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REPORT OF PROJECTS AND PRE-PROJECTS IN PROGRESS

ECONOMICS, STATISTICS AND MARKETS

[A] Projects and Pre-Projects under Implementation

1. PD 124/01 Rev.4 (M) Promotion of Sustainable Management of African Forests (ITTO/ATO)
Phase III Stage 2

Budget and Sources of Funding:

| | | |
|----------------------|------|---------|
| Total Budget: | US\$ | 600,000 |
| Government of Japan: | US\$ | 600,000 |

Executing Agency: ITTO

Approved: Forty-eighth Council Session (Yokohama, 2012)

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

Starting Date: May 2014

Duration: Planned: 18 months (Phase III, Stage 2)
 To date: 4 months

This project was formulated to assist African member countries of ITTO (who were also all members of the former African Timber Organization, ATO) with the application of the ATO/ITTO harmonized PCIs (Principles, Criteria and Indicators) for the sustainable management of African tropical forests. It required considerable capacity building both in member African countries and within ATO, prior to ATO's cessation of activity in 2011. The project has been divided into 3 phases and each phase into stages for facilitating the mobilization of financing, as follows:

- Phase I: Capacity building at the regional and national levels in member countries, establishment of National Multi-stakeholder Forums and development of national PCIs (43 months, Stages 1 and 2 completed);
- Phase II: Capacity building in other member countries, establishment of National Multi-stakeholder Forums and development of national PCIs in nearly all countries (35 months, Stages 1 and 2 completed);
- Phase III: Capacity building in member countries, development of national PCIs in selected countries and effective use of tools developed during previous Phases for SFM evaluation/auditing/certification in countries (48 months, Stage 1 completed, Stage 2 on-going, Stage 3 pending financing).

The project objectives are as follows:

Development objective: Promote the sustainable management of African forests through the application and implementation of the ATO/ITTO PCIs with the support and participation of all stakeholder groups.

Specific Objectives: 1. Establish key elements of the adequate capacity to implement the ATO/ITTO PCIs at the national level in the African member countries of ITTO; 2. Establish key elements of the adequate capacity for effective regional-level cooperation through the ATO to support individual member countries to implement ATO/ITTO PCIs.

Following the report on the successful completion of Phase III, Stage 1 at the Forty-seventh Committee session and subsequent announcement of full funding for Phase III, Stage 2 by the government of Japan, an agreement to facilitate implementation and oversight of the project was signed with the ITTO Regional Officer for Africa and the project coordinator in early 2014. The first installment of project funds was disbursed in June 2014 following the receipt of funds from the donor. Activities undertaken during the first 3 months of implementation include:

- Renewal of the contract of the project coordinator and support staff (secretary/accountant).
- A mission to new members Benin and Mali was undertaken by the project coordinator to plan project activities in these countries.
 - In Benin, project activities were launched through a multi-stakeholder training workshop on national PCI. The GNTDD (National Working Group on SFM) was already in place in the country and had been used as the backbone of the process of development of the national PCI which is planned to be finalized in December 2014.
 - In Mali, a multi-stakeholder workshop was organized to launch project activities in the country. The workshop established the National PCI Working Group of Mali which will be in charge of the development of the national PCI for SFM.
- The project coordinator assisted the Gabonese government in the audit of 2 forest concessions. A workshop to present the results of these audits is planned for September 2014 in collaboration with the local office of WWF.
- The project coordinator travelled to Ghana to organize a training session on audits using national PCI based on the ATO/ITTO PCI.

Project activities are on track and activities will continue in the above countries and others over the next 15 months to ensure successful completion of the project. The complete progress report submitted by the project coordinator is available on request from the Secretariat. The prospects of the final stage (Phase III, Stage 3) of this long-running project being funded were given a boost by a pledge of US\$100,000 from China in August 2014 (see section C, item 1 of this document). The Project Steering Committee is scheduled to meet in Libreville in December 2014.

2. 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 USA: | US\$ | 23,000 |
| Government of PNG: | US\$ | 222,000 |
| PNG Industry Association: | US\$ | 44,000 |

Executing Agency: Papua New Guinea Forestry Authority (PNGFA)

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

Starting Date: August 2010

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 24 months |
| | To date: | 49 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 worked on the finalization of the project inception report incorporating the first Yearly Plan of Operation (YPO1). After the revised inception report incorporating YPO1 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. However, the implementation of the project suffered substantial delay due to problems related to the recruitment 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 Project Technical Committee (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.
- The draft completion report and technical reports were submitted in August 2013.
- The revised completion report and technical reports were submitted in August 2014.

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 been completed;
- 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 provided 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;
- Staff at the PNGFA were trained in the use of the new system for royalty assessment approval;
- The users 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.

This project has experienced considerable delay in implementation due to the replacement of project personnel and in the preparation of the completion report, final financial audit and technical reports. The implementing agency has finalized and submitted the project completion report and the technical reports (available from the Secretariat) but is still working on the final financial audit report. In the event that the final financial audit report is submitted and deemed satisfactory prior to the Forty-eighth Session of the Committee, the Secretariat would present the project for consideration of the Committee under item 7 of its Agenda.

