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AND MARKET INTELLIGENCE

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## REPORT OF PROJECTS AND PRE-PROJECTS IN PROGRESS

### ECONOMIC INFORMATION AND MARKET INTELLIGENCE

#### [A] Projects and Pre-Projects 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
Bali Partnership Fund Sub-Account B:	US\$	2,015,000
Government of Japan:	US\$	1,273,258
Unearmarked:	US\$	650,000
Government of Switzerland:	US\$	170,000
Government of USA:	US\$	50,000
Government of Sweden:	US\$	35,000
Pending Finance for 2012:	US\$	240,000
Pending Finance for 2013:	US\$	240,000

Implementing Agency: ITTO Secretariat

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

Starting Date: January 1997

Duration: Planned: 24 months with 2-year extensions

The main output of this project, which has been implemented by the ITTO Secretariat since 1996, is the bi-weekly *Tropical Timber Market Report* (TTMR). Other outputs include providing information to readers on specific trade issues, promoting communication and networks between importers and exporters and providing market intelligence to complement the various other outputs of the ITTO secretariat.

Over the years, the contents of the TTMR have evolved in tandem with changes in the trade in tropical wood products. In the early years, the focus was on trends in the markets for primary products and as the trade in secondary products grew new elements were included in the TTMR.

In recent years, the pace of growth in the trade in secondary tropical wood products has been phenomenal and a plan to rebalance the contents of the TTMR to reflect current trade flows has been developed and will be implemented once the publication is resumed.

The TTMR has attracted over 12,000 subscribers who receive email notification when each report is available. The TTMR is reproduced on numerous timber trade websites and is frequently quoted in trade circles.

Since the beginning of 2012, the TTMR has been suspended pending its financing under the ITTO Biennial Work Programme 2012-2013.

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

Budget and Sources of Funding:

Total Budget:	US\$	500,000
Government of Japan:	US\$	200,000
Government of Switzerland:	US\$	200,000
Government of China:	US\$	100,000

Implementing Agency: ITTO

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

Starting Date: July 2011

Duration: Planned: 18 months  
To date: 14 months

This project was designed to assist ten ITTO African member countries (all of which are also members of the African Timber Organization - ATO) to implement the harmonized ITTO/ATO Principles, Criteria and Indicators (PCI) for the Sustainable Management of African Tropical Forests. It involves extensive capacity building in ten member countries and within ATO itself. The project has been divided into three phases, with all three phases split again into two stages each to facilitate funding.

The phasing of the project split its activities as follows:

- Phase I Capacity building at regional and national levels in selected ITTO member countries and development of draft harmonized PCI (43 months, stages one and two completed)
- Phase II Capacity building at national level in the other ITTO member countries and among beneficiaries within selected countries, including establishment of C&I working groups in all countries (35 months, stages one and two completed)
- Phase III Capacity building among beneficiaries within ITTO member countries, including on the use of the PCI in certification and/or legality assurance initiatives (stage one underway, stage 2 pending finance)

The project coordinator during Phase II (Mr. Francois Hiol Hiol) gave notice of his intention to resign in late 2010 after submitting the final report/audit for Phase II and after funding for Stage 1 of Phase III was approved at the Forty-sixth ITTC Session. ITTO immediately began a search to recruit a new project coordinator in early 2011, with the current coordinator (Mr. Olivier Ahimin, Cote d'Ivoire) signing a contract commencing in March 2011. Mr. Ahimin was delayed in taking up his position at ATO headquarters in Libreville, Gabon due to unrest in Cote d'Ivoire and due to the cessation of ATO operations in 2010 arising from administrative problems including lack of payment of dues by its members. Mr. Ahimin worked from Cote d'Ivoire during March and part of April last year to finalize the workplan and budget for Phase III Stage 1, taking into account the generosity of donors who provided funding of US\$500,000 for Stage 1, exceeding the original plan prepared by Mr. Hiol Hiol by US\$100,000. The additional funding required the inclusion of some activities originally planned for Phase III Stage 2 under Stage 1 and the consequent reduction of the ITTO budget for Phase III Stage 2 by an equivalent amount. The revision of the budget and workplan also took account of the cessation of ATO operations which is expected to persist at least for the duration of implementation of Phase III Stage 1. In order to keep the total budget of this project consistent with that originally approved, the total ATO contribution to Phase III has been shifted to the Stage 2 budget. If ATO has not recommenced operations if/when Phase III, Stage 2 is funded, this issue may need to be revisited and alternative regional arrangements considered. For Phase III, Stage 1 this project is being implemented solely by ITTO, with a formal letter of agreement signed in July 2011 between ITTO, the project coordinator and ITTO's regional officer (based in the same office in Libreville) regulating project implementation and administration (including handling of project funds). The revised workplan and budget for Phase III Stage 1 incorporating the above aspects are available on request from the Secretariat (French only).

During the first half of 2012 the project has funded publication and field testing of PCI for plantations in Togo, facilitated a review of forest management plans to take account of the PCI in Cameroon, convened a meeting of the national working group in Gabon to approve national PCI, facilitated further development of plantation and natural forest PCI in Ghana and Cote d'Ivoire, and convened meetings of national working

groups to decide on project interventions in Congo, DRC, Liberia and Nigeria. Audits of forest management using the PCI were carried out by the project in Cameroon, Cote d'Ivoire, Ghana and Liberia. The project coordinator continued to collaborate with other stakeholders in the region, including WWF's regional office for Africa which is co-funding activities in selected countries and participates regularly in project steering committees. The project coordinator has also established working links with the Central African Forest Observatory (OFCA) and officials responsible for VPA negotiations in relevant countries. A project monitoring mission is planned by the Secretariat in late 2012, in conjunction with a meeting of the project steering committee.

The complete project progress report submitted by the project coordinator, together with the workplan for the current semester, is available on request from the Secretariat (French only). The project coordinator has also submitted a revised workplan and budget splitting Phase III, Stage 2 of the project into two smaller stages (a new Stage 2 and Stage 3) in order to facilitate the prospects for follow-up funding for the project at this session (see section C, item 2).

