was transferred to the implementing agency in December 2009, officially marking the commencement of project implementation.

Unfortunately, substantial delay in the implementation of the project occurred due to problems related to the replacement of project staff and consultants. The implementing agency subsequently presented a revised inception report in April 2010 with a proposed commencement of project implementation in June 2010. However, further delay was experienced, involving the change of the project manager and international consultant as well as arrangements of issuing work permits and visas for them. Eventually, the implementation activities began in early August 2010.

To date, progress towards the achievement of project outputs is as follows:

- A meeting of the Project Coordinating Committee was held at the Forestry Authority office on 19 August 2010, at which the new team members were fully briefed on the project activities to be carried out.
- One site for the implementation of the project has been confirmed and inspected. A field trip was made in August 2010 to the Cloudy Bay forest operations. The Cloudy Bay logging operations, sawmill facilities, and furniture factory were inspected, and work proceeded on the preparation of the tracking system software, and liaison with stakeholders.
- Tools, techniques and milestones for the stakeholder consultation have been finalized with PNGFA counterparts for inclusion in the detailed project implementation plan and the roles and responsibilities matrix.
- Work had commenced for the design of a database to capture timber products flow information.

The Project has been substantially delayed by the replacement of project personnel. The delay has been addressed and the project has been placed on the right track for implementation.

11. PD 479/07 Rev.2 (M) Timbers of Tropical Africa Part 2: Group 7(2) within the PROTA Programme (Ghana)

Budget and Sources of Funding:

Total Budget:	US\$	1,053,635
Government of Japan:	US\$	596,419
PROTA:	US\$	457,216

Implementing Agency: Plant Resources of Tropical Africa (PROTA)

Council Session Approved: Forty-fourth Session (Yokohama, 2008)

Starting Date: 1 January 2009

Duration:	Planned:	36 months
	To date:	21 months

The objective of the project is to improve access to interdisciplinary data on the timbers of Tropical Africa as a basis for sustainable forest management and to improve networking, leading to better cooperation and information exchange between forestry actors. This is to be achieved principally through a synthesis of knowledge and information on 570 timbers of Tropical Africa from currently less important timber-producing taxonomic families [Commodity Group 7(2)] and the facilitation of wide access to it for targeted beneficiaries. This project is a follow-up to project PD 264/04 Rev.3 (M,I) on 495 timbers of Tropical

Africa from currently more important timber-producing taxonomics families [Commodity Group 7(1)] that had successfully been implemented from 2006 to 2008.

Since the previous report submitted to the Committees at the Forty-third Session in November 2009, further progress in implementation of the project has been achieved. For Output 1.1 - WORLDREFS-TIMBERS, activity 1.1.1 – scanning international literature databases and activity 1.1.2 – making Worldrefs Timbers available for editors/authors have attained 55% progress in implementation. Progress achieved under Output 1.2 - AFRIREFS-TIMBERS for activity 1.2.1 – manual scanning of 'grey' literature and activity 1.2.2 – making Afrirefs-Timbers available for editors/authors has reached 75% while under Output 1.3 – Expertise & Target Group Addresses – Timbers, activity 1.3.1 – survey of experts and intermediate target groups and activity 1.3.2 – making Expertise-Timbers available to editors have attained 90% progress in implementation. Implementation of activity 1.4.1 under Output 1.4 – IMAGEFILE-TIMBERS which began in 2010 has attained 30% progress. Under Output 1.5 – Textfile-timbers, activity 1.5.1-writing, editing and illustration process has attained 45% progress in implementation. Activity 1.6.1 – translation process which began in 2010 has achieved 30% progress in implementation while activity 2.1.1 – insertion textfile/imagefile-timbers in the PROTA website has recently commenced implementation and has achieved 10% progress. A 50% and 60% progress in implementation has been achieved under Output 3.1 – Increased capacity in scientific writing and editing in respect of activity 3.1.1 – training of authors and activity 3.1.2 – training of editors, respectively. Notably, activity 3.2.1 – wood anatomy workshop has achieved 100% progress in implementation following its convening in September 2010 under Output 3.2 – Increased capacity in wood anatomy. In accordance with the detailed project workplan, the remaining six project activities that are yet to be implemented are scheduled for execution during the third year of project implementation in 2011. Overall, the progress in the implementation of the project is satisfactory and is fully on track in relation to YPO 2 (2010).

The implementing agency has so far received three of the five installments of ITTO funds, amounting to US\$126,240 on 23 February 2009, US\$100,000 on 9 February 2010 and US\$100,000 on 8 July 2010. It has also submitted project progress reports on schedule. The first and second meetings of the Project Steering Committee (PSC) were convened on 14 October 2009 in Wageningen, the Netherlands and on 23 September 2010 in Kumasi, Ghana. The report of the first annual financial audit was submitted on schedule in March 2010 while the YPO 3 (2011) was approved by the PSC at its second meeting on 23 September 2010.

12. PD 480/07 Rev.2 (M) Demand and Supply of Tropical Wood Products in China Towards 2020

Budget and Sources of Funding:

Total Budget:	US\$	410,988
ITTO Contribution:	US\$	263,520
Executing Agency Contribution:	US\$	147,468

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

Council Session Approved: Forty-fourth Session (Yokohama, 2008)

Starting Date: March 2010

Duration: Planned: 24 months
To date: 6 months

The project, which is a follow up to ITTO PD 25/96 Rev.2(M), is aimed at improving the supply of tropical wood products from sustainably managed forests to the Chinese market and promoting the sustainable development of global wood products trade. The project is to analyze the timber situation in China by 2020 with a focus on tropical timber and a view to increasing market transparency in China.

To achieve this objective, major project outputs and activities include collecting information and materials, developing research, analysis and investigation reports, publishing and disseminating China's Forest Products Market Information, and holding seminar and international workshop.

The first installment of ITTO funds for the project was disbursed in February 2010, after the implementing agency submitted its inception report with a detailed workplan and a notification of

commencement as well as other necessary documents. The project implementation commenced on 1 March 2010.

To date, progress towards the achievement of outputs is as follows:

- A qualified international consultant had been recruited. The consultant will work together with the project team in October 2010 in China, visiting wood markets and wood processing plants, and discussing the demand and supply forecasting model and the framework of main report with the people in charge. In the meantime, 12 special invited correspondents had been recruited and the regular exchange mechanism had been established.
- Project launching and a stakeholder consulting meeting were held in May 2010.
- Information and materials on tropical wood production, consumption and trade had been collected for analyzing and developing reports.
- The framework of the main project report has been drafted and will be discussed with the international consultant. The survey questionnaires for enterprises and consumers have also been developed and will be disseminated to target groups.
- Five issues of the China Wood Products Market Information publication have been compiled and published in Chinese and English.
- Two analysis reports and an investigation report on the productive capacity of Chinese tropical wood processing enterprises and the end uses of the imported tropical log, are being prepared.
- A member of the project team attended the 23rd Congress of International Union of Forest Research Organization (IUFRO) in Seoul from 22 to 28 of August, 2010.

13. PPD 14/00 (M) Strengthening the Market Discussion (ITTO)

Budget and Sources of Funding:

Total Budget:	US\$	72,000
Government of U.S.A.:	US\$	25,500
Government of Australia:	US\$	10,000
Trade Advisory Group (T-A-G):	US\$	6,500
Unearmarked:	US\$	30,000

Implementing Agency: ITTO

Council Session Approved: Twenty-ninth (Yokohama, 2000)

Starting Date: January 2001

Duration:	Planned:	24 months
	To date:	116 months

The ITTO Annual Market Discussion is a forum for international dialogue on the tropical timber trade. The event is also important for trade representatives to discuss and enhance understanding of the many, and often complex, trade policy issues facing member governments and the industry. This pre-project strengthens the event by allowing the engagement of selected speakers.

The participation of selected invited speakers at the ITTO Annual Market Discussion 2010 on the theme 'Innovations and Technologies in Wood-based Industries' was to be financed from this pre-project. However, the request for a sum of US\$100,000 under activity 30 of the ITTO Biennial Work Programme 2010-2011 is still pending financing. The theme for the ITTO Annual Market Discussion 2011 will be decided at the Forty-fourth Session of the Committee.

14. PPD 62/02 Rev.1 (M) Establishing a Forest Statistics Management System in the Democratic Republic of Congo

Budget and Source of Funding:

Total Budget:	US\$	117,173
Government of UK:	US\$	55,142.75
Government of Norway:	US\$	21,230.25
Government of DRC:	US\$	40,800

Implementing Agency: Service Permanent d'Inventaire et d'Aménagement Forestiers (SPIAF), Ministère des Affaires Foncières, Environnement et Tourisme

Council Session Approved: Thirty-third (Yokohama, 2002)

Starting Date: January 2006

Duration: Planned: 9 months
To date: 56 months

All preliminary pre-project activities were completed in 2006. The final activity (requiring an international consultant to develop a proposal for a DRC statistical system and a related ITTO project proposal to allow such a system to be implemented) was delayed for one year while a suitable international consultant was sought. The international consultant completed this work and finalized the provision of GIS software licenses and associated hardware required under the pre-project in the second half of 2008. The draft project proposal was forwarded to the Secretariat in 2008 but it could not be considered pursuant to Decision 7(XXXIII), Annex 1, Part c, paragraph 2 until DRC addresses its arrears to ITTO.