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

Budget and Sources of Funding:

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

Executing Agency: Philippines Forest Management Bureau (FMB)

Approved: Spring Project Cycle, May 2011

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

Starting Date: May 2013

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 18 months |
| | To date: | 16 months |

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

The project was approved and funded at the Forty-seventh Session of ITTC in November 2011 and the project agreement was signed in November 2012. Following the signing of the project agreement, the implementing agency had been working on the finalization of the project inception report incorporating the detailed workplan. After the revised inception report as well as other relevant documents were finally submitted and approved, the first installment of ITTO funds for the project was disbursed to the implementing agency in May 2013, marking the official commencement of project implementation. However, the implementation of the project suffered substantial delay due to problems related to the recruitment of project staff and consultants. Eventually, actual implementation began in April 2014 and a letter approving the full project team was sent in August 2014. A more detailed progress report will be provided for the next session of the Committee.

4. PD 620/11 Rev.1 (M) Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes (Germany)

Budget and Sources of Funding:

| | | |
|--------------------------|------|-----------|
| Total Budget: | US\$ | 2,046,274 |
| Government of Germany: | US\$ | 1,695,342 |
| Government of USA: | US\$ | 100,000 |
| Government of Australia: | US\$ | 30,000 |
| Executing Agency: | US\$ | 220,932 |

Executing Agency: Johann Heinrich von Thünen Institute (vTI)

Approved: Autumn Project Cycle, October 2011

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

Starting Date: February 2012

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 36 months |
| | To date: | 31 months |

Although many legal instruments (EU timber trade regulation, US Lacey Act etc.) have been established to combat illegal logging and trade of illegally sourced timber, practical control mechanisms to identify tree species and geographic origin of wood and wood products are still lacking. The project will develop a species identification and timber tracking system with DNA fingerprints and stable isotopes for three important timber tree species in seven African countries, namely Cameroon, Central African Republic, Democratic Republic of Congo, Gabon, Ghana and Kenya. The primary project focus is on the three target species chosen by timber producing country representatives, i.e., iroko (*Milicia excelsa*, *M. regia*), sapelli (*Entandrophragma cylindricum*) and ayou (*Triplochiton scleroxylon*). For these species samples will be collected across their distribution area for the development of gene markers. The samples will be screened for DNA fingerprints and stable isotopes and provide a genetic and chemical reference database to control the country of origin. Using DNA-fingerprints a tree by tree approach to control the chain of custody will be applied for ayou and sapelli in cooperation with the Forestry Commission and the Forest Research Institute and timber companies in Ghana and Cameroon. Tools to identify the species will be further developed using both a wood anatomical approach and the DNA barcoding for 20 important African timber species. Technical support will be provided to three selected reference laboratories in West-Africa (Kumasi, Ghana), Central-Africa (Libreville, Gabon) and East-Africa (Nairobi, Kenya). Staff of these laboratories and particularly also from the other participating groups will be trained to apply DNA-techniques and wood anatomy to identify the tree species and to perform standard DNA tests to check the origin. The results of the project will be provided to the international coordination office for tree identification and origin assignment at Bioversity International in Kuala Lumpur, Malaysia. The project involves 14 collaborative agencies from Europe, Africa and Australia. Initialized during a pre-project under TFLET, the project will continue to seek additional funds to enlarge the scope and number of species investigated.

The project officially commenced on 1 February 2012. The technical coordinator of the project, Mr. Zoewinde Henri Bouda commenced his work on 16 April 2012. The fourth installment of US\$ 262,226 has been transferred to the Executing Agency in December 2013. The annual financial audit (2013) is currently under revision.

The following activities have been implemented and/or completed:

Output 1: 20 African tree species have been identified by wood anatomy and DNA barcode.

This output has been completed. 24 species have been identified by wood anatomy and 21 species have been identified by barcode. A blind test with wood samples has been re-scheduled for early 2015 due to the initial delay in the field sampling and some difficulties with wood DNA extraction.

Output 2: Genetic and stable isotopes reference data to control the country of origin for three important timber species

The marker development is finished (creation of the genetic reference data bases). The stable isotopes fingerprinting, using 3 isotopes (hydrogen, carbon and oxygen) is finished for iroko and in the final stage for sapelli and ayous. To increase the discrimination, Agro-Isolab (Collaborative Agency in charge of stable isotopes fingerprinting for iroko) will extend the number of isotopes to 5. The last results for this investigation should be delivered by the end of 2014. The blind tests are planned for the first half of 2015.

Output 3: African timber producer countries equipped and their personnel trained for timber species identification and control of origin

The three workshops planned in African labs have been completed. The first training workshop at the reference lab in Kenya was held in March 2013. The second training was held in November 2013 in Libreville/Gabon. The third training was held in Kumasi, Ghana in May 2014.