**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: 56 months

This project was designed to further develop the STATFOR computerized forest management/monitoring system developed under 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 the 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 worked with the DIARF team during 2010 to implement project activities including the development of TRANSFOR. All capital equipment was purchased (vehicle, bar code scanners, portable computers, etc.) and the implementation of the project was effectively completed by mid-2011. During the third project monitoring mission in late 2010, the Government of Gabon indicated that the private

sector in Gabon had considerable interest in the tracking technology being developed by the project and requested that project activities be extended to the end of 2011 (with no additional ITTO funding) to allow for further extension of project results to the private sector. This extension was approved by the Secretariat.

In 2011, the Government of Gabon requested that ITTO carry out an evaluation of this and previous statistics development projects in the country with a view to ensuring that outputs were effectively implemented in the country's national forest management systems. This request followed a restructuring of government bodies in charge of forestry in the country. The Secretariat agreed to this request and recruited a consultant to carry out a mid-term review of the on-going project using the pooled fund for evaluation of projects. This consultancy was successfully completed and contained recommendations for ensuring uptake of project outputs at the operational level in Gabon, including a proposal for the development of a small follow-up project. The report of the mid-term review is available on request from the Secretariat.

Neither the final report nor a progress report had been received from the Executing Agency in time for inclusion in this report. A monitoring mission was undertaken by the ITTO Secretariat in April 2012 to review progress in this project (which as noted above was expected to have completed all activities by the end of 2011) and to assist development of the final follow-up project called for under the mid-term review designed to operationalize outputs of all previous ITTO-funded statistics projects within Gabon's forest management system. The follow-up proposal was submitted in mid-2012 for consideration under the TMT thematic program. Any eventual approval/funding of the follow-up proposal will be contingent on submission of a satisfactory final report and financial statement for this project. The representative of Gabon may be requested to brief the Committee on the status of the final report of the project.

#### **4. 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:         25 months

The project is aimed at increasing the contribution of the forest sector to PNG's national economy through enhanced market access and higher foreign exchange remittances, as well as further improving 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 incorporating YPO 1 as well as other relevant documents were finally submitted and approved, the first installment of ITTO funds for the project were disbursed to the implementing agency in December 2009, marking the official commencement of project implementation.

The implementation of the project suffered a substantial delay due to problems related to the replacement of project staff and consultants. Eventually, actual implementation began in early August 2010.

Since the commencement of project implementation, progress has been made in respect of the following:

- The first progress report was submitted on 25 February 2011.
- The first PTC meeting was held in Port Moresby of PNG on 1 March 2011.
- The second installment of ITTO funds was disbursed on 11 May 2011.
- The second progress report was submitted on 7 September 2011.
- The third progress report was submitted on 21 March 2012.
- The second PTC meeting was held in Port Moresby of PNG on 21-23 March 2012.
- The third installment of ITTO funds was disbursed on 9 May 2012.

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

- Meetings of the Project Coordinating Committee were held in the Forestry Authority and field trips were made to inspect project sites of the Cloudy Bay forest operations and work proceeded in the preparation of the tracking system software as well as liaison with stakeholders;
- The stakeholder consultation tools, techniques and milestones have been finalized with PNGFA counterparts for inclusion in the detailed Project Implementation Plan and the Roles & Responsibilities Matrix;
- The design of a database to capture timber products flow information has commenced;
- The software to be used for the system under development was prepared to a beta stage. Field visits were carried out to test the prototype software with the two partner companies, Cloud Bay Sustainable Forestry Ltd, and Stetten Bay Logging Company Ltd;
- The field trials of the software assisted greatly and several enhancements were identified. Subsequent to the field trials, the software was further developed to a pre-release version;
- User Acceptance Testing (UAT) was carried out on the pre-release version of the software. This was done by SGS, PNG FA, CBSF, and SBLC staff. The UAT was carried out on PDA units and also on web versions of the software;
- Feedback from the UAT was sent to Helveta Ltd to assist in the refinement of the pre-release software. A final version of the software was developed and manuals prepared for release during the training period in September 2011;
- The initial stakeholder consultations were also undertaken leading to the preparation of a Findings Report. This document provides a sound basis for the drafting of the PNG Timber Legality Standard, Industry Code-of-Conduct and Stakeholder Monitoring Module;
- The software system developed was implemented for testing purposes at the two test sites, Cloud Bay Sustainable Forestry Ltd, and Stetten Bay Logging Company Ltd;
- Field visits were carried out to assist in training and testing the users of the system;
- A number of implementation problems were resolved through field visits, with users gaining more experience in the use of the system;
- Staffs at the PNG FA were trained in the use of the new system for royalty assessment approval;
- The users have identified a number of issues which would require resolution in a full implementation of the system;
- The PDAs used in the pilot have shown some problems in field use, with users on occasion managing to delete the software. A full implementation would require the software to be better protected from accidental deletion;
- The initial scoping and framework setting activities have been completed in consultation with a reasonable cross-section of registered stakeholders through the scoping questionnaire, draft framework documents and national workshop;

- The research findings have led to the preparation of the 1st draft Timber Legality Standard, Industry Code-of-Conduct and Stakeholder Monitoring Module for project steering committee feedback, prior to wider circulation and field testing.

Although this project has experienced a substantial delay due to the replacement of project personnel, the implementation process is on track and in accordance with the workplan. As the Implementing Agency is in the process of finalizing the Project Completion Report, the Technical Reports and the Final Financial Audit Report, if such reports could be received and satisfied prior to the Forty-sixth session of the Committee, the Secretariat would present it to the Committee under the appropriate agenda item on completed projects.

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

Budget and Sources of Funding:

Total Budget:	US\$	171,500
Government of U.S.A.:	US\$	25,500
Government of Australia:	US\$	10,000
Trade Advisory Group (T-A-G):	US\$	6,000
Unearmarked:	US\$	130,000
Pending Finance for 2012:	US\$	50,000

Implementing Agency: ITTO

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

Starting Date: January 2001

Duration: Planned: 24 months with regular extensions under BWPs

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 2012 on the theme 'Trading in Challenging Markets' is to be financed under this pre-project. Out of the sum of US\$100,000 budgeted under activity 32 of the ITTO Biennial Work Programme 2012-2013, a sum of US\$50,000 in funding was received. The theme for the ITTO Annual Market Discussion 2013 will be decided at the Forty-sixth Session of the Committee.