At the previous Session, the Committees noted the delay in the final reporting of this pre-project. On the recommendation of the Committees, the Council at its Forty-fifth Session suspended the implementation of this pre-project and the government of DRC was subsequently informed of the suspension by the Secretariat. On 7 December 2009, the completion report of the pre-project was submitted to the Secretariat. The Secretariat is awaiting the submission of the final financial audit of the pre-project.

15. PPD 138/07 Rev.1 (M) Verifying the Legality of Timber Forest Products in Peru

Budget and Source of Funding:

Total Budget:	US\$	79,844
TFLET (Government of Netherlands):	US\$	59,844
TFLET (Government of Finland):	US\$	20,000

Implementing Agency: Bosques, Sociedad y Desarrollo (BSD)

Council Session Approved: Forty-fourth (Yokohama, 2008)

Starting Date:

Duration: Planned: 9 months
To date: 14 months

The aim of the pre-project is to promote voluntary chain-of-custody networks and generate competitive forest products on the basis of socially and environmentally sound practices. To this end, the pre-project will assess and validate instruments that will help develop trust between producers towards ensuring the sustainability and legality of tropical forest products from Peru.

To date, the implementing agency has submitted the following tangible outputs and reports:

- Pilot scheme for timber traceability to guarantee sustainability and legality: The output has been achieved. The pilot scheme was implemented involving the tracking of a timber consignment from the Peruvian Amazon to its destination in the USA. The pilot scheme covered all steps from the authorization of management plans to, harvesting, transportation, primary transformation, issuance

of CITES certificates, shipping, and delivery to the port of destination in USA. The implementation of the pilot scheme also produced the following results:

- Assessment of Government capabilities in operating a timber traceability scheme (from control points to issuance of CITES certificates, infrastructure and, technology);
- Agreed text in the new forestry law regarding the promotion of timber traceability systems;
- Public-private partnership for a chain of custody; and
- Report on technological options for traceability systems for tropical forests;

The cost-benefit analysis of the pilot scheme indicates that the market is not paying any premium for certified legal timber and that there is still skepticism about timber tracking systems: Nevertheless, traceability systems could improve productivity and save time in obtaining approvals from the government for management plans, verification, and issuance of certificates.

The actual cost of developing a pilot timber traceability scheme exceeded the approved budget of the pre-project. There was a significant increase in counterpart contribution, in particular from the private sector for such items as duty travel and utilization of technologies.

Relevant reports and presentations concerning the pre-project can be accessed from www.trazabilidadforestal.com

- A project proposal for the development of feasible timber traceability options in Peru: The project proposal was submitted to ITTO in August 2010. However it has yet to be formally submitted through the ITTO contact point in Peru either under the ITTO Project Cycle or the Thematic Programme on Tropical Forest Law Enforcement and Trade (TFLET).

The implementing agency has been requested to submit the completion report and final financial audit of the pre-project to the Secretariat.

[B] Projects Pending Agreement

1. PPD 139/07 Rev.1 (M) Strengthening of the National Forest Information System (Thailand)

Budget and Sources of Funding:

Total Budget:	US\$	116,005
ITTO Contribution:	US\$	84,505
Government of Thailand:	US\$	31,500

Implementing Agency: Royal Forest Department

Council Session Approved: Spring project cycle (June 2008)

Duration: Planned: 8 months

The Agreement for this project is currently being considered by the Government of Thailand.

[C] Projects Pending Financing

1. PD 124/01 Rev.2 (M) Promotion of Sustainable Management of African Forests (ITTO/ATO)

Budget and Sources of Funding:

Phase III

Total Budget:		US\$	1,618,144
Stage 1:	ITTO Contribution:		400,000
	ATO Contribution:		47,000
Stage 2:	ITTO Contribution:	US\$	1,044,144
	ATO Contribution:	US\$	127,000

Implementing Agencies: ITTO and ATO

Council Session Approved: Thirty-second (Bali, 2002)

Duration: Planned: 24 months [Phase III]

Phase II of this project is now complete [see document CEM(XLIV)/2]. Funding for Stage 1 of Phase III of this project is sought at this Session to ensure that the project coordinator (whose current contract expires at the end of December) can be retained and project activities can continue to assure attainment of project outputs. A revised work plan and budget for Stage 1 of Phase III is available from the Secretariat.

FOREST INDUSTRY**[A] Projects and Pre-projects under Implementation**

1. PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global)

Budget and Sources of Funding:

Total Budget:	US\$	3,109,254.89
Government of Japan:	US\$	1,216,900.00
Government of Denmark:	US\$	300,000.00
Government of Switzerland:	US\$	210,000.00
Government of U.S.A.:	US\$	155,000.00
Government of U.K.:	US\$	80,000.00
Government of Australia:	US\$	77,354.89
Bali Partnership Fund Sub-account B:	US\$	1,070,000.00

Implementing Agency: ITTO Secretariat

Council Session Approved: Seventh (Yokohama, 1989)

Starting Date: April 1990

Proposed Duration: 2 years + annual extensions

The objective of this project is to improve the project identification and formulation capabilities of personnel in ITTO producer member countries in order to expand national absorption capacity for investment and aid in the forestry sector. The importance of the project was recognized in Council decisions 2(X), 2(XI), 6(XIII), and 8(XVIII), which remind and encourage Members to use the expert facility available under the project to enhance their ability to identify and formulate good projects.

The project is closely linked to other ITTO activities, in particular, the Expert Panel and the Project Cycle consultancies, which together comprise a multiple approach to seeking quality in the structure and implementation of the project cycle. The project has funded several independent consultancies to assist Members with project formulation and organized several training workshops.

During the reporting period, there was no new activity funded from this project.

2. PD 39/93 Rev.4 (I) Research and Development in Energy Alternative from Biomass (Wood and Agricultural Residues) through Briquetting, Gasification and Direct Combustion (Malaysia and Cameroon)

Budget and Sources of Funding:

Total Budget:	US\$	1,706,376
CFC:	US\$	1,284,874
Government of Japan:	US\$	33,322
National Counterparts:	US\$	388,180

Implementing Agencies: Forest Research Institute of Malaysia (FRIM) and Energy Research Laboratory (LRE/IRGM), Cameroon

Council Session Approved: Eighteenth (Accra, 1989)

Starting Date: July 1997

Duration: Planned: 36 months
To date: 158 months

The Committee noted that the project was funded by the Common Fund for Commodities (CFC) and commenced in 1997, with the aim of introducing and transferring biomass energy technologies to the

commercial sector in Malaysia and Cameroon. As recommended by the Committee at the XLI session, a technical mission was dispatched to conduct an in-depth assessment of the implementation of the Cameroonian component of the project from 21 to 26 January 2008. On 27 June 2008, the Minister of Forests and Wildlife of Cameroon gave his concurrence to the report and recommendations of the Mission and on 31 October 2008, the Managing Director of CFC agreed with the proposal to resume the implementation of the Cameroonian component of the project with the following conditions: (i) Financial Audit Report for IRGM Energy Research Laboratory (Cameroonian component) to be made available to CFC; (2) Confirmation that equipments procured by CFC would be handed over to the new project executing agency; (3) IRGM to account fully all expenditures in line with CFC reporting requirements; (4) FRIM outstanding reporting to be submitted to ITTO/CFC (including completion report, technical reports, financial statement and final financial audit). All of these conditions have been fulfilled.

During the reporting period, the Project Agreements, both from CFC and ITTO for the implementation of the revived project "The development, Application and Evaluation of Biomass Energy Technologies through Briquetting, Gasification, and Combustion of (Wood and Agricultural) Residues-Phase II" have been signed by the signatories. Preparations for project implementation have begun.

3. PD 46/96 Rev.2 (I) Establishment of a Wood Workers and Craftsmanship Village (Ghana)

Budget and Sources of Funding:

Total Budget:	US\$	716,355
Government of Japan:	US\$	436,355
Government of U.S.A.:	US\$	50,000
Government of Ghana:	US\$	230,000

Implementing Agencies: Furniture and Wood Products Association of Ghana (FAWAG) and the Timber Export Development Board

Starting Date: February 1998

Duration: Planned: 60 months
To date: 137 months

This 5-year project is building a wood furniture and craftsmanship village to relocate about 60 small wood processing and furniture industries from metropolitan Kumasi, Ghana. The relocated industries will be served by common facilities which include a kiln dryer, a saw doctoring shop, a moulding unit, and laminating and finishing units. A corporation was set up to run these facilities and to provide the village with the necessary administrative and technical support and back-up services on a commercial basis. The services include marketing assistance to promote exports by furniture industries participating in the project. The services of the common processing facilities are available to all companies which relocate in the village. Results of a feasibility study included in the project proposal indicate that the establishment of the village and common processing facilities is economically feasible. ITTO funds are used primarily to finance the initial operation of the village; the civil construction and setting up of service shops, including the purchase of equipment; and the provision of technical assistance.