The first stakeholder meeting was organized together with the kick off meeting. The second stakeholder meeting was held in Libreville, Gabon back-to-back with the second training workshop. A third stakeholder meeting to share the project results is planned for June 2015 in Douala, Cameroon.

Two African labs (FORIG, Ghana and KEFRI, Kenya) have received equipment. In the case of KEFRI, Kenya, the laboratory was very well-equipped just before the current project commenced (utilizing JICA funds from another non-ITTO project), and the budget initially reserved for equipment was re-assigned to support an additional trainee and to purchase consumables.

The training in the labs has commenced in March 2014. Two trainees from Kenya and the Central African Republic spent 3 months in the laboratory of Dr. O. Hardy at the University of Brussels. Another two trainees from Kenya are currently at the laboratory of Dr. S. Carvers at NERC, United Kingdom for a period of 3 months. The laboratory of the von Thünen Institute, Germany will host 3 trainees from Congo, Ghana and DR Congo in September 2014, February 2015 and March 2015 for a period of 3 months each. The University of Brussels (Dr. Hardy) will host another two trainees from Gabon from October 2014 and at the same time two trainees from Cameroon and Ghana will be hosted by Dr. A. Lowe at the University of Adelaide, Australia.

Output 4: Demonstration of control of chain of custody has been done with one tree species (khaya) and stakeholders have been involved

The activities connected to this output are ongoing. The gene markers have been developed. The samples at different stages of the chain of custody are collected and the investigation of the material has been initialized. The genetic tracking audit system is expected to be completed by early 2015. Technical training of FORIG, Ghana was done in May 2014. The reporting and cost/benefit analysis is expected by the end of 2014.

Output 5: Project co-ordination

All meeting and coordination activities planned up to now are completed. The third meeting of the PSC is scheduled for 20 October 2014 at the Institute of Forest Genetics, von Thünen Institute, Grosshansdorf, Germany.

As highlighted in previous reports, the initial delay of more than six months in the collection of samples in the field across the participating African countries has impacted all subsequent activities including in particular the genetic and isotopic screening of the material, blind tests and the setup of the genetic reference labs in Africa. Considering this delay the second Project Steering Committee held in Pointe Noire,

Republic of Congo on 2 December 2013 recommended an extension of the project for a period of six months until 31 July 2015. Another recommendation of the PSC meeting was the organization of a final project conference on the practical applications of the project results for the forest administrations and the timber sector in Africa. A final conference was not budgeted in the original project proposal, however it was considered crucial and sensible to bring together both types of participants (project partners and stakeholders) in a final conference at the end of the project. Furthermore the PSC recommended to prepare, in coordination with the project representatives of the African countries, one or several missions to communicate the project objectives, results and in particular the benefits to the forest administrations and the forest ministries of the seven African countries. Finally, the project partner Agrolsolab requested adding more stable isotopes to the screening for the reference data in order to secure a sufficient level of precision of the geographic assignment for iroko.

Based on the above PSC recommendations and the request of Agrolsolab, a cost-extension request has been prepared and forwarded to the main project donor, i.e. the German Federal Ministry of Food and Agriculture (BMEL). The request is currently under review by BMEL. The additional budget requested is US\$222,550 and includes the following components:

a) Additional samples and additional stable isotopes screened for iroko (US\$86,213)

The first results for the three so far analyzed isotopes (C, H, O) showed only minor differences among iroko trees from the different African countries. Thus there is a need to increase the power of the analysis. For iroko, more populations and more samples than planned have been collected for the isotope analysis (474 instead of 300 samples). The addition of more samples to the reference data will increase the assignment power of isotopes. Another way is to add three more stable isotopes to the screening (sulphur, nitrogen, strontium). For iroko, which has the best set of samples, the additional screening is expected to substantially improve the precision and potential of the three additional isotopes for the geographic assignment of iroko wood samples.

b) Final conference with project partners and stakeholders in Africa (US\$54,064)

A final conference is an important means to communicate the project results, to underline the importance and promote the acceptance of the approach in the African timber sector and it is an important step to secure the durable use of the results beyond the completion of the project. To maximize the impact, the conference will be held in Africa and it has been proposed to have it in Douala, Cameroon. The cost estimation is based on 50 participants including the project partners from Africa and abroad and stakeholders from different African countries.

c) Six additional months of project co-ordination (US\$53,964)

The additional budget requested under this component comprises the personnel costs of the technical co-ordinator Dr. Henri Bouda and additional budget for travelling to Africa. During the project extension period, Dr. Bouda's main task will be the project administration (reporting, accounting). In addition, he will organize the final project conference and reinforce the dissemination of project results with missions to Africa. Another task will be the provision of support for the three genetic reference labs in Africa to ensure their full operation by the end of the project.

Including the three above components (US\$194,241), ITTO project support at 12% (US\$23,309) and an additional US\$5,000 for Monitoring & Review the total budget requested for the cost extension is US\$220,550. The Committee may wish to consider and approve the revised budget and duration of the project and recommend that Council provide the required funds.