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

Budget and Sources of Funding:

Total Budget:	US\$	116,005
Government of U.S.A.:	US\$	50,000
Government of Japan:	US\$	34,505
Government of Thailand:	US\$	31,500

Implementing Agency: Royal Forest Department

Council Session Approved: Spring project cycle (June 2008)

Starting Date: April 2012

Duration: Planned: 8 months  
To date: 5 months

The pre-project agreement has been signed in March 2011. Following the signing of the pre-project agreement, the implementing agency had been working on the finalization of the project inception report. After the revised inception report as well as other relevant documents were finally submitted and approved, the first installment of ITTO funds for the pre-project was disbursed to the implementing agency in April 2012.

The pre-project implementation commenced in April 2012. The first progress report was submitted in August 2012.

Since the commencement of the project implementation, the following progress has been achieved:

- Project staff discussed the detail of activities in the inception report and the preparation of methodology and detailed workplan;
- The Inter-agency Working Group (IWG) was established. Three representatives were appointed to the IWG;
- The first meeting of the Inter-agency Working Group was organized without stakeholder's participation as observers at this time. The methodology for data collection was discussed and the members of IWG agreed to arrange meetings with relevant responsible persons of data and information management in their departments for further actions;
- The preparation of the questionnaire for data collection was carried out to cover all aspects of data needed in related activities. Three meetings with the officials responsible of data and information management from three departments were organized to inform the objectives of data collection, explained the method of data filling and the expected returned data of the distributed questionnaires. The returned questionnaires had been analyzed and a report was being prepared.

Although this project has experienced a substantial delay due to the finalization of the project inception report, the current implementation process is on track and in accordance with the workplan.

#### **[B] Projects Pending Agreement**

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

##### Budget and Sources of Funding:

Phase III			
Total Budget:	US\$		788,043
Government of Japan:	US\$		392,930
Government of Australia:	US\$		60,000
Government of U.S.A.:	US\$		25,000
Government of Korea:	US\$		20,000
Government of the Philippines:	US\$		290,113

Implementing Agency: Philippines Forest Management Bureau (FMB)

Approved: Spring 2011

Duration: Planned: 18 months

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

**[C] Projects Pending Financing**

1. PD 16/93 Rev.4 (M) Market Information Service for Tropical Timber and Timber Products (MIS)  
Phase IV, 2012-2013 Phase IV, 2012-2013 (ITTO)

Budget and Sources of Funding:

Total Budget:	US\$ 480,000
Pending Finance for 2012:	US\$ 240,000
Pending Finance for 2013:	US\$ 240,000

Implementing Agency: ITTO Secretariat

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

Duration: Planned: 24 months with 2-year extensions

As indicated in section A, item 1, financing for this project has not yet been allocated for the years 2012-2013. The Council has authorized the Executive Director to resume implementation as soon as earmarked funds become available in the Special Account.

2. PD 124/01 Rev.3 (M) Promotion of Sustainable Management of African Forests (ITTO/ATO)  
Phase III Stage 2

Budget and Sources of Funding:

Total Budget:	US\$ 1,118,144
ITTO Contribution:	US\$ 944,144
ATO Contribution:	US\$ 174,000

Implementing Agencies: ITTO and ATO

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

Duration: Planned: 18 months [Phase III]

As noted in section A, item 2, a proposal has been submitted by the project coordinator, following up on a recommendation of the project steering committee, to further split Phase III, Stage 2 of the project into new Stages 2 and 3 with budgets/durations of US\$500,000.00/18 months and US\$618,144.00/18 months, respectively (the comments in section A, item 2 regarding the ATO contribution are now relevant to the new Stage 3). The new budget and workplan for the proposed Stage 2 are available on request from the Secretariat (French only); the increase in proposed duration of Phase III in total is based on experiences gained in implementing earlier Phases of the project and a recommendation of the project steering committee. The Committee will be requested to approve this new breakdown and to recommend immediate funding be provided for the new Phase III Stage 2 of this project due to the imminent completion of Phase III Stage 1 and the need to ensure no disruption in implementation of activities (including retaining the services of the project coordinator).





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 its 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 to the proposal to resume the implementation of the Cameroonian component of the project.

During the reporting period, activities that have been carried out under the project work plan include:

- Technical literature review of the two bio-energy systems (briquetting and suspension burner);
- Development of design principles for the two bio-energy systems;
- Travel to Malaysia of four project experts (two from the briquetting sub-project and two from the suspension burner sub-project) for experiencing sharing with Forest Research Institute of Malaysia (FRIM) experts;
- Development of technical plans and engineering drawings of the two bio-energy systems; and
- Development of full engineering design documents for the two bio-energy systems.

The design architecture of the two bio-energy systems has been completed and the technical plans, engineering drawings, mechanical design of equipment components are being developed. The first PSC meeting has been scheduled to take place on September 2012.

3. 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\$ 6,996,571.97

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\$ 1,180,000.00

Pending Finance for 2011: US\$ 150,000.00

Pending Finance for 2012: US\$ 300,000.00

Pending Finance for 2013: US\$ 750,000.00

Executing Agency: ITTO Secretariat

Council Session Approved: Twenty-Sixth (Chiang Mai, 1999)

Starting Date: December 1999

Proposed Duration: 2 years + annual extensions

This project is to continue 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 its 25th Session and was financed at its 27th Session. It commenced in December 1999.

The objective of this project is to collect, compile and disseminate information and to publish the 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), 46 editions of the TFU 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.

Following efforts to encourage subscribers in developed countries to access the report on ITTO's website, the hardcopy mailing list for the newsletter is now at under 15,000 for the three languages. The TFU is one of the world's most widely read international journals on tropical forestry.

At the 47th Session of the Council in November 2011, this project was extended for two years as part of the ITTO Biennial Work Programme for the Years 2012-2013 and funds amounting to US\$1.2 million were sought for its continued implementation during this period. As no funds were pledged, activities under the project (ie publication of the TFU) ceased as of the end of 2011. The activities carried out under the project are expected to be funded under the core activities component of the administrative budget under the ITTA, 2006 to be approved at the 48th Session of the Council. Assuming funds are made available, publication of the TFU will resume in 2013 as a core activity under ITTO's administrative budget and this project will be declared completed.