Problem: In the last session, the delegation of Ghana reported that the finalization of the project's reports was in progress for submission to ITTO by the end of 2009. The Committee noted that the project would be declared complete at this session of the Committee. However, during the reporting period, the Executing Agency failed to submit to ITTO the revised Completion, Technical, and Financial audit reports.

Proposal by the ITTO Secretariat: In spite of the efforts of the Secretariat in pursuing the delivery of the completion and audit reports with the EA, the Committee may wish to urge the Government of Ghana to intervene with the EA in order to finalize and deliver the pending reports. The Committee may wish to invite the delegation of Ghana to provide an update on the preparations and submission of these reports.

4. PD 44/98 Rev.2 (I) **Handbook on Tree and Wood Identification of 100 Lesser-Used and Lesser-known Timber Species from Tropical Africa with Notes on Ethnography, Silviculture and Uses (Ghana)**

Budget and Sources of Funding:

Total Budget:	US\$	253,799
Government of Switzerland:	US\$	100,000
Government of Japan:	US\$	97,549
Forestry Research Institute of Ghana:	US\$	56,250

Implementing Agency: Forestry Research Institute of Ghana (FORIG), Ministry of Lands and Forestry

Starting Date: October 1999

Proposed Duration: 2 years

Duration: Planned: 24 months
To date: 133 months

This project aims to promote a better and more effective identification of 100 lesser-used and lesser-known timber species which are likely to form the bulk of raw material for the timber industries of tropical Africa in the future. Herbarium and wood samples of 130 species including the 100 under-exploited and virtually unexploited species have been collected from the vegetation zones of Ghana.

According to the draft completion report, all project's activities have been completed. The final output is a handbook titled "100 African Timber Trees from Ghana: Tree description and wood identification with notes on distribution, silviculture, ecology, ethnobotany and wood uses". This 304-page, 5-chapter handbook has over 150 illustrations, more than 200 references and a glossary of over 300 words. It provides a quick reference guide for identification of 100 timber species based on taxonomical features and bark characteristics; and wood identification based on macroscopic and physical features through dichotomous or computer aided identification programme. The book further gives a concise account of ecological and silvicultural profiles of all the species. It is a store of information on essential data on growing stock, minimum felling diameter, species volume harvested and exported, and IUCN Conservation Status on all the 100 timber species. These variables are all important data used by decision makers in determining a specie availability for commercial exploitation as timber.

Problem: The Committee noted that the project would be declared complete at this session of the Committee. However, during the reporting period, the Executing Agency failed to submit to ITTO the Completion, Technical, and Financial audit reports.

Proposal by the ITTO Secretariat: In spite of the efforts of the Secretariat in pursuing the delivery of the completion and audit reports with the EA, the Committee may wish to urge the Government of Ghana to intervene with the EA in order to finalize and deliver the pending reports. The Committee may wish to invite the delegation of Ghana to provide an update on the preparations and submission of these reports.

5. PD 13/99 Rev.2 (M,F,I) ITTO Information Network [Phase I and Phase II] (Global)

Budget and Sources of Funding:

Total Budget:	US\$	5,796,571.97
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Phase I

Bali Partnership Fund:	US\$	505,556.00
Government of U.S.A.:	US\$	1,085.97

Phase II

Bali Partnership Fund:	US\$	3,893,913.00
Government of Japan:	US\$	216,017.00
Unearmarked Fund:	US\$	530,000.00
Pending Finance for 2011:	US\$	650,000.00

Implementing Agency: ITTO Secretariat
Council Session Approved: Twenty-Sixth (Chiang Mai, 1999)
Starting Date: December 1999
Proposed Duration: 2 years + annual extensions

This project continues the main part of the work carried out under ITTO Project PD 17/93 Rev.3 (M,F,I), which started in 1994 and produced and distributed 22 editions of the ITTO newsletter, the ITTO Tropical Forest Update (TFU). Project PD 13/99 Rev.2 (M,F,I) was approved by the Committee on Forest Industry and the Council at the Council's Twenty-fifth Session and was financed at its Twenty-seventh Session. It commenced in December 1999.

The objective of this project is to collect, compile and disseminate information and to publish the Tropical Forest Update (TFU) to highlight ITTO activities in reforestation and forest management, forest industry development and trade and market intelligence. To date under PD 13/99 Rev. 2 (M,F,I), 42 editions of the newsletter in English, French and Spanish have been produced. The layout, printing and distribution of the newsletter has been carried out since mid-2008 by Design One in Sydney, Australia.

The hardcopy mailing list for the newsletter continues to grow and is now at over 15,000 for the three languages. The TFU is also available on ITTO's website and is almost certainly the world's most widely read international journal on tropical forestry.

At the 45th Session of the Council in November 2009, this project was extended for two years as part of the ITTO Biennial Work Programme for the Years 2010-2011 and funds amounting to US\$1 million were sought for its continued implementation. US\$500,000.00 was made available from Sub-account B of the Bali Partnership Fund for 2010; the remaining budget for 2011 (increased to \$650,000 to take account of the rising yen rate and increased costs in 2010) is being sought from donors. The activities carried out under the project will be funded under the administrative budget once the ITTA 2006 comes into force, presumably sometimes in 2011.

6. PD 40/00 Rev.4 (I) Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)

Budget and Source of Funding:

Total Budget:	US\$	865,163
CFC:	US\$	600,000
Government of Indonesia:	US\$	265,163

Implementing Agency: Faculty of Forestry, Bogor Agricultural University
in cooperation with
Directorate of Forest Product Processing and Marketing
DG of Forest Product Development
Ministry of Forestry

Council Session Approved: Thirty-eight (Brazzaville, 2005)

Starting Date: November 2007

Duration: Planned: 36 months
To date: 34 months

The objectives of the project are to collect and make available comprehensive information on the structure and composition of small-diameter logs (SDL), which genetically and environmentally never reach 50 cm diameter, and their potential utilization in value-added products for bio-composite products. To achieve the proposed objectives, the following project activities are included:

- the establishment of a research plot of 300 hectares;
- assessment of the physical, mechanical and chemical properties of selected SDL;
- identification of the potential utilization of SDL for value-added products; and

- organization of regional training to facilitate the transfer of technology on SDL management and utilization to interested parties in Indonesia, Malaysia, Philippines and PNG.

Progress towards achievement of outputs is as follows:

- Assess markets needs: the output has been achieved and relevant technical reports have been submitted to ITTO; and
- Address technical gaps in producing bi-composites products: this output is on-going. Activities have been completed towards the identification of suitable timber species and the evaluation of their physical-mechanical properties for biocomposites. Remaining activities for this output are in progress, including the identification of measures to address milling issues, quality control of raw materials, and properties of SDL manufactured products.

The Executing Agency has experienced difficulty in getting the reports from the collaborative institution in PNG.

Other outputs such “Determine equipment needs”; “Address production constraints”, “Comply with relevant standards”, and “Conduct regional workshop” are in progress and the EA expects to complete them by December 2010.

7. PD 77/01 Rev.2 (I,F) Contribution to the Development of Skills and Technical Training Structures at the Mbalmayo National School of Forestry (Central Province – Cameroon)

Budget and Sources of Funding:

Total Budget:	US\$	392,730
Government of Switzerland:	US\$	200,000
Government of Japan:	US\$	64,880
Government of U.S.A.:	US\$	10,000
Government of Cameroon:	US\$	117,850

Implementing Agency: Ecole des Eaux et Forêts (MINEF)

Council Session Approved: Thirtieth (Yaounde, 2001)

Starting Date: September 2002

Duration: Planned: 18 months
 To date: 96 months

The project focuses on the development of skills and training structures at the Mbalmayo National Forestry School in order to meet the demands of the Government and private sector for highly qualified forestry technicians.

Outputs have been achieved as follows:

- The project upgraded the existing school facilities such as the library, the arboretum, the wood workshop, the students’ cafeteria, and established new facilities such as a herbarium and a research unit on silviculture, wood technology and forest genetics.
- The project provided training abroad for the school teachers in wood technology, trade and marketing.
- Under the framework of the institutional assessment of the forestry sector carried out by the Government, the project also formulated and validated a master plan for the Mbalmayo National Forestry School, which was approved on June 2009.
- The project also developed a proposal for a second phase, which was submitted for appraisal of the 36th ITTO Expert Panel for the Technical Appraisal of Projects Proposals in September 2008, named “Contribution to the development of skills and technical training structures at the Mbalmayo School of Forestry”, which received category 2.

Problem: In spite of the delay in implementation, all outputs have been completed. Nonetheless, the EA has failed in submitting Completion Report and Final Financial Audit to ITTO.

Proposal by the ITTO Secretariat: In spite of the efforts of the Secretariat in pursuing the delivery of the completion and audit reports with the EA, the Committee may wish to urge the Government of Cameroon to intervene with the EA in order to finalize and deliver the pending reports. The Committee may wish to invite the delegation of Cameroon to provide an update on the preparations and submission of these reports.