5. PD 621/11 Rev.3 (M) Traceability of Timber Produced by Forest Concessions and Native Communities in Madre de Dios and Ucayali (Peru)

Budget and Sources of Funding:

| | | |
|----------------------|------|---------|
| Total Budget: | US\$ | 627,157 |
| Government of Japan: | US\$ | 200,000 |
| Government of USA: | US\$ | 149,032 |
| Executing Agency: | US\$ | 278,125 |

Executing Agency: Camara Nacional Forestal, Peru

Approved: Autumn Project Cycle, October 2012

Financed: Forty-eighth Council Session (Yokohama, 2012)

Starting Date: September 2013

Duration: Planned: 27 months
To date: 12 months

This project aims to promote the use of timber sourced from forests under sustainable forest management, with the aim of enhancing the transparency of timber marketing and improving forest governance in the Peruvian Amazon region through the participation of indigenous peoples and small and medium enterprises as key stakeholders in the conservation of forests.

Outputs of the project are: (i) Forest SMEs have adopted a timber traceability system and are marketing certified timber; (ii) Technical personnel of forest SMEs have developed the capacity required for adequate timber monitoring and control in production and marketing processes incorporating timber traceability; and (iii) Forest companies' business management capacity strengthened.

The project agreement was signed in June 2013 and the implementing agency submitted an acceptable project inception report and all other start-up documentation in August 2013 when the project coordinator and team were approved by ITTO. The first installment of funds was transferred in September 2013.

Over the past year, three workshops were held in the cities of Pucallpa, Puerto Maldonado and Lima, with the theme "Experience and importance of traceability of wood in the marketing of forest products". The events served to promote the importance of traceability, familiarize stakeholders with various processes of wood traceability at national and international levels, and to gather input as a basis for designing a tracking system that is economically and socially viable in Peru.

In Pucallpa a workshop on "Traceability processes of wood in forest communities and native forest concessions" for representatives of indigenous communities was also undertaken. The event aimed to train the villagers on the guidelines for the development of general forest management plans and annual operating plans, procedures for forest census, and the development and standardization of data collection formats to facilitate the design of field traceability software.

The project has also carried out a study and produced a report on experiences in wood traceability and chain of custody, summarizing different traceability systems, including the experiences developed with support from ITTO. Internationally, technologies used for these systems increasingly use sophisticated digital platforms, chemical testing and radio frequency identification chips; nationally, traceability systems have been developed mainly at the initiative of companies, especially as part of chain of custody monitoring by forest processing plants, mostly involving the physical tracking of logs and spreadsheets for storing information. The experience of the International Finance Cooperation in Bolivia to develop software for tracking and monitoring of timber is also highlighted. All of these systems are being studied to collect their lessons and experiences in order to improve the design of software being developed by the project.

The project coordinator also met with technicians of the National Forestry Authority (General Directorate of Forestry and Wildlife) responsible for the development of the prototype module of Forest Control on wood traceability, to share ideas on forest tracking systems, considering all stages of traceability of forest products, starting from the forest census.

The project coordinator also participated in a workshop in Lima in the second quarter of 2014 on "Wood export to the European Union, latest trends, specific demands and regulations in force", organized by the Association of Exporters of Peru and Peru Tropical Wood Program.

All project activities are on track for successful conclusion of the project in early 2016. The project steering committee will meet in the first half of 2015. The complete progress report submitted by the Executing Agency (Spanish only) is available on request from the Secretariat.

6. PD 678/12 Rev.1 (M) Establishment of a National Forest Statistics Information Management System in Benin

Budget and Sources of Funding:

| | | |
|-----------------------|------|---------|
| Total Budget: | US\$ | 517,833 |
| Government of Japan: | US\$ | 388,704 |
| Government of Sweden: | US\$ | 10,000 |
| Government of Benin: | US\$ | 119,129 |

Executing Agency: Direction Generale des Forets et des Ressources Naturelles (DGFRN)

Approved: Autumn Project Cycle, October 2012

Financed: Forty-eighth Council Session (Yokohama, 2012)

Starting Date: July 2013

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 24 months |
| | To date: | 14 months |

This project is designed to develop a forest statistical information system for Benin. Following signature of the project agreement, the first installment of funds was disbursed to the implementing agency in July 2013 following the Government of Benin's compliance with all requirements under the project agreement to allow project implementation to commence. ITTO's approval was granted in August 2013 for the recruitment of all nominated project staff and for the purchase of all capital goods in accordance with the approved project budget.

Over the past year Focal Points responsible for supporting the implementation of the project have been designated and appointed to the appropriate sections of the forest sector. The inception workshop of the project was held September 5, 2013 in Cotonou. The workshop was opened under the Environment Minister Responsible for Climate Change Management, Reforestation and the Protection of Natural Resources and Forestry and was attended by the Ambassador of Japan to Benin. The Project Steering Committee (PSC) has been established and held a national technical meeting 19 November 2013 and the first full PSC meeting on 27 March 2014.