**4. 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

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

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

Starting Date: March 2006

Duration:	Planned:	12 months
	Actual:	76 months

This project aims at enhancing the participation of Gabonese nationals in the sustainable management of forest concessions and in the further processing of timber, while identifying 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 the completion report as of the end of July 2012, reporting that all outputs have been achieved, as follows:

- Output 1 "Assessment of the current situation of Gabonese SMEs": a technical report has been submitted to the ITTO Secretariat on October 2006, in which existing credit mechanisms available for the SMEs and their actual needs are analyzed.
- Output 2 "Selection of five SMEs to participate in the project activities and in the missions": in February 2007, five SMEs were selected based on a set of criteria, including the main activities of the enterprise, motivation, financial situation, level of organization, etc. The selected SMEs are one harvesting company, two mill companies, and two furniture companies. The selected SMEs participated in the missions to Brazil and South Africa.
- Output 3 "Visits to Brazil and South Africa by five Gabonese nationals/SMEs and Government officials in charge of forest industries organized": the mission to Brazil was conducted in 2007, while the mission to South Africa was conducted in February 2011. In both trips Gabonese authorities and SMEs representatives learned about various existing financial schemes which support SMEs, identified suitable credit lines for acquisition of technology, and established contacts for further cooperation with the governmental institutions of Brazil and South Africa as well as the private

sectors. It is important to highlight that the mission to South African resulted in business ventures for the Gabonese SMEs.

- Output 4 “A financing mechanism for Gabonese nationals and PMEFs identified”: the financial mechanism was identified and validated in a workshop that took place in October 2011, and which will be developed in two stages:
  - At the first stage, a new unit will be established within the Ministry of Water and Forest to assist SMEs, in improving their access to existing credit lines, centralizing all financing request and overseeing their progress; and
  - At the second stage, relevant institutions in charge of promoting and supporting the development of SMEs are reorganized.
- Output 5 “A project proposal aimed at supporting the implementation of this mechanism with the participation of five nationals/SMEs identified and developed”: the project proposal has been drafted; however, it is still to be officially submitted to the ITTO Secretariat by the Government of Gabon.

In spite of the long delay in its implementation due to the release of counterpart funds, the project was executed within the budget for the ITTO contribution, with savings amounting US\$23,424.00, while the counterpart contribution increased from US\$71,000.00 to US\$80,000.00.

**Problem:** The final financial audit report has not been submitted and the unspent fund to the amount of US\$1,424.00 has not been returned by the Executing Agency in spite of several reminders made by the ITTO Secretariat.

**Proposal:** The Committees may wish to give the floor to the representative of Gabon in order to inquire the up-to-date information on the situation and may also wish to urge the Government of Gabon to submit the final financial audit report and return the unspent fund to the ITTO Secretariat as soon as possible.

5. 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

Executing 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: 29 months

The project has two specific objectives:

- Specific Objective 1: To provide village community members with technologies and expertise required to extract essential oils; and
- Specific Objective 2: To create a marketing chain for essential oils.

During the reporting period, progress has been made towards the achievement of the specific objective 1, as follows:

- Output 1.1 “Development Programme for *Eucalyptus citriodora* essential oil extraction prepared”: the Executing Agency has hired the international consultant who conducted the field visit in March 2012, while the rest of the activities are on-going.

- Output 1.2 “Training in essential oil extraction technologies effective”: the project acquired five artisanal extractors in 2011, while the acquisition of more modern equipment is still pending. Activities such as the selection of demonstration sites (Ossio, Odziba, Loudima, Loandjili in the Republic of Congo, and Kinzono in RDC), training of trainers (10 trainers for both Republic of Congo and DRC), and training of local communities have been completed. Technical reports on the site selection and training using the artisanal extractors have been submitted to the ITTO Secretariat.
- Output 1.3 “Production process organized”: activities towards this output have not yet been carried out, but are part of the task of the international consultant.

As for the outputs under the specific objective 2, namely “Market for *Eucalyptus citriodora* essential oil organized”; and “Essential oil production and marketing techniques disseminated through extension work” activities have not yet started.

In view of the slower progress, the Executing Agency requested an extension without additional funds until March 2013, which was approved by CFC after the revision of the respective YPO.

6. 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

Executing 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:	42 months

This project aims to acquire technical information on 10 native tropical timber species in order to enhance their productivity and forest management, and to identify market niches for both primary and processed products from these species, with the following three specific objectives:

- Specific objective 1: Define silvicultural management and production systems for ten native tropical timber species with high commercial potential;
- Specific objective 2: Identify the technological and industrial potential of the selected species; and
- Specific objective 3: Identify the commercial potential and market niches for each of the selected species according to their technological and industrial potential.

The Executing Agency informed the ITTO Secretariat that all project activities were completed in June 2012 with the submission of six technical reports, which are available at the ITTO website at [http://www.itto.int/project\\_reports/](http://www.itto.int/project_reports/). The Executing Agency conducted the activities for a total of eleven timber species versus ten as contemplated in the project document.

Achievement of outputs is reported as follows:

For Specific Objective 1

- Outputs 3.1.1 “Prospective programmes for the sustainable silvicultural management of 10 selected species” and 3.1.2 “Silvicultural diagnosis of the species under study”: a technical report has been produced and submitted which comprises information on forest inventory, cartography and management programs of the selected species, with some other additional information.
- Output 3.1.3 “Training to Forest Producers”: a forum was held in the city of Campeche, Quitana Roo to review and analyse strategies for SFM, and the industrialization and marketing of the selected

species. Topics of the forum included legislation, forest inventory, volume of the selected species, experiences in commercial timber plantations and distribution of the species. Further information of the forum is available in the report mentioned in the bullet above.

#### For Specific Objective 2

- Output 3.2.1 “Diagnostic study on primary and secondary timber industries in the region under study”: a technical report has been submitted, describing the primary and secondary timber industries in the states of Campeche, Quintana Roo, Tabasco and Yucatan. The report provides detailed information on the source of raw materials, their volumes and cost, installed production capacity and used production capacity, machinery and equipment available, employment and level of skills of the employees, timber products processed and their markets.
- Output 3.2.2 “Technological characterisation of the selected species”: a technical report has been submitted, which comprises information on the methodology for laboratory testing, wood structure and quality, physical-mechanical properties, natural durability, drying, workmanship, glulam, and the uses of the selected eleven timber species. In addition, a booklet summarizing the properties of the timber species has also been produced for easy and quick reference. The selected eleven species are:
  - *Brosimum alicastrum* (Ramón),
  - *Manilkara zapota* (Chicozapote),
  - *Bucida buceras* (Pucté),
  - *Lonchocarpus castilloi* (Machice),
  - *Metopium brownei* (Chechén),
  - *Platymiscium yucatanum* (Granadillo),
  - *Tabebuia rosea* (Rosamorada),
  - *Caesalpinia platyloba* (Chacté viga),
  - *Lysiloma bahamensis* (Tzalam),
  - *Piscidia piscipula* (Jabín), and
  - *Tabebuia donnell-smithii* (Primavera).
- Output 3.2.3 “Training and technical assistance for primary and secondary timber processing industry personnel”: consultations with forest producers and representatives of forest industries were carried out in order to design the content of the technical assistance to be provided under the project. Technical workshops on timber sawing, drying, planning, marketing, and design were scheduled for the last quarter of 2011; however, it is expected that detailed information may be provided in the completion report which is yet to be submitted.
- Output 3.2.4 “Dissemination of the information”: a final dissemination event took place in Chetumal, Quintana Roo on 8-9 March 2012, in order to present the results of the project to relevant stakeholders, such as, “ejidos” (communal forest units), timber industries, artisans, carpenters, traders and local authorities. The event also highlighted prototypes of timber products of the selected species, which were exhibited at the site. Technical presentations of the event are available at ITTO website.