8. PD 131/02 Rev.4 (I) Training of Forest Practitioners for the Improvement of Forest Industry in Cambodia

Budget and Sources of Funding:

Total Budget:	US\$	318,362
Government of Japan:	US\$	290,842
Government of Cambodia:	US\$	27,520

Implementing Agency: Forestry Administration, Cambodia

Council Session Approved: Thirty-Fifth (Yokohama, 2003)

Starting Date: August 2005

Duration: Planned: 24 months
 To date: 60 months

The project aims to enhance human resource development in the Cambodia forest industry sector with a view to upgrading its productivity and competitiveness. The project will focus on the implementation of a training program for practitioners with a low educational background. For this purpose, three professional trainers have been sent for a three-month training program at the Forest Research Institute Malaysia (FRIM). These individuals have become trainers and managers of the training program organized by the project and the training center of the Forestry Administration.

After a long delay in implementing the training courses due to the national reform of the concession management plans, the project activities have been resumed in early 2008. An international consultant was selected to assist in preparing the training courses modules.

During the reporting period, all activities have been completed and outputs had been achieved, which include: three teacher-trainers completed their training at the FRIM. The four training courses were held at Forestry and Wildlife Training Center on the following dates: 20 July – 1 August 2009, 20 August – 1 September 2009, 23 October – 6 November 2009 and 4 – 18 January 2010, and one hundred and twenty (120) forest practitioners were trained in improved forest management techniques.

The Executing Agency has informed ITTO that the Completion, Technical, and Financial Audit Reports are under preparation.

9. PD 233/03 Rev.2 (I) Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)

Budget and Sources of Funding:

Total Budget:	US\$	745,907
Government of Japan:	US\$	552,089
Government of Peru:	US\$	193,818

Implementing Agency: FONDEBOSQUE (Fondo de Promoción del Desarrollo Forestal)

Council Session Approved: Thirty-five (Yokohama, Japan)

Starting Date: November 2004

Duration: Planned: 24 months
 Actual: 70 months

The aim of this project is to contribute to technological and environmental development in Peru through the implementation of a training, extension, dissemination, and promotion programme for the use of appropriate intermediate technologies for forest harvesting in concessions under the management of small and medium producers and native communities in the major Amazon regions of the country.

Outputs have been achieved as follows:

- Harvesting modules installed and operational in 3 regions of the Peruvian Amazon: 14 forest concessionaires have received credit approvals by the financial intermediary, and so far 11 of them have acquired portable sawn-millers and are using them in their timber harvesting operations.
- Development and implementation of a training, extension, dissemination, and promotion programme for the application of appropriate intermediate technologies in forest harvesting: activities towards training have been satisfactory completed since October 2008 with a total of 10 training sessions; training modules prepared and published; and several dissemination events.
- Technical assistant for the formulation and implementation of annual harvesting and business plans, monitoring evaluation and validation: technical assistance has been provided to the concessionaires who are using the harvesting modules and seven business plans have been developed and are operational.

The last PSC meeting was held in May 2009 with a representative from the donor, and at that time it was possible to see the positive impact of the project with regards to SFM and value-addition during the timber harvesting process.

The EA has failed in submitting bi-annual progress reports in 2010, and has informed ITTO that Completion and Final Audit Reports are under preparation.

10. PD 275/04 Rev.3 (I) Improvement of the Sustainable Management and Utilization of Non-Timber Forest Products (NTFPS) in Cambodia

Budget and Sources of Funding:

Total Budget:	US\$	588,412
Government of Japan (BPF-A):	US\$	430,312
Government of Norway:	US\$	10,000
Government of Cambodia:	US\$	130,100
CIRAD:	US\$	18,000

Implementing Agency: Forestry Administration (FA)

Council session approved: Thirty-seventh (Yokohama, 2004)

Starting Date: May 2006

Duration: Planned: 36 months
To date: 52 months

The project aims to promote the sustainable management of NTFP resources through improving the social, economic and legal aspects of NTFP production and trade. Specifically, the project will (i) help strengthening local management of NTFP in four provinces (Kampong Chhnang, Kampong Thom, Mondulhiri and Rattanakiri) through the development of villagers' associations in collaboration with local communities and NGOs and (ii) build local capacity to better integrate local villagers to NTFP markets with improvement of the existing market channel in its socio-economic and legal aspects. The beneficiaries will be local communities, forest authorities and all participants to NTFP trade.

All of the project outputs have been achieved, included: forestry administration staff for project implementation trained; existing associations or groups of collectives improved through cooperatives establishment; an NTFP Resource Management Plan developed; re-introduction of valuable NTFPs; and local communities trained on the NTFPs processing techniques.

There are several project elements that are conducive to sustaining project contributions to improve the livelihoods of local communities and strengthening the sustainable management of NTFPs in the target villages, namely:

- The extensive trainings provided to local and provincial forestry staff have broadened their understanding on the contribution of the project initiatives to improve the local livelihoods and strengthen the sustainable management of NTFP resources;
- The establishment of ten NTFP collecting and planting interest groups and eight NTFP processing interest groups will improve market access of the NTFP products; and
- The developed NTFP Resource Management Plan has been approved by the Forestry Administration. The Plan will provide the Government to extend sustainable management practices associated with the collection and enrichment planting of NTFPs to other villages in the Country.

The Executing Agency has informed ITTO that the Completion, Technical, and Financial Audit Reports are under preparation.

11. PD 306/04 Rev.1 (I) Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia

Budget and Source of Funding:

Total Budget:	US\$ 1,446,001
Government of Japan (BPF-A):	US\$ 499,867
Government of Malaysia:	US\$ 830,134
Private Sector:	US\$ 116,000

Implementing Agency: Forest Research Institute Malaysia (FRIM)
in cooperation with
Timber Research & Technical Training Centre of the
Sarawak Forest Department and
Forest Research Centre of the Forest Department of Sabah

Council Session Approved: Thirty-Seventh (Yokohama, 2004)

Starting Date: August 2006

Duration: Planned: 36 months
To date: 49 months

The overall development objective of the project is to contribute to the sustainable development of the wood-based industries from plantation resources. Specifically, the project is designed to produce technical data on wood characteristics of selected plantation grown species from Malaysia based on the harmonized procedure developed to evaluate the properties of plantation timbers. After the assessment of technical information and data for selected plantation timbers, it is also designed to develop suitable techniques for production of value-added timber products from existing plantations and to transfer technology to interested parties in Malaysia.

The expected outputs include harmonized procedures for evaluation of basic properties of plantation species; technical information and data on anatomical, physical, chemical and mechanical properties of tested timber species as well as their sawing, machining, veneering, drying and bonding properties; technical evaluation of the production of value-added products such as doors, windows, solid flooring boards, and advanced composite; and a project website www.frim.gov.my/itto containing project related materials including data, reports, manuals and training workshops/ seminars.

During the reporting period, almost all of the project's activities have been completed, including: finalization of manual on testing method; scientific data on anatomical, physical and mechanical properties; technical data on sawing, machining, veneering, drying and bonding properties, bio-deterioration, preservation treatment, chemical wood properties; and development of suitable processing and manufacturing technologies for value-added products. A regional seminar/workshop was convened in Kuala Lumpur (23-25 March 2010) to disseminate the results of the project, attended by around 190 participants,

including representatives from PNG, the Philippines, India, Indonesia, Thailand, Myanmar, Japan and China. The remaining uncompleted activity is the additional testing on kiln-drying method for *Acacia mangium*, as it was requested by industry sector and approved during the last PSC meeting, March 2010. This activity will be completed by end of October 2010.

12. PD 333/05 Rev.2 (I) Development and Delivery of a Vocational Training Programme in Reduced Impact Logging and Sustainable Forest Management Practices in Guyana

Budget and Sources of Funding:

Total Budget:	US\$	1,154,613
Government of Japan:	US\$	320,397
Government of USA:	US\$	30,000
Government of France:	US\$	11,500
Government of Guyana:	US\$	441,431
Forestry Training Centre Inc.:	US\$	80,155
Forest Enterprises:	US\$	136,130
TFF/Caterpillar Inc.:	US\$	135,000

Implementing Agency: Forestry Training Centre Incorporated (FTCI)

Council Session Approved: Thirty-eight (Brazzaville, 2005)

Starting Date: May 2007

Duration: Planned: 24 months
 To date: 40 months

This project proposes to continue and expand vocational training in sustainable forest management and reduced-impact logging practices in Guyana.

The EA has submitted Completion report to ITTO in May 2010, and has reported the achievement of the following outputs:

- RIL training programme for medium and large scale operators organized and delivered: output achieved. Large concessions continued to opt for concession-based training, about 80% of all supervisors of large forest concessions have benefited from RIL training. Academic institutions, such as the University of Guyana and the Guyana School of Agriculture have now integrated FTCI's RIL Foundation Course into their academic calendar.
- RIL system for small-scale / community forestry operations designed: output achieved. The RIL system has components such as timber harvesting planning; forest mensuration, surveying and map reading; health and safety practices; chainsaw use, maintenance, and cross-cutting practices; introduction to wood utilization; skid trail planning; and skidding techniques.
- Capacity to provide RIL training programme for small-scale / community forest operations established: output achieved.
- RIL training programme for small-scale / community forestry operations organized and delivered: output achieved with 229 communities' members trained.
- Capacity to provide training programme on other aspects of sustainable forest management established: output achieved. FTCI developed modules on Introduction to Forest Management; Introduction to Forest Roads and Introduction to Wood Technology. FTCI has been able to arrange special courses in Forest Mensuration, Surveying and Mapping; Use of a GPS Handset; and Introductory Botany (dendrology).
- Training courses in other aspects of SFM organized and delivered: output achieved.
- Long term sustainability of vocational SFM/ RIL training in Guyana secured: output achieved. A draft strategic plan has been prepared setting out the conditions under which FTCI can secure financial stability. More importantly, FTCI enjoys the support of the policy makers and is seen as an integral part of the thrust toward sustainable forestry practices.