To facilitate setting up the National Coordination Committee and management of forestry statistics, an inter-ministerial decree (No. 0051 / MCGCCRPRNF / MDAEP / MEF / DC / SGM / DGFRN / DRFM / SA) of 7 July 2014 on the establishment of the Standing Committee on Coordination and monitoring of forestry statistics in Benin was the subject of a communication to the Cabinet for approval and was signed by the Minister in charge of Forests, the Minister of Economy and Finance and the Minister for Development.

A study on the development and harmonization of methods for collecting forest statistics was conducted and validated by all stakeholders. The report of this study has been published. Equipment necessary for the operation of the project team and focal points were acquired and installed with relevant training carried out. The database of forestry statistics is being developed and stakeholder validation of the various aspects of the database is in progress. A study on developing procedures for evaluation of forestry statistics has also been completed and is currently undergoing validation by all stakeholders in the forestry sector. An organizational audit of the financial management of the project was completed on 31 December 2013.

All project activities are on track for successful conclusion of the project in the second half of 2015. The project steering committee will meet again in the first half of 2015. The complete progress report submitted by the Executing Agency (French only) is available on request from the Secretariat.

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

Budget and Sources of Funding:

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

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

Approved: Spring Project Cycle, April 2013

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

Duration: Planned: 24 months

The project is aimed at contributing to the sustainable management of forest resources in Côte d'Ivoire through the development of a national information system on forest resources.

The project was approved and funded at the Forty-ninth Session of ITTC in November 2013 and the project agreement was signed in May 2014. Following the signing of the project agreement, the implementing agency had been working on the finalization of the project inception report incorporating the detailed workplan.

8. PPD 167/13 Rev.1 (M) Feasibility Study on the Certification of ONAB's National Plantation Estates (Benin)

Budget and Sources of Funding:

| | | |
|----------------------------------|------|---------|
| Total Budget: | US\$ | 113,294 |
| Government of U.S.A.: | US\$ | 68,794 |
| Government of Republic of Korea: | US\$ | 20,000 |
| Government of Benin: | US\$ | 24,500 |

Executing Agency: Office Nationale des Bois (ONAB)

Approved: Spring Project Cycle, April 2013

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

Starting Date: July 2014

Duration: Planned: 10 months
To date: 2 months

Following the signing of the pre-project agreement and submission of the inception report in July 2014, the first installment of ITTO funds for the pre-project was disbursed to the implementing agency, marking the official commencement of pre-project implementation. The pre-project is at its initial state of implementation and a more detailed report on its implementation will be provided to the next session of the Committee.

[B] Projects Pending Agreement

None.

[C] Projects Pending Financing

1. PD 124/01 Rev.4 (M) Promotion of Sustainable Management of African Forests (ITTO/ATO)
Phase III Stage 3

Budget and Sources of Funding:

| | | |
|------------------------------|------|---------|
| Total Budget: | US\$ | 518,144 |
| Government of China: | US\$ | 100,000 |
| Remaining ITTO Contribution: | US\$ | 418,144 |

Executing Agency: ITTO

Council Session Approved: Forty-eighth Council Session (Yokohama, 2012)

Duration: Planned: 18 months

Phase III Stage 3 of this project will be considered for financing following completion of Phase III Stage 2 (see section A, item 1). The Government of China pledged US\$100,000 to this project in August 2014.

2. PD 686/13 Rev.1 (M) Enhanced Research and Promotion of Non-traditional Broadleaved Timber Species in Honduras

Budget and Sources of Funding:

| | | |
|-------------------------|------|---------|
| Total Budget: | US\$ | 563,095 |
| ITTO Contribution: | US\$ | 408,285 |
| Government of Honduras: | US\$ | 154,810 |

Executing Agency: Fundación Centro de Utilización y Promoción de Productos Forestales (CUPROFOR)

Approved: Spring Project Cycle, April 2013

Duration: Planned: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 30 November 2014.

3. PD 694/13 Rev.2 (M) Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana

Budget and Sources of Funding:

| | | |
|----------------------|------|---------|
| Total Budget: | US\$ | 647,972 |
| ITTO Contribution: | US\$ | 567,022 |
| Government of Ghana: | US\$ | 80,950 |

Executing Agency: Forestry Research Institute of Ghana (FORIG)

Approved: Autumn Project Cycle, October 2013

Duration: Planned: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 31 May 2015.