#### For Specific Objective 3

- Output 3.3.1 “Product use and diversification”: a technical report has been submitted, which focused on the development of timber products of high added value and for high-end market niches, such as, furniture, decorative items, kitchen products, home accessories, jewels, etc. as well as the development of a collective brand for the marketing and trading of these products. For these particular products, the Executing Agency convened a contest with several universities in Mexico.
- Output 3.3.2 “Study of market niches and prices for the selected species”: a technical report has been submitted which contains the result of a SWOT analysis of the timber industry in Mexico, providing insight on market demand for timber products, tendencies in various potential market niches (construction, furniture, liquor, jewels, etc.) and market appreciation of the species derived from surveys conducted at a relevant trade shows in Mexico and in the USA.

As for project sustainability, the Executing Agency signed a Memorandum of Understanding with the Government of the State of Quintana Roo for the transfer of know-how generated from the project and for a further research on the timber species and its potential uses.

At the time of preparation of this report, the Executing Agency was under the preparation of completion report and the revision of the final financial audit statement, as per the provisions stated in the Project Agreement.

7. 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

Executing Agency: National Hardwood Flooring Association (ANPM)

Council Session Approved: Spring Project Cycle, June 2008

Starting Date: March 2011

Duration:           Planned:           30 months  
                          To date:               17 months

This project embraces the industrial production chain of wood flooring, with activities covering from forest management to manufacture process and product utilization. Its Development Objective is to contribute to the sustainable and adequate utilization of forest resources from the Brazilian tropical forest.

The Specific Objective aims at increasing the efficiency in forest resource utilization by the production chain of solid wood flooring, integrating extraction and utilization of commercial and lesser used timber species (LUS), improving drying and manufacture processes, adding value and quality to the product, promoting residues utilization and providing social benefits to industry employees.

After 17 months of implementation, progress towards the achievement of the outputs is reported as follows:

- Output 1 "Proposing a management model to integrate the exploration and use of lumber from commercial and less used species": the LUS have been identified and laboratory test (specific gravity, shrinkage, Janka hardness and kiln drying behavior, superficial cutting and finishing, impregnation and densification, and heat treatment) to determine their physical-mechanical properties are being carried out in the forest product laboratories of the Brazilian Forest Services and of the University of Sao Paolo. Contact has also been established with the participating companies (Orsa Forestal) for the selection and preparation of the material for pilot trials of wood flooring.

The Executing Agency has been carrying out additional activities not contemplated in the project document for this particular output, such as dendrochronological analysis of the timber species.

The selected species are:

- Angelim vermelho - *Dinizia excelsa* Ducke
- Itaúba amarela - *Mezilaurus lindaviana* Schwacke & Mez
- Cedrinho - *Erisma uncinatum* Warm.
- Cupiúba - *Goupia glabra* Aubl.
- Pequiá - *Caryocar villosum* (Aubl.) Pers.
- Angelim da mata - *Hymenolobium excelsum* Ducke
- Maparajuba - *Manilkara bidentada* (A. DC.) A. Chev.
- Timborana - *Piptadenia gonoacantha* (Mart.) J.F.Macbr.
- Sucupira amarela - *Bowdichia nitida* Spruce ex Benth.
- Tachi preto - *Tachigali myrmecophyla* (Ducke) Ducke

- Tanibuca folha pequena - *Buchenavia parvifolia* Ducke
  - Mandioqueira escamosa - *Qualea paraensis* Ducke
  - Castanha sapucaia - *Lecythis usitata* Miers
  - Jarana amarela - *Lecythis poiteaui* O.Berg
- Output 2 “Proposing a model to reach manufacturing more efficient and integrated”: the revision of appropriate literature and surveys to the flooring industries in relation to the use of wood residues have been conducted. The information obtained from these sources is being used for drafting preliminary versions of the manuals and design of workshop for training for the better use of residues. Activities related to the testing of electrical moisture meters have also started.
  - Output 3 “Quality certification programme”: the revision of the international standards and specifications for solid wood flooring has been completed.

In addition to the above, the Executing Agency also signed a Memorandum of Understanding (MoU) with the University of Brasilia in July 2012 for partnering in the research of thermomechanical modification of the timber species.

As for project finances, expenditures are within the budget at the time of preparation of this report.

**8. PD 448/07 Rev.2 (I) Sustainable Utilization and Marketing of Selected Non-Timber Forest Products (NTFPs) 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

Executing 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  
To date: 36 months

This project aims at improving the utilization of Non-Timber Forest Products (NTFPs) by rural communities, having three specific objectives:

- Specific objective 1: To determine the availability, extraction intensity, and natural regeneration of selected NTFPs;
- Specific objective 2: To improve the technical skills of collectors and handicraft producers to enhance production, improve product quality and marketing of NTFPs and their handicrafts; and
- Specific objective 3: To assists handicraft organization or collectors in acquiring legal access, land tenure and long term rights in the management and utilization of forestland and NTFPs resource.