Problem: During the reporting period, the EA has informed ITTO that Final Audit Report is under preparation; however it has not yet been delivered. Therefore, ITTO has not released the remaining funds for which authorization was given by the Committee at its last session for acquiring capital items.

Proposal by the ITTO Secretariat: In spite of the efforts of the Secretariat in pursuing the delivery of the audit report with the EA, the Committee may wish to urge the Government of Guyana to intervene with the EA in order to finalize and deliver the pending report.

13. PD 334/05 Rev.2 (I) Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines)

Budget and Sources of Funding:

Total Budget:	US\$	899,873
BPF-B:	US\$	629,873
Government of the Philippines:	US\$	270,000

Implementing Agencies: Ecosystems Research and Development Bureau (ERDB)
Department of Environment and Natural Resources (DENR)

Council Session Approved: Thirty-eight (Brazzaville, 2005)

Starting Date: April 2006

Duration: Planned: 48 months
To date: 53 months

The project aims to strengthen ASEAN collaboration to promote the sustainability of rattan resources through demonstration of production and utilization technologies, which will uplift the socio-economic status of local communities. The two specific objectives of the project are: application of production and utilization technologies in rattan demonstration plots at the village level; and generation of relevant technologies on production, utilization and socio-economic aspects of rattan and dissemination through the ASEAN Rattan Centre.

Project Outputs have been achieved as follows:

- Training on rattan production and utilization technologies:
 - All training activities have been completed with a total of 20 trainings on rattan production and utilization technologies conducted in the ASEAN member countries (Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Thailand and Vietnam).
 - Five training modules have been prepared and distributed during the different workshops. The modules are also available at the project's website www.aseanrattan.org:
 - Rattan nursery and planting,
 - Rattan plantation establishment and management,
 - Control methods against insect and fungi of rattan,
 - Kiln drying of rattan, and
 - Bleaching and finishing of rattan.
- Research on technologies: a total of 8 studies have been completed. Topics of the studies include: application of preservatives; grading rules for rattan; community-base rattan plantations; physical-chemical properties of specific rattan species; growth performance of specific rattan species; etc.
- Pilot demonstration plots establishment: a total of 222 hectares of rattan plantation plots have been established and maintained (versus 200 hectares. as originally planned).
- Impact assessment of specific interventions: questionnaires of post-implementation have been completed in Indonesia, Lao PDR, Philippines, Malaysia, Vietnam and Thailand.
- Networking: seven different issues of the Rattan Newsletter have been published; the newsletter is also available at the project's website www.aseanrattan.org. A Regional Conference on production and utilization technologies for rattan (additional activity) was held in the Philippines on 29 August to 1 September 2010. During this conference two publications were launched:

- “A Field Guide to Philippine Rattans”, and
- “The ASEAN Rattans”.
- ASEAN Rattan Centre created and established: the Centre, including a website www.aseanrattan.org and a Database has been established and are maintained on regular basis.

The Executing Agency requested an extension without additional funds until 1 November 2010 in order to finalize the Completion Report and Final Audit.

14. PD 347/05 Rev.2 (I) Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership (Gabon)

Budget and Source of Funding:

Total Budget:	US\$	384,200
Government of Japan (BPF-A):	US\$	278,200
Government of USA:	US\$	15,000
Government of Norway:	US\$	10,000
Government of France:	US\$	10,000
Government of Gabon:	US\$	71,000

Implementing Agency: Direction General des Eaux et Forêts (DGEF)

Council Session Approved: Thirty-eight (Brazzaville, 2005)

Starting Date: March 2006

Duration: Planned: 12 months
 To date: 54 months

The project aims at enhancing the participation of Gabonese nationals to the sustainable management of forest concessions and to the further processing of timber, while at the same time identifies a mechanism to promote and finance forest logging and timber processing activities by Gabonese-owned small and medium-sized enterprises (SMEs).

The Executing Agency submitted a request for extension without additional funds until 31 December 2010 (following the conditions set up in the previous session of the Committee) in order to complete remaining project activities, namely: visit to South Africa; the identification of a financing mechanism for SMEs; and the development of a project proposal to support the implementation of the identified financial mechanism.

Problem: As of today progress has been made towards the mission to South Africa; however the EA has not been proactive enough in order to finalize all the arrangements for conducting the mission and completing the pending outputs. Thus, it can be expected that execution of the project may go beyond the extension granted.

Proposal by the ITTO Secretariat: The Secretariat has tabled the problem at the highest level within the Ministry of Water and Forest of Gabon, in order to request a more proactive role and confirm their interest in completing the project outputs. The Committee may wish to consider granting a further extension of 6 without additional funds and recommend the EA to finalize preparations for the mission to South Africa and expedite the engagement of a national consultant to finalize based on the missions the project proposal for a financial mechanism. The Committee may wish to give the floor to the delegation of Gabon in order to provide further details.

15. PD 364/05 Rev.4 (I) Providing Village Communities with Basic Technological Training for Extracting Valuable Essential Oils from *Eucalyptus citriodora* Plantations in Rural Areas of Congo

Budget and Sources of Funding:

Total Budget:	US\$	622,261
CFC:	US\$	480,511
Government of the Republic of Congo:	US\$	141,750

Implementing Agency: Service National de Reboisement (SNR)
(National Reforestation Service)

Council Session Approved: Fortieth (Mérida, 2006)

Starting Date: March 2010

Duration: Planned: 24 months
To date: 06 months

The project aims at providing village community members with the technologies and expertise to extract essential oils and to link them with market niches.

During the reporting period, the inception meeting was carried out in March 2010 with participation of the donor, CFC, after the EA fulfilled of all the requirements for first installment, including arrangements for implementation with the Collaborative Institution in DRC and selection of suitable eucalyptus plantations in both Congo and DRC.

16. PD 384/05 Rev.3 (I) Testing Laboratory for the Development of Quality Standards for Mexican Primary and Processed Tropical Forest Products

Budget and Source of Funding:

Total Budget:	US\$	756,270
Government of Japan (BPF-A):	US\$	323,670
Government of USA:	US\$	80,000
Government of Finland:	US\$	60,000
Government of Mexico:	US\$	292,600

Implementing Agency: Institute of Ecology A.C.

Council Session Approved: Forty-first (Yokohama, 2006)

Starting Date: October 2007

Duration: Planned: 24 months
To date: 35 months

The project aims at establishing a tropical timber laboratory accredited by an international recognized body, at informing and training timber producers on the benefits of ensuring that their products meet quality standards for national and international markets.

Outputs achieved during the reporting period are as follows:

- Testing equipment and materials upgraded and updated to make them suitable for tropical timber products: 100% of the new testing equipment has been acquired, and existing laboratory machinery has been updated. Testing procedures have also been updated as consequence of the acquisition of the new equipment.
- Accreditation of the Laboratory by the proper national authority: extension of the accreditation has been granted in March 2010. Now the Laboratory can operate 13 different tests under ASTM standards (versus a base-line of 6 tests at the beginning of the project).

- Capacity to provide 20 services per year established: during the first semester of 2010, the Laboratory received 17 service requests, from which 10 have been performed.
- Tropical timber producers' and industrialists' awareness of the benefits to back the quality of their products through testing: so far, training activities have been conducted in 5 states of Mexico out of 9.
- Development of quality standards that can be applied to Mexican timber species: a draft on an Official Norm for particle fiber board has been developed.

Remaining outputs include:

- Development of technical sheets for selected timber species and their products.

The Executing Agency requested an extension to conclude all remaining project activities by 31 October 2010, and in its latest progress report, the EA is requesting a further extension of 3 additional months (January 2011).

17. PD 385/05 Rev.4 (I,F) Industrialization, Marketing and Sustainable Management of Ten Mexican Native Species

Budget and Source of Funding:

Total Budget:	US\$	1,965,119
Government of Japan:	US\$	314,678
Government of Mexico	US\$	1,650,441

Implementing Agency: University of Guadalajara (Department of Wood, Cellulose, and Paper)

Council Session Approved: Forty-first (Yokohama, 2006)

Starting Date: December 2008

Duration:	Planned:	36 months
	To date:	21 months

The project aims to acquire technical information on 10 native tropical timber species to enhance their productivity and forest management, and to identify market niches for both primary and processed products from these species.