FOREST INDUSTRY

[A] Projects and Pre-projects under Implementation

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

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\$ | 310,000.00 |
| Government of USA: | US\$ | 155,000.00 |
| Government of UK: | US\$ | 80,000.00 |
| Government of Australia: | US\$ | 77,354.89 |
| Bali Partnership Fund Sub-account B: | US\$ | 970,000.00 |

Executing Agency: ITTO Secretariat

Approved and Financed: Seventh Council Session (Yokohama, 1989)

Starting Date: April 1990

Proposed Duration: 2 years + annual extensions thereafter

The objective of this project is to improve the project identification and formulation capability of personnel in ITTO producer member countries in order to expand their national capacity to invite investment and aid into the forestry sector. The importance of the project is inscribed in Decisions 2(X), 2(XI), 6(XIII), and 8(XVIII) of the Council, reminding and encouraging ITTO Members to use the expert facility available under the project to enhance their ability to identify and formulate sound projects.

The project is closely linked to other ITTO activities, particularly the Expert Panel and implementation of the Project Cycle, which together seek to enhance quality in the structure and implementation of ITTO projects. Several independent consultancies to assist ITTO members in project formulation and several training workshops have been funded and organized under this project.

No activities have been carried out during 2014 to assist member countries in the development of project proposals. Currently, the funding balance available for supporting member countries to develop project proposals is only about US\$3,900. The Committee may wish to recommend that Council make additional funding available for this project if its outputs and objectives are deemed to remain important for the Organization.

2. 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)

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

Starting Date: March 2010

Duration: Planned: 24 months
To date: 53 months

The project aims at alleviating poverty in the rural areas of Congo and DRC by making use of the existing eucalyptus plantations and by providing local village communities with know-how and technologies for extracting essential oils, through 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.

At its last session, the Committee noted the slow progress in the implementation of the project, and the claim from the implementing agency that the targets set in the logical framework matrix were too high and unrealistic and its request for reviewing those targets for a second non-cost extension of the project until 31 March 2014. Such request for extension was approved by CFC on 27 September 2013. Following CFC approval a request for fund replenishment was submitted in November 2013. The transfer of funds was approved in May 2014, as additional documentation was requested by CFC.

As of August 2014, progress has been made towards the achievement of the specific objectives as follows:

- Outputs 1.1 and 1.2 “Development Programme for *Eucalyptus citriodora* essential oil extraction prepared” and “Trainers trained in essential oil extraction technologies”. Training of trainers was conducted in two modules by one of the project partners, ‘Pôle d’Excellence Régional of the Faculty of Science, University of Brazzaville’ (PER). The first module was conducted in June 2010 on the fundamentals of distillation techniques; the second module was conducted in October 2010 on hydrolysis for *Eucalyptus citriodora* essential oil and its applications. A total of 14 trainers from Congo and DRC were equipped to conduct training at the local villages.

Five artisanal extractors were placed in selected sites (Ossio, Odziba, Loudima, Loandjili in the Republic of Congo, and Kinzono in DRC) for conducting training to the local villages on the extraction of essential oils. A total of 56 villagers in the Republic of Congo and 42 in DRC have been trained.

- Output 1.3 “Production process organized”. In order to shift the production method from artisanal to semi-industrial, Prof. M. Moudachiro, an expert in extraction of essential oils based in Benin was engaged as international consultant. The consultant assessed the availability of biomass for extraction of essential oils and commissioned the construction of semi-industrial extractors.

Five semi-industrial extractors were commissioned in December 2012, and were delivered in the first quarter of 2013, each with a capacity of 1 m³ or 1,000 liters for the boiler and the tank which can provide a yield of approximately 6%. Due to the delay in the fund replenishment the extractors were finally transported and installed in 4 sites in Congo during the first semester of 2014, while the extractor for DRC is still pending to be transported and installed.

During the first semester of 2014 a total of 53 liters of *Eucalyptus citriodora* essential oils were produced in Congo. Chromatographic and physical analysis of the essential oils from five sites of Congo has been carried out by the French laboratories Lexva Analytique.

In addition during the reporting period, progress has been made towards the establishment of *Eucalyptus citriodora* plantations with a total of 34,130 plants produced in four sites of Congo (Loandjili, Ossio, PK-45 and Loudima); additional establishment of 21.55 ha of plantations; and maintenance work carried out in 59 ha of existing plantations.

A test to optimize the production of biomass was also carried out in the Loudima site by the Center for Research and Development of Industrial Plantations.

- Output 2.1 “Market for *Eucalyptus citriodora* essential oil organized”. A market study for essential oils in the Republic of Congo has been commissioned and it is expect to be finalized in the second semester of 2014. The market study for DRC has not been carried out.
- Activities under output 2.2 “Essential oil production and marketing techniques disseminated through extension work” have not yet started.

Since the project is still incomplete six months after the approved extension to 31 March 2014, the Committee may wish to request the representative of Congo to provide more information on the implementation of the project and when it is expected to be brought to a successful conclusion.

3. 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)

Approved: Spring Project Cycle, June 2008

Financed: Forty-fifth Session (Yokohama, 2009)

Starting Date: May 2011

Duration: Planned: 30 months
To date: 40 months

The project aims at increasing the efficiency of the Brazilian wood flooring industry by integrating lesser used timber species (LUS), improving drying and manufacture processes, adding value and quality to the product, and by promoting residue utilization.