The project focused on the selected NTFPs such as: tree-like, herbs, palm, vines, and bamboo in the provinces of Camarines Norte and Quezon, as listed below:

Tree-like	Herb	Palm	Vine	Bamboo
<ul style="list-style-type: none"> <li>• <i>Livistona rotundifolia</i> (anahaw),</li> <li>• <i>Pandanus copelandii</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Donax camaeformis</i> (bamban),</li> <li>• <i>Setaria palmifolia</i> (lagotok).</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Calamus ornatus</i> (limuran),</li> <li>• <i>Calamus merrillii</i> (palsan),</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Stenochlaena palustris</i> (hagnaya),</li> <li>• <i>Flagellaria indica</i> (baling-uai),</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Dinochloa acuticlora</i></li> </ul>



		<ul style="list-style-type: none"> <li>• <i>Calamus mindorensis</i> (tumalin)</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Dicranopteris linearis</i> (tilob/lamon),</li> <li>• <i>Agelaea borneesis</i> (kamagsa),</li> <li>• <i>Lygodium circinatum</i> (nito),</li> <li>• <i>Raphidophora monticola</i> (lukmoy),</li> <li>• <i>Entada phaseoloides</i> (gugo),</li> <li>• <i>Ichnocarpus frutescens</i> (hinggiw),</li> <li>• <i>Freycineta</i> sp.(red vine),</li> <li>• <i>Tetracea scandens</i> (katmon),</li> <li>• <i>Poikilospermum acuminatum</i>,</li> <li>• <i>Bauhinia integrifolia</i>,</li> <li>• <i>Tinospora glabra</i>.</li> </ul>	
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The project had a five month extension without additional funds until 31 December 2011, and by the last Project Technical Committee Meeting (December 2011), most of the activities had been completed, with the exception of the enrichment planting, and the drafting of final technical reports, completion report and final financial audit report.

Progress towards the achievement of outputs as of December 2011 is reported as follows:

For Specific Objective 1

- Output 1.1 "Material/resource availability, extraction intensity and regenerative growth of the selected NTFPs determined and quantified": the study and the inventory of the selected NTFPs in the project sites have been completed. Summary tables indicating the density and volume of the selected NTFPs were included in the last progress report.
- Output 1.2 "A report on volume and extraction rate of NTFPs including regenerants growth cycle prepared": information on the extraction rates was collected from interviews validated with extrapolation of inventories, while regeneration growth was recorded in terms of length and diameter. It was also noted that the selected NTFPs were being used for producing baskets, bags, mats, plates, brooms, and roof-tops.
- Output 1.3 "Legal policy designed to regulate NTFPs harvesting formulated and implemented": four local ordinances have been drafted, and as of December 2011 they were waiting for approval from the local governments. The local ordinances propose a formula for Sustainable Annual Allowable Cut (SAAC). So far only local policies exist for rattan and *anahaw*.

For Specific Objective 2

- Output 2.1 "Technically trained NTFPs gatherers and handicraft workers ready to promote sustainable collection of NTFPs and production of high quality handicrafts products": training has been provided on:

- Harvesting, processing, basic weaving skills and advance weaving and bleaching techniques for handicrafts,
- Preparation and processing of vines and application of preservatives,
- Production, collection and processing techniques of tiger grass (*Thysanolaena maxima*) for handicrafts,
- Resin tapping of *Philippine canarium*, and
- Fiber extraction and processing.

Training modules and dissemination material, such as posters, were prepared and distributed.

- Output 2.2 “Improved and profitable marketing of raw material and finished products”: a draft report was presented in December 2011, containing information on product chain, prices and profitability margins. Linkages were established with handicraft producer and exporter company *Southgate Ltd.* that expressed interest in linking with the communities involved in the project for the production of handicrafts, which provides potential for project sustainability.
- Output 2.3 “Small and viable handicraft producers group organized (...)”: skill development training were conducted during the second year on:
  - Basic of basketry,
  - Product design and development,
  - Product trading (cost, labelling, overhead cost), and
  - Quality control and finishing.

The communities were also trained and organized to participate in six different local trades shows, where they were able to sell their products and contact potential regular buyers.

For Specific Objective 3

- Outputs 3.1 “Forestlands available for application of SIFMA are identified” and 3.2 “SIFMA areas are awarded for management and development”: at the time of project implementation the Executing Agency worked in SIFMA (Socialized Integrated Forest Management Agreement) areas, which already had tenurial rights. A total of seven project sites were selected (three in Quezon and four in Camarines Norte), MoUs were signed with the communities in February 2010. Right Utilization Permit (RUP) from the Forest Management Bureau was pre-approved at the time of the PSC meeting.
- Output 3.3 “Enrichment planting of preferred NTFPs”: at the time of the last PSC, this output was reported at 75% progress, and its completion was one of the reasons for the requested extension of the project.

The Executing Agency has taken steps towards the secure of the sustainability of project activities after the project completion by collaborating with Community Based Forest Management Associations (CBFMAs) with tenure rights for 25 years, renewable for additional 25 years; by crafting local policies for the conservation of the NTFPs; and by making linkages with other relevant government agencies and handicraft exporters.

The Executing Agency has also submitted two articles for the TFU magazine.

**Problem:** In spite of technical activities having been completed, the final technical reports, the completion report and the final financial audit report have not been submitted by the Executing Agency.

**Proposal:** The Committees may wish to give the floor to the representative of the Philippines in order to inquire the up-to-date information on the situation and may also wish to urge the Executing Agency through the Government of the Philippines to submit the pending reports to the ITTO Secretariat as soon as possible.

9. PD 457/07 Rev.5 (I) Operational Supportive System for Promoting the Further Processing of Timber in Five Countries of the Congo Basin (Gabon)

Budget and Sources of Funding:

Total Budget:	US\$	1,887,714
Common Fund for Commodities:	US\$	1,253,345
Economic Community of Central African States (ECCAS):	US\$	634,369

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

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

Starting Date: October 2011 (expected)

Duration: Planned: 48 months  
To date: 09 months

This project will socialize and implement a supportive mechanism for stakeholders in the timber processing industries with the aim of boosting the countries' potential of exports of processed timber products by small and medium enterprises (SMEs), through:

- Setting up a light and functional structure for supporting the further processing of timber (FPT);
- Conduct a baseline study of the timber processing value chain and assess its potential for growth; and
- Establishing an action plan to address the needs of the SMEs and artisanal sector in order to upgrade them in the value chain through value addition, employment generation and income increase.

At the time of preparation of this report, the Executing Agency is under the process of hiring the Regional Project Coordinator and the assistant in order to commence with project activities.

10. 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

Executing 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: 24 months

This project is aimed at supporting 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, 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.