Progress towards the achievement of outputs during the reporting period is as follows:

- Prospective programmes for the sustainable silvicultural management of 10 selected species: this output is about 75% in progress. So far, abundance of species has been identified.
- Silvicultural diagnosis of the species under study: this output is about 40% in progress.
- Diagnostic study on first and second-stage timber processing industries: output partially achieved in March 2010 with the publication of the study for the first-stage processing industry.
- Technological characterization of the 10 selected species: this output is progress. The EA is now working with 11 species instead of 10. Samples of the species were collected and prepared for testing. Currently tests are being conducted for anatomic characterization, physical-mechanical properties, and natural durability. Tests are expected to be completed by June 2011.
- Products use and diversification: initial activities had begun towards the collection of market information for the selected timber species.

Outputs for which activities have not yet commenced include:

- Producer's training; and
- Training and technical assistance for first and second-stage timber processing industries.

The project is on track and still has one more year for implementation.

18. PD 397/06 Rev.3 (I) Sustainable Development of the Wood Based Industries in South Kalimantan (Indonesia)

Budget and Sources of Funding:

Total Budget:	US\$	183,696
Government of Japan:	US\$	155,196
Government of Indonesia:	US\$	28,500

Implementing Agency: Forestry Service of South Kalimantan Province

Council Session Approved: Forty-First (Yokohama, 2006)

Starting Date: May 2008

Duration: Planned: 18 months
To date: 29 months

This small project will focus on developing a master plan at the provincial level as a guide for policy direction in the wood-based industry, particularly in the context of decentralization era. South Kalimantan province has the largest scale wood-based industry in Kalimantan. However the industry is experiencing over-capacity due to uncontrolled permits in the past causing shortages of raw material. The project is also intended to establish a mechanism and strategies for implementing the developed master plan.

During the reporting period, all of the project's activities have been completed. A Master Plan of Sustainable Development of the Wood Based Industries in South Kalimantan Province has been formulated and adopted by the Provincial Government through its Governor Decree. The Master Plan contains mapping of forest based industries in South Kalimantan Province, vision, mission, targets, strategies and implementation agendas for the development of wood industries in the Province.

The Executing Agency has informed ITTO that the Completion, the Technical, and Financial Audit Reports are under preparation.

19. PD 398/06 Rev.2 (I) Promoting the Utilization of Plantation Timber Resources by Extending Environmentally Sound Preservation Technology (China)

Budget and Source of Funding:

Total Budget:	US\$	413,560
Government of Japan (BPF-A):	US\$	291,060
Government of China:	US\$	122,500

Implementing Agency: GDFRI – Guangdong Forest Research Institute

Council Session Approved: Forty-First (Yokohama, 2006)

Starting Date: November 2007

Duration: Planned: 36 months
To date: 34 months

This 3-year project will follow up and build on the results of project PD 52/99 Rev. 2 (I) "Development and Extension of Preservation Technology of Tropical Plantation Timber", which contributed to the establishment of a preliminary foundation in terms of knowledge and technology for the development of an environmentally sound wood preservation industry in South China.

The project aims to develop environmentally sound timber preservation technologies and establish a treated timber products monitoring system in South China to ensure the efficient use of plantation timbers. It also focuses on the establishment of a timber treatment plant to increase safety and quality control of wood preservatives. At the end of the project, it is expected that a treated timber products monitoring system is established and functioning and that the Guangdong Forest Research Institute can service the wood industry in South China as a leading regional technical center.

During the reporting period, the project has completed almost all of its activities, including: establishment of chemical analysis laboratory, biological laboratory and two exposure yards (in Maoming and Guangzhou); establishment of timber treated monitoring system; development of two new formulations of environmentally sound wood preservatives; and laboratory test and field exposure test on the natural durability and performance grading of bamboos. The on going activities are development of preservative for bamboo and comparative study to a country/countries in the region.

20. PD 401/06 Rev.2 (I) Value Adding and Kiln Drying of Commercial Timbers by Small Scale Community Sawmillers in Guyana

Budget and Sources of Funding:

Total Budget:	US\$	460,299
Government of U.S.A.:	US\$	347,004
Government of Guyana:	US\$	113,295

Implementing Agency: GFC - The Guyana Forestry Commission

Council Session Approved: Forty-first (Yokohama, 2006)

Starting Date: February 2009

Duration:	Planned:	12 months
	To date:	19 months

The project aims to trial commercial kiln drying of wood in three regions for community small scale sawmilling as demonstration of the value-adding and quality standards expected by international markets.

Outputs achieved during the reporting period are as follows:

- Technical specifications for the kiln dryers developed: output achieved and technical report delivered to ITTO during the last reporting period.
- Kiln dryers appropriate to the needs of the small scale community sawn-millers installed: this output is on-going. The manufacture of the kilns had been commissioned; the kilns arrived in Guyana in July 2010 and were later dispatched to the selected areas (Essequibo, Demerara and Berbice) for further installation from the supplier.
- Training in kiln drying available for small scale community saw millers: training manuals have been finalized and a copy of them has been delivered to ITTO. Training was schedule to take place in August-September 2010. The modules include:
 1. Introduction to wood drying,
 2. Wood properties for drying,
 3. Preparation wood for drying,
 4. Biological structure and microscopy of the wood,
 5. Drying schedules and related issues,
 6. Relationship between water and wood fibre,
 7. Movement and flow of the water within the wood,
 8. Drying schedules,
 9. Drying defects and minimizing of deformation of the wood during drying,
 10. Energy consumption during drying,
 11. Thermo modified timber, and
 12. Different drying kiln technologies.

The project is about 9 months behind schedule, caused mainly by the international competitive bidding process and the logistics involved in the delivery of the kilns, which were not integrated in the project schedule. The EA requested an extension without additional funds until 31 September 2010.

21. PD 425/06 Rev.1 (I) Production and Utilization Technology for Sustainable Development of Eaglewood (Gaharu) in Indonesia

Budget and Sources of Funding:

Total Budget:	US\$	619,225
Government of Japan:	US\$	499,975
Government of Indonesia:	US\$	119,250

Implementing Agency: FORDA - Forestry Research and Development Agency

Council Session Approved: Forty-First (Yokohama, 2006)

Starting Date: April 2008

Duration: Planned: 36 months
To date: 29 months

The project aims at introducing inoculation technology to forest communities living in and around the forest area. The inoculation technology will accelerate and promote Eaglewood productivity in the natural forest. Dissemination of the technology will be carried out by establishing sample plots. It is expected that artificial inoculums in large scale will improve communities' welfare and at the end reduce the pressure on the forest. Activities of the project include cultivation techniques, plantation trial plots, inoculum's production, artificial inducement and training for forest dwellers. The most important benefits of the proposed project are increasing welfare of forest dwellers and local farmers, and boosting foreign exchange earnings that contribute to local and national income.

During the reporting period, some activities have been carried out, namely: artificial eaglewood induction tests to 1,380 trees conducted in Banten, South Kalimantan, West Nusa Tenggara, East Nusa Tenggara, Bali, West Kalimantan, Papua and Jambi provinces; series of trainings on artificial induction of eaglewood Lampung (42 participants), West Kalimantan (44 participants) and Bali (41 participants) provinces. The Project has initiated the establishment of Indonesian Eaglewood Forum to facilitate stakeholders to discuss issues related to the development and utilization of eaglewood. Remaining activities are expected to be completed by January 2011.

22. PD 431/06 Rev.1 (I) Processing and Utilization of Trees on Farmlands and Logging Residues through Collaboration with Local Communities (Ghana)

Budget and Source of Funding:

Total Budget:	US\$	523,689
Government of Japan (BPF-A):	US\$	158,752
Government of Switzerland:	US\$	300,000
Government of Ghana:	US\$	64,937

Implementing Agency: FORIG - Forestry Research Institute of Ghana

Council Session Approved: Forty-First (Yokohama, 2006)

Starting Date: March 2007

Duration: Planned: 36 months
To date: 42 months

The project aims at making lumber available to local communities that live close to the forests in Ghana to enable them to benefit from timber on farmlands and forest logging residues. This, among many other things, will prevent the local communities from collaborating or cooperating with illegal chainsaw operators whose activities are leading to forest degradation in Ghana. The outputs of the project will be: evaluation of processing logging residues and trees on farmlands into products; capacity building of local communities in processing, utilization, and marketing of lumber and lumber products; determination of the livelihood impacts of the processing, utilization and marketing of lumber and lumber products; production of a manual on extraction, processing and utilization of trees on farmlands and logging residues; and

identification of policy implications for the extraction, processing and utilization of logging residues and trees on farmlands.

During the reporting period, the project focused on felling and milling of trees on farmlands and logging residues, evaluation and grading of lumber, determination of mechanical strength properties, and assessment of machine operators. Trees on farmlands were felled and processed. The lumber have been evaluated and graded. Four mechanical strength properties of seven timber species (Dahoma, Black Ofram, White Ofram, Wawa, Essia, Avodire and Edinam) at green moisture content were determined (using Universal Instron Machine) and analysed. These strength properties included shear parallel to grain, Modulus of rupture (MOR), Modulus of elasticity (MOE) and compression parallel to grain. The results at green moisture content indicate that the strength properties of the tested wood species are comparable to those in literatures and in some cases better. These show that trees on farmlands are as good as those from the forest. A questionnaire was prepared for the assessment of preferred lumber machine by operators. It is expected that the project steering committee meeting to discuss the final reports can be organized in October 2010.