Progress towards the achievement of the outputs is as follows:

- Output 1 “Proposing a management model to integrate the exploitation and use of lumber from commercial and less used species”. The LUS were identified and laboratory tests were conducted to determine their physical-mechanical properties (specific gravity, shrinkage, Janka hardness, kiln drying behavior, superficial cutting and finishing, impregnation and densification, and heat treatment). A booklet summarizing the properties of the species is under preparation.

The selected LUS are:

1. Angelim vermelho - *Dinizia excelsa* Ducke
2. Itaúba amarela - *Mezilaurus lindaviana* Schwacke & Mez
3. Cedrinho - *Erismia uncinatum* Warm.
4. Cupiúba - *Goupia glabra* Aubl.
5. Pequiá - *Caryocar villosum* (Aubl.) Pers.
6. Angelim da mata - *Hymenolobium excelsum* Ducke
7. Maparajuba - *Manilkara bidentada* (A. DC.) A. Chev.
8. Timborana - *Piptadenia gonoacantha* (Mart.) J.F.Macbr.
9. Sucupira amarela - *Bowdichia nitida* Spruce ex Benth.
10. Tachi preto - *Tachigali myrmecophyla* (Ducke) Ducke
11. Tanibuca folha pequena - *Buchenavia parvifolia* Ducke
12. Mandioqueira escamosa - *Qualea paraensis* Ducke
13. Castanha sapucaia - *Lecythis usitata* Miers
14. Jarana amarela - *Lecythis poiteaui* O.Berg

Pilot production of wood flooring from LUS was carried out in the facilities of *Indusparquet* located in the state of Sao Paulo. Samples of wood flooring of the fourteen species are now available and have been promoted at trade shows, such as the 20th FEICON (the most important trade show for the construction industry in Latin America).

- Output 2 “Proposing a model to reach more efficient and integrated manufacturing”, the revision of appropriate literature and surveys to the flooring industries in relation to the use of wood residues has been concluded. Information obtained has been used for preparing posters, training manuals, a project website (www.pimads.org), a project video (<https://www.youtube.com/watch?v=4SzDWcTbo7w>), and to

design training workshops on timber drying, quality certification programme, management of timber residues and basics for wood flooring installation. Training workshops were conducted in July 2013 in Sao Paulo and Belem and more training activities took place in September 2013, during the *Second Week of Timber Technology*, other training workshops were conducted in the state of Amazonas in January 2014 and in the state of Sao Paulo in May 2014. Activities related to the testing of electrical moisture meters have led to the production of a technical report on calibration curves for electrical moisture meters. Activities related to timber drying and superficial cutting and finishing are now completed. A manual on wood residue management in the wood flooring industry is under preparation.

- Output 3 “Quality certification programme”. The revision of international standards and specifications for solid wood flooring has been completed and the “Quality Certification Programme” is being finalized by researchers and officials from INMETRO (National Institute of Metrology, Quality and Technology). The “Quality Certification Programme” is composed of a “normative” and “requirements of product conformity”, official publication of these two documents by INMETRO is expected to happen as the final step. At the time of preparation of this report, 22 wood flooring companies were audited for the “Quality Certification Programme”. Remaining activities under this output include the preparation of dissemination materials, and training on the “Quality Certification Programme”.

The implementing agency has been carrying out additional activities such as dendro-chronological analysis, thermo-mechanical modification of the LUS, and manufacturing of wood panels from residues. It has also presented the results of the project research at various fora including FEICON (two editions), the Forest Forum, and the Second Week of Timber Technology.

Expenditures under the project have been within the approved budget. The implementing agency requested a no cost extension until the end of September 2014, in order to complete the remaining project activities; such request was approved by the Executive Director in May 2014.

4. 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)

Approved: Autumn Project Cycle, October 2010

Financed: Forty-sixth Council Session (Yokohama, 2010)

Starting Date: October 2011

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 48 months |
| | To date: | 35 months |

This project aims to implement a supportive mechanism for stakeholders in the timber processing industries so as to boost the countries’ exports of processed timber products by small and medium enterprises (SMEs), through the:

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

Over the past three years, the human resource capacity of the regional coordination team of the project has been strengthened by the recruitment of the Assistant to the Regional Coordinator and the

National Coordinators to carry out the activities in the field. A technical meeting involving the project's stakeholders was held in Douala, Cameroon in April 2014. To date, approximately 25% of the project activities have been completed due to various delays in implementation.

A satisfactory progress report was not received from the executing agency in time for inclusion in this report. The representative of Gabon may be invited to brief the Committee on the latest status of the implementation of this project.

5. 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 USA: | 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

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

Starting Date: August 2009

Duration: Planned: 24 months
 To date: 61 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. This involves the establishment of a functional curriculum, training of trainers and immediate practical training of the currently registered students of FTI. In addition, the project will support a national working group to conduct a strategic process on overall forest education in Liberia.