During the reporting period, activities that have been carried, include:

- The final draft of the new curriculum was completed and circulated. The stakeholders' comments have been received and the draft will soon be printed;
- In collaboration with partners and guest lectures, the implementation of the teaching plan has been continued. The school received additional supports, such as safe drinking water from United Nations Mission in Liberia (UNMIL), physical infrastructure assessment by USAID, implementation of GIS by PEACE CORPS and lectures in aquaculture/fishery by Ministry of Agriculture;
- A renovation work for nine dormitories is in progress;
- The maintenance of the library facility has been continued and the FTI has been seeking for reading materials to keep it functional;
- In collaboration with the Forestry Development Authority (FDA), the FTI has Identified several partner organizations within the industry, NGOs and communities, and organized three-week field attachment exercises for 100 senior students;
- The field-based training curriculum has been drafted and received comments from the project's stakeholders. Field testing of the curriculum has been started; and
- Food supplements to students and staff have been provided by ITTO, Mary's Meal and GoL funding.

The Committee may wish to invite the delegation of Liberia to provide an update on the submission of the financial audit report.

11. 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

Executing 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, May 2009

Starting Date: August 2010

Duration: Planned: 24 months  
To date: 24 months

This project aims at fostering the rehabilitation and enrichment of secondary and residual primary forests in the Peruvian Amazon, by carrying out technological studies to determine the sustainability of abundant timber species found in this particular type of forests. The results of the technological studies will be used to identify market niches for these timber species, according to their technological properties.

Progress towards the development of outputs as of June 2012 is as follows:

For Specific Objective 1

- Output 1.1 "New timber species technologically characterized": the lesser used timber species have been selected, and the laboratory test are being conducted at the University of Ucayally in accordance with the international standards, such as IAWA (International Association of Wood Anatomist) and ASTM (American Society for Testing and Materials), with significant progress in the testing of physical-mehcanical properties, natural durability and determination of potential uses. The species under study are:

- *Apeiba membranacea* (Maquizapa ñagcha),
  - *Apuleia mollaris* (Anacaspi),
  - *Brosimun utile* (Panguana),
  - *Croton matourensis* (Aucatadijo),
  - *Jacaranda copaia* (Huamanzamana),
  - *Matisia cordata* (Zapote),
  - *Septotheca tessmannii* (Utucuro),
  - *Schizolobium amazonicum* (Pashaco),
  - *Simauroma amara* (Marupa), and
  - *Terminalia oblonga* (Yacushapana amarilla).
- Output 1.2 “Proposal of suitable conditions for primary processing”: activities have started with the drafting of the manuals and the organization of the workshops with the industries. The “Diagnosis of the first and second-stage timber processing industries and production chain in Pucallpa” has been completed and made available at ITTO website.

#### For Specific Objective 2

- Output 2.1 “Diversification of products and study of value added prototypes”: coordination with the local processing industry of Pucallpa is being conducted by the Executing Agency for the designing and production of prototypes of timber products from the selected species, such as:
  - El Mateo E.I.R.L. for packaging products,
  - Industrial Montes for furniture,
  - Industrial de Machimbrado Daniela for decking and woodworks,
  - Consorcio Acosta for decking,
  - Industria Maderera Aguilar for decking, and
  - CITEMADERA for packaging and woodworks.
- As for outputs 2.2 and 2.3, a few activities have started.

At the time of preparation of this report, the Executing Agency had submitted five technical reports, which are available at the ITTO website [http://www.itto.int/project\\_reports/](http://www.itto.int/project_reports/). The project has created a good collaboration with the University of Ucayali and has involved many of the students of the Faculty of Forestry, who through the project have been able to conduct research on the selected species, write their thesis and obtain the degree of Forest Engineer; so far three students have obtained the degree. Members of the Technical Steering Committee, including a representative of a donor (USA), were able to witness such collaboration with the University and the Industry.

#### 12. 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

Executing Agency: The Guyana Forestry Commission (GFC)

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

Starting Date: April 2010

Duration:           Planned:           12 months  
                          To date:               28 months

This project is aimed at upgrading the capacity of wood processing industry through the development of strategic guidance and human capacity building. In recognition of the importance of the best practice in addressing the issues of appropriate machinery and equipment, a community model processing operation will

be developed in collaboration with the stakeholders, in order to provide realistic demonstration of increasing revenue for the sector in particular at the community level.

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

During the reporting period, all activities have been completed and all outputs have been achieved, namely:

- The Code of Practice (CoP) for wood processing operations was developed to provide detailed information on the recommended best practices to be used to drive maximum value from logs and to produce lumber meeting the needs of consumers;
- The Capacity-building Strategic Plan for the wood processing sector was developed to elaborate the specific actions to be taken in the next two years for the human resource development, infrastructure and networking and management of wood processing sector of Guyana;
- A detailed training manual for 10 sessions was developed and tested with stakeholders. The covered areas were identified based on the practices proposed in the Code of Practice and identified competency areas for managers/supervisors and technicians/operators; and
- The mobile sawmill and edger were installed within the forest concession of the association, and the equipment for value-added operations was established in the community where the association members reside.

The above outputs have assured the successful fulfilment of the specific objectives of the project, providing positive impacts on the sectoral programmes, physical and social environment and target beneficiaries. Stakeholders of the wood processing sector have been benefited by having the foundation through which they can improve their competitiveness and profitability of their business and hence increase contribution from the forestry sector to Guyana's development.

The ITTO Secretariat has received the technical reports and the completion report from the Executing Agency. Upon receiving the project's final financial audit report, the project may be declared completed.

13. 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
Government of Switzerland:	US\$	400,000
Government of Japan:	US\$	45,187
Government of U.S.A.:	US\$	45,187
DG of Land Rehabilitation and Social Forestry:	US\$	31,200
WWF and Forestry Service of West Nusa Tenggara Province:	US\$	96,000

Executing Agency: Directorate General of Watershed Management 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, April 2010

Starting Date: June 2011

Duration: Planned: 24 months  
To date: 14 months

This project is aimed at improving participation of local communities in the sustainable utilization of Non Timber Forest Products (NTFPs) for the conservation of the Rinjani and Mutis Timau Mountains Protected Area in compliance with ITTO Policy Development Series No. 15 (Criteria and Indicator for the sustainable management of tropical forest). The result of this project will also contribute to the sustainable management of the protected area in Nusa Tenggara Indonesia. The project will achieve two outputs: (1) capacity of local communities in obtaining the permit for the utilization of NTFPs increased through a series of trainings, development of a model for small scale forest economy and a series of extensions for improving awareness of ESE (Economic, Social and Ecological) benefits of Protected Area, and (2) plan for the more economically viable of NTFPs elaborated through participatory process.