23. PD 433/06 Rev.3 (I) Sustainable Model for the Brazilian Wood Flooring Production Chain

Budget and Sources of Funding:

Total Budget:	US\$	821,787
Government of Japan:	US\$	466,927
Government of Switzerland:	US\$	50,000
ANPM:	US\$	304,860

Implementing Agency: National Hardwood Flooring Association (ANPM)

Council Session Approved: Spring Project Cycle, June 2008

Starting Date: January 2011 (expected)

Duration: Planned: 30 months
 To date: 00 months

The Project Agreement was signed by all parties in April 2010.

Problem: The EA has not yet fulfilled all the conditions for the first installment, in particular in submitting copies of MoUs with the Collaborative Agencies due to changes within these institutions. According to the latest correspondence between the EA and ITTO, the issue will be solved soon, however no specific dates have been provided.

Proposal by the ITTO Secretariat: The Committee may wish to urge the Government of Brazil to intervene with the EA in order to finalize arrangements for immediate implementation, and to remind the EA of the sunset provision. The Committee may wish to give the floor of the representative of Brazil in order to provide further details.

24. PD 448/07 Rev.2 (I) Sustainable Utilization and Marketing of Selected Non-Timber Forest Products to Support the Handicraft Industry and the Development of Rural Communities (Philippines)

Budget and Source of Funding:

Total Budget:	US\$	450,082
Government of Japan:	US\$	294,672
Government of U.S.A.:	US\$	60,000
Government of the Philippines:	US\$	95,410

Implementing Agency: Forest Products Research and Development Institute (FPRDI) in collaboration with Federation of Philippine Crafts Fair Traders Inc. (FPCFTI)

Council Session Approved: Forty-third (Yokohama, 2007)

Starting Date: August 2009

Duration: Planned: 24 months
 Actual: 13 months

The project aims at determine the availability, extraction intensity, and natural regeneration of selected NTFPs; and at improving the technical skills of collectors and handicraft producers. The project will focus in selected NTFPs such as: palms, vines, and resins in the provinces of Camarines Norte and Quezon.

Progress towards the development of outputs as of February 2010 is as follows:

- Material/resource availability, extraction intensity and regenerative growth of the selected NTFPs determined and quantify: activities towards consultation of relevant stakeholders were completed; base-line data was collected from secondary sources; and inventory of relevant NTFPs is on-going.

The EA has failed in submitting in time the last bi-annual progress report; however the EA informed ITTO that the report is under preparation. The project has still one more year of implementation.

25. PD 506/08 Rev.1 (I) Reviving Forestry Education in Liberia

Budget and Source of Funding:

Total Budget:	US\$	352,249
Government of Japan:	US\$	212,522
Government of U.S.A.:	US\$	80,000
Government of Liberia (FDA and Ministry of Education):	US\$	59,727

Implementing Agency: The Forest Development Authority (FDA) and the Ministry of Education (MoE), supporting the Forestry Training Institute (FTI), Tubmanburg

Council Session Approved: Forty-fourth (Yokohama, 2008)

Starting Date: August 2009

Duration: Planned: 24 months
 To date: 13 month

This project will support the reestablishment of forest education activities for middle level forestry technicians of the Forestry Training Institute (FTI) located in Tubmanburg. The project deals with the establishment of a functional curriculum, the training of trainers and immediate practical training of the currently registered students in the FTI. In addition, the project will support a national working group that conducts a strategic process on forest education in Liberia as a whole.

The first disbursement has been made to the Executing Agency on August 2009. The implementation of the project has experienced a delay due to a change of ownership in terms of administrative and technical aspect of managing the school affairs from the FTI to the Forestry Development Authority. Lack of fully operational logging area and processing sawmills particularly contributed in the delay of the Project Activity 1.4.1 and 1.4.2. During the reporting period, several activities under the project work plan have been carried out, including: conducted participatory individual needs assessment through interview; hosted a teacher's workshop; developed teaching plan. In addition to this, renovation and construction of school facilities were done, as well as feeding a daily supplementary to 129 students and 19 support staff, and purchasing capital items. The second disbursement of the project fund has been transferred in early October 2010.

26. PD 512/08 Rev.2 (I) Industrial Utilization and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru)

Budget and Sources of Funding:

Total Budget:	US\$	691,992
Government of Japan:	US\$	328,517
Government of U.S.A.:	US\$	60,000
Government of Korea:	US\$	10,000
AIDER/UNU:	US\$	293,475

Implementing Agency: Association for Integrated Research and Development (AIDER) in cooperation with the National University of Ucayali (UNU) and the National Institute for Natural Resources (INRENA)

Council Session Approved: Spring Project Cycle, June 2009

Starting Date: August 2010

Duration: Planned: 24 months
To date: 01 months

The project aims at fostering the rehabilitation and enrichment of Secondary and Residual Primary Forests of the Peruvian Amazon, by carrying out technological studies to determine the sustainability of abundant timber species found in these types of forests. The results of the technological studies will be used to identify market niches for these timber species, according to their technological properties.

During the reported period, the EA fulfilled the conditions for first installment, which was done in August 2010, following the issue of No-objection letters for the engagement of key personnel.

27. PD 513/08 Rev.1 (I) Enhancing the Capacity of the Wood Processing Sector to Improve Efficiency and Add Value in Guyana

Budget and Sources of Funding:

Total Budget:	US\$	377,953
Government of Japan:	US\$	234,640
Government of U.S.A.:	US\$	44,000
Government of Guyana:	US\$	99,313

Implementing Agency: The Guyana Forestry Commission (GFC)

Council Session Approved: Forty-fourth (Yokohama, 2008)

Starting Date: April 2010

Duration: Planned: 12 months
To date: 5months

The project aims at upgrading the capacity of wood processing industry through development of strategic guidance and human capacity building. In recognition of the importance of the best practice in the sector to address issues of appropriate machinery and equipment, a community model processing operation will be developed in collaboration with the stakeholders, to provide realistic demonstration for increasing value in the sector in particular at the community level.

After project completion, the wood processing sector will have received targeted skills training to enable it to increase recovery and value from processing. It will also be guided by a coherent policy and code of practice to ensure best practice both for production and for health and safety and the environment. The net result of the project will be increased revenue for the sector as well as more efficient use of the forest resource which will ultimately benefit the local and global environment. Increased employment will provide livelihoods for urban and rural dwellers which will be especially appreciated in areas where alternative means of earning a living are limited.

The first disbursement has been made to the Executing Agency on April 2010. At this stage the project has engaged two national experts for wood processing and training, and started to develop the code of practice for wood processing.

28. PD 523/08 Rev.1 (I) Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia

Budget and Sources of Funding:

Total Budget:	US\$	907,794
Government of Japan:	US\$	535,094
Japan Lumber Importers Association (JLIA):	US\$	50,000
Government of Korea:	US\$	20,000
Government of Indonesia/ISWA:	US\$	302,700

Implementing Agency: Indonesian Sawmill and Woodworking Association (ISWA) in collaboration with The Directorate General of Forestry Products Management (BPK)

Council Session Approved: Spring Project Cycle, June 2009

Starting Date: June 2010

Duration: Planned: 36 months
To date: 3 months

This project aimed at contributing to the alleviation of the timber deficit problem facing the national wood industry through promotion of the efficient utilization of rubber wood biomass. The project's development objective is to contribute to the lessening of wood raw material supply problem facing the national forest industry by utilizing the vast rubber wood available from sustainable sources. Its specific objective is to promote the utilization of rubber wood from sustainable sources. Planned outputs of the project are: i) interest in the utilization of rubber wood owned by big companies increased; ii) incentives for and capacity in the utilization of rubber wood from smallholding plantations improved; iii) government policy governing rubber wood resource utilization revised and enhanced; iv) investment in rubber wood utilization increased; and v) appropriate technologies are available for the utilization of rubber wood from smallholding plantations.

The first disbursement has been made to the Executing Agency on June 2010. At this stage the project has engaged six national consultants for the execution of Activities 1.1; 1.2; 2.2; 2.5; 3.1; 3.2; 4.1; 4.4 and 5.1. Identification of appropriate processing technologies is currently underway and purchase of identified machinery and equipment will be shortly undertaken.

29. PPD 5/00 Rev.1 (I) Sustainable Management of Non-Timber Forest Produce (NTFP) in Maharashtra State of India

Budget and Sources of Funding:

Total Budget:	US\$	82,672
Government of Japan:	US\$	64,522
Government of India:	US\$	18,150

Implementing Agency: Maharashtra State Forest Department

Council Session Approved: Twenty-Eight (Lima, 2000)

Starting Date: October 2002

Duration: Planned: 12 months
To date: 97 months

This pre-project is designed to assess the present status of resource base, plantation, management, processing and utilization of non-timber forest products (NTFPs) in the four selected areas (Alibag,

Sawantwadi, East Melghat and Wadsa), dominant for various NTFPs in the Maharashtra State of India. A resource survey was carried out in selected areas by the Indian Institute for Forest Management (IIFM), Bhopal. It reviewed the existing reports and networking with institutes and organizations engaged in NTFP resource assessment. Market information was collected through trade reports published by related organizations and by contacting trading houses, intermediaries and other stakeholders.