The Committee of Forest Industry at its Forty-seventh Session recommended that the Secretariat undertake a Special Financial Monitoring Mission to Liberia to try to resolve the problems with this project and to inform the implementing agency that unless substantive progress in project implementation could be demonstrated to the next session of the Committee, it would recommend to Council that this project be terminated.

ITTO's Administrative and Finance Officer visited Liberia from 30 June to 4 July 2014 to undertake the mission. He held discussions with the Executive Director of FTI and his staff and with the relevant officials of FDA; paid a field visit to the forestry school, and scrutinized expenditure records and other relevant documents.

As a follow up action of the ITTO mission, the Executing Agency has submitted to ITTO a request, attached with a revised action plan and work plan, for another six month extension to complete the remaining project activities. The project will mainly utilize available domestic experts and consultants to undertake the activities.

On a review of the revised action plan by ITTO, additional clarifications have been sought from the Executing Agency. In the event the Executing Agency demonstrates commitment to complete the project by providing these clarifications, the delegation of Liberia may be invited to provide an update and clarification on possibilities to complete the remaining project activities, including making all outstanding payments to national and international consultants.

6. 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\$ | 873,440 |
| 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

Approved: Autumn Project Cycle, October 2011

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

Starting Date: November 2012

Duration: Planned: 27 months
To date: 22 months

This project aims to improve the level of efficiency in the wood and furniture industries, and thereby increase the volume and value of their exports, by linking the sustainable management of 12 million hectares of productive forests into the supply chain. The 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.

Progress has been made as follows:

Output 1 "Timber products produced and marketed according to quality standards, quantity and cost requirements of the national and international markets": Introduction workshops to promote high added value in the timber industries have been carried out in the cities of Puerto Maldonado, Madre de Dios, Tingo Maria, Pucallpa and Lima. Training courses on financial mechanisms have been carried out for timber industries in the cities of Puerto Maldonado, Pucallpa and Aguyatia. Training workshops on business management have been carried out directly at the facilities of the timber industries, covering topics such as production cost, health and safety at the work place, machinery and finishing techniques applied in the manufacture of wooden furniture and good environmental practices. To date, thirty timber industries targeted have received technical assistance in timber sawing, timber drying, moulding, and manufacturing of panels, as well as on application of technological innovation in the production process and using new techniques and technologies to improve the transformation of value-added wood. Two reports on prices for forest products and services, collecting valuable market information from the departments of Arequipa, Lima, Madre de Dios and Ucayali, have been published and disseminated in hard copy and via the website of CNF.

Output 2 "Industrialists identify with their business management role for the sustainable and efficient use of timber resources". Courses on forest certification and chain of custody (CoC) have been conducted for timber industries in the city of Puerto Maldonado and with the Native Community of Sinchi Roca. To date, 10 timber industries have been identified for assistance in the development of business plans and six of these have now been completed, two each in Madre de Dios, Ucayali and Arequipa. The project also continues to offer technical and marketing assistance to wood processing businesses, including developing material for information campaigns (activity 2.3), consisting of videos, posters, newsletters, brochures, leaflets, polo shirts and caps. These materials have been disseminated starting in late June, 2014 in two campaigns carried out in Puerto Maldonado (Madre de Dios) and in Pucallpa (Ucayali).

Output 3 "Increased export of timber products and furniture." Under activity 3.1, the project has provided technical assistance on issues like chain of custody (CoC), safety and health (OSH), technical specifications for the production of school furniture, REMYPE accreditation (National Register of Micro and Small Enterprises) and proceedings before SENASA (National Service of Agrarian Health). On the formation and/or formalization of business (activity 3.2), technical assistance was provided to the Peruvian Furniture Association. Under activity 3.3 (administrative and business organization management), the course "Certification of timber products" was held. Project staff also participated in three national meetings on new forest laws during 2014 and contributed to developing a profile for the construction of a techno-ecological industrial park for the micro, small and medium wood processing industry in Arequipa. The project has also established a roundtable for

sustainable forest development advocacy, with eight meetings convened under this heading involving stakeholders in Madre de Dios and Ucayali.

All project activities are on track for successful conclusion of the project by mid-2015. The project steering committee will meet for the second time in early 2015. The complete progress report submitted by the Executing Agency (Spanish only) is available on request from the Secretariat.

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

Budget and Sources of Funding:

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

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

Approved: Spring Project Cycle, May 2011

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

Starting Date: November 2013

Duration: Planned: 36 months
To date: 10 months

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

Progress towards the achievement of the outputs is as follows:

- Output 1: Investment in bamboo industry development promoted

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

The progress of this activity achieved 60% of the total output. The technical report is expected to be completed and submitted in September 2014.

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

A national consultant has been appointed and the field activity is in progress.

- Output 2. Institutional framework for bamboo industry development enhanced

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

Progress of the activity achieved 95% of the total output. The technical report will soon be completed.

- Output 3. Participation of local communities in bamboo industry development