During the reporting period, activities that have been carried out under the project work plan include:

- Capacity building modules were developed for training in participatory forest management for sustainable utilization of NTFPs in protected areas. The modules have been formalized as the training curriculum by a decree of the Head of Forestry Education and Training Center. Training schedules have been set up for the community in two provinces (NTB and NTT), starting August 2012;
- A model for small-scale forest economy dealing with NTFPs is being developed. This model is meant for income generation of local community and be implemented as a pilot in selected villages; and
- NTFP Management Plans (MP) for Central Lombok and North Lombok Districts have been developed. Currently the project is pursuing approval for the MP from the Head of the Districts. The MPs are developed through participatory processes. The NTFPs products considered as top priority to be developed were candlenut, durian, jackfruit, avocado, honey, bamboo, and some medicinal plants.

The project team has identified lack of knowledge and skills of the government staff responsible for facilitating community groups to develop their NTFPs. The projects will improve this situation by involving the staff to the project's trainings and activities.

14. 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

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

Council Session Approved: Spring Project Cycle, May 2009

Starting Date: June 2010

Duration: Planned: 36 months  
To date: 26 months

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

During the reporting period, activities that have been carried out under the project work plan include:

- A national workshop on “Formulating enhanced national policy & action plan involving main stakeholders on efficient utilization of rubberwood obtained by rubber farmers and companies from replanting areas” was conducted in Jakarta on 20-21 December 2011 back-to-back with the Second Meeting of the Project Steering Committee on 22 December 2011. The workshop strongly recommended that a Presidential Instruction (Inpres) should be formulated and used by the main stakeholders as a legal basis for taking necessary actions for the utilization of rubberwood obtained from replanting areas. The Presidential Instruction (Inpres) is now under drafting process;
- Two training batches for rubber wood processing techniques were carried out in Tangerang, West Java Province (the project site). Participants of the training were recruited from Jambi, West Java and Banten Provinces. The total number of the training participants was 37 people; and
- Improvement of incentives for and capacity in the utilization of wood from farmers’ plantations (Output 2) has been completed. Based on the available data and the consultation with farmers owning rubber plantations in four districts in Jambi and Sumatra Selatan, it was identified that the main determinants of the log price are volume of logs per hectare and hauling distance, while the main constraints to the utilization of rubber logs from replanting areas are scattering and small areas of harvesting, poor accessibility, long distance of hauling to existing processing sites thus low price of logs, lack of resource to replant and lack of access to bank credit due to collateral requirements, poor quality of logs and halting of farmer’s income flow for 5 years.

The project has experienced a delay due to the last tour of duty of the Directors within the Executing Agency; however, the project activities are now back on track.

15. PD 540/09 Rev.2 (I) Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-Added Products

Budget and Sources of Funding:

Total Budget:	US\$	873,400
Government of Switzerland:	US\$	230,000
Government of Japan:	US\$	218,362
National Chamber of Forestry	US\$	425,078

Executing Agency: National Chamber of Forestry of Peru

Council Session Approved: Autumn Project Cycle, April 2011

Starting Date: September 2012 (expected)

Duration: Planned: 27 months  
To date: 0 months

This project aims at improving the levels of efficiency in the wood and furniture industries, and thereby increasing the volume and value of their exports, by linking the sustainable management of 12 million hectares of productive forests into the supply chain.

Specific outputs of the project are: (i) improved business management and marketing, (ii) upgraded timber industry with value-added product processing, and (iii) increased export of timber products and furniture.

At the time of preparation of this report, the Project Agreement has been signed and the Executing Agency was finalizing preparation of the request for the first installment.



**[B] Projects and Pre-projects Pending Agreement**

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

Budget and Sources of Funding:

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

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

Council Session Approved: Spring Project Cycle, May 2011

Starting Date:

Duration: 36 months

**[C] Projects and Pre-projects Pending Finance**

1. 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\$ 6,100,260.97

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\$	1,180,000.00
Pending Finance for 2013 (core activity):	US\$	303,689.00

Executing Agency: ITTO Secretariat

Council Session Approved: Twenty-Sixth (Chiang Mai, 1999)

Starting Date: December 1999

Proposed Duration: 2 years + annual extensions

As noted in section A, paragraph 3 above, it is expected that this project will be financed under the core activities component of the administrative budget commencing in 2013. If this occurs then the project may be declared complete and the pending amounts indicated in section A, paragraph 3 replaced by the amount associated with the core activity as requested in the Biennial Work Programme 2013-2014 and indicated above.

2. PD 520/08 Rev.3 (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

Executing Agency: Forest Product Research and Development Centre – FPRDC

Council Session Approved: Autumn Project Cycle, October 2011

Duration: 36 months

3. PD 522/08 Rev.3 (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

Executing 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 2011

Duration: 36 months

4. PD 549/09 Rev.3 (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:		

Executing Agency: ETNOBIOLOGÍA PARA LA CONSERVACIÓN A. C.

Council Session Approved: Spring Project Cycle, April 2012

Duration: 36 months

The project was resubmitted under sunset provisions [Decision 2(X) in document ITTC(X)/15] and was approved at the Spring Project Cycle 2012.

5. PD 608/11 Rev.1 (I) Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia (Malaysia)

Budget and Sources of Funding:

Total Budget:	US\$	992,348.80
ITTO contribution:	US\$	607,348.80
Government of Malaysia:	US\$	265,000.00
Other sources:	US\$	120,000.00

Executing Agency: Forest Research Institute of Malaysia (FRIM)

Council Session Approved: Spring Project Cycle, April 2012

Duration: 36 months

6. PD 612/11 Rev.2 (I) Rural Community Development through Efficient Charcoal and Briquette Production from Logging and Corn Biomass Residues in the Afram Plains District of the Republic of Ghana (Ghana)

Budget and Sources of Funding:

Total Budget:	US\$	754,692
ITTO contribution:	US\$	550,692
Government of Ghana:	US\$	204,000

Executing Agency: KOFORIDUA POLYTECHNIC in collaboration with Forestry Research Institute of Ghana (FORIG)

Council Session Approved: Spring Project Cycle, April 2012

Duration: 24 months

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