The pre-project has completed its activities and came up with a project proposal entitled 'Sustainable Management of Non-Timber Forest Produce (NTFP) in Maharashtra state of India'. This was submitted to the 36th ITTO Expert Panel and received a Category 2. The pre-project has received an extension up to 31 March 2008.

Problem: During the last session of the Committee, the delegation of India reported that the preparation of the pre-project's reports was in progress and would be submitted to the ITTO this year (end of 2009). The Executing Agency has submitted the completion report but failed to submit the financial audit report.

Proposal by the ITTO Secretariat: In spite of the efforts of the Secretariat in pursuing the delivery of the audit report with the EA, the Committee may wish to urge the Government of India to intervene with the EA in order to finalize and deliver the pending reports.

30. PPD 97/04 Rev.1 (I) Improve Strategies and Assess Training Needs to Achieve SFM in Suriname

Budget and Sources of Funding:

Total Budget:	US\$	117,142
Government of Japan:	US\$	94,832
Government of Suriname:	US\$	22,310

Implementing Agency: The Foundation for Forest Management and Production Control (SBB)

Council Session Approved: Thirty-sixth (Interlaken, 2004)

Starting Date: May 2006

Duration: Planned: 04 months
To date: 52 months

This pre-project builds on the results of the ITTO Technical Mission to Suriname conducted under the provisions of ITTC Decision 2(XXIX). In this connection, the pre-project aims at: (i) clarifying a national strategy to achieve SFM and to promote a sustainable forest sector; (ii) conducting a thorough assessment of training needs; (iii) designing a training programme and provide details for its implementation; and (iv) assisting in the formulation of a project proposal to strengthen the institutional capacity of the country in the field of SFM.

After a monitoring visit in September 2008, an extension without additional funds was granted until 31 May 2009. As regarding outputs, the Strategic Action Plan was finalized in April 2009; the Training Needs Assessment was finalized in May 2009; the Project Proposal and the Completion Report were finalized in October 2009.

The EA has exercised savings and returned to ITTO the unspent funds in the amount of US\$7,143.00 in May 2010.

Problem: The EA has failed in submitting the Final Audit Report.

Proposal by the ITTO Secretariat: In spite of the efforts of the Secretariat in pursuing the delivery of the completion and audit reports with the EA, the Committee may wish to urge the Government of Suriname to intervene with the EA in order to finalize and deliver the pending reports.

31. PPD 125/06 Rev.2 (I) National Training Programme to Promote the Adoption of Reduced Impact Logging (RIL) in Papua New Guinea

Budget and Source of Funding:

Total Budget:	US\$	73,235
Government of Japan (BPF-A):	US\$	43,806
Government of Australia:	US\$	15,000
Government of Papua New Guinea:	US\$	14,429

Implementing Agency: Papua New Guinea Forest Authority

Council Session Approved: Forty-first (Yokohama, 2006)

Starting Date: May 2008

Duration: Planned: 06 months
To date: 28 months

This pre-project aims at collecting necessary information to define the structure, form, and content of a national project for a training and demonstration programme to promote the adoption of Reduced Impact Logging (RIL).

Outputs achieved during the reporting period are as follows:

- Diagnosis of RIL impact of large, medium, and small scale operational practices: achieved through field visits in August 2008, followed by a workshop.
- Full project proposal for the implementation of RIL: a project proposal named "National Training Programme to Promote the Adoption of Reduced Impact Logging (RIL) in PNG" was submitted to the 38th Expert Panel for Technical Appraisal of Project and Pre-project proposal held in August 2009, receiving category 2. The revised version was assessed by the 39th Expert Panel in February 2010 receiving again category 2.

Problem: The EA has failed in submitting Final Audit Report to ITTO.

Proposal by the ITTO Secretariat: The project proposal, output of this pre-project, shall not be further considered for appraisal of the Expert Panel, until the pending deliverables (completion report and final audit) may be satisfactorily delivered to ITTO. The Committee may wish to urge the Government of PNG to finalize and deliver the pending reports.

[B] Project and Pre-projects Pending Agreement

None

[C] Projects and Pre-projects Pending Finance

1. PD 457/07 Rev.5 (I) Operational supportive system for promoting the further processing of timber in five countries of the Congo Basin

Budget and Sources of Funding:

Total Budget:	US\$	1,887,714
ITTO contribution:	US\$	1,253,345
Economic Community of Central African States (ECCAS)	US\$	634,369

Implementing Agency: Economic Community of Central African States (ECCAS)

Council Session Approved: Forty-fourth (Yokohama, 2008)

Duration: 48 months

2. PD 518/08 Rev.1 (I) Energetic Valorization of Wood Residues by Compaction Process (Brazil)

Budget and Sources of Funding:

Total Budget:	US\$	1,014,641
ITTO contribution:	US\$	491,941
Government of Brazil:	US\$	522,700

Implementing Agency: Brazilian Forest Service – SFB, Ministry of Environment

Council Session Approved: Forty-fourth (Yokohama, 2008)

Duration: 36 months

3. PD 520/08 Rev.2 (I) Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia

Budget and Sources of Funding:

Total Budget:	US\$	577,553
ITTO contribution:	US\$	454,518
Government of Indonesia (FPRDC):	US\$	123,035

Implementing Agency: Forest Product Research and Development Centre – FPRDC

Council Session Approved: Autumn Project Cycle, October 2009

Duration: 36 months

4. PD 521/08 Rev.3 (I) Participatory Forest Management for Sustainable Utilization of Non Timber Forest Products (NTFP) Surrounding the Protected Area of Rinjani and Mutis Timau Mt, Nusa Tenggara Indonesia

Budget and Sources of Funding:

Total Budget:	US\$	617,574
<i>PARTIALLY FUNDED BY</i> Government of Switzerland:	US\$	400,000
<i>PENDING FINANCE:</i>	US\$	90,374
DG of Land Rehabilitation and Social Forestry:	US\$	31,200
WWF and Forestry Service of West Nusa Tenggara Province:	US\$	96,000

Implementing Agency: Directorate General of Land Rehabilitation and Social Forestry, Ministry of Forestry in collaboration with WWF Indonesia Nusa Tenggara Programme and Forestry Service of West Nusa Tenggara Province

Council Session Approved: Spring Project Cycle, June 2010

Duration: 24 months

The aim of the proposed project is to improve participation of local communities on sustainable utilization of NTFPs for conservation benefit of the Rinjani and Mutis Timau Mountains Protected Area (PA) of which is in compliance with ITTO Policy Development Series No 15 (Criteria and Indicator for the sustainable management of tropical forest). The result of the project will contribute to sustainable management of the protected area in Nusa Tenggara Indonesia. The project will achieve two outputs: Output (1) Capacities of local communities increased in obtaining the permit for utilizing NTFP's. This will be achieved by conducting series of trainings on sustainable utilization of NTFP's in 9 villages around the protected area (providing technical and managerial skills including entrepreneurship); Developing Model for small-scale forest economy dealing with 10 commodities of NTFP's for income generation of local

communities; and conducting series of extensions for improving awareness of ESE (Economic, Social and Ecological) benefits of Protected Area. Output (2) Management plan for the more economically viable of NTFP's elaborated. The project will develop management plan using updated and reliable information through participatory process; Conducting 3 series of intensive consultation with local stakeholders in formulating NTFP utilization policy; and developing options of economic incentives for local communities to participate in conservation of PA and sustainable utilization of NTFP's.

5. PD 522/08 Rev.2 (I) Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia

Budget and Sources of Funding:

Total Budget:	US\$	618,150
ITTO contribution:	US\$	452,688
Government of Indonesia:	US\$	165,462

Implementing Agency: Faculty of Forestry Gadjah Mada University in collaboration with Forest Research and Development Agency, Ministry of Forestry, Government of Indonesia

Council Session Approved: Autumn Project Cycle, October 2009

Duration: 36 months

6. PD 540/09 Rev.1 (I) Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products (Peru)

Budget and Sources of Funding:

Total Budget:	US\$	971,213
ITTO contribution:	US\$	505,341
Government of Peru:	US\$	465,872

Implementing Agency: National Forestry Chamber (CNF) in cooperation with the General Forest and Wildlife Directorate (DGFFS – MINAG)

Council Session Approved: Autumn Project Cycle, October 2009

Duration: 30 months

7. PD 549/09 Rev.2 (I,F,M) Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood (*Ochroma pyramidale* Cav.) in the Lacandon Forest, Chiapas, Mexico

Budget and Sources of Funding:

Total Budget:	US\$	885,230
ITTO contribution:	US\$	635,918
Government of Mexico	US\$	249,312
Other sources:		

Implementing Agency: ETNOBIOLOGÍA PARA LA CONSERVACIÓN A. C.

Council Session Approved: Spring Project Cycle, June 2010

Duration: 36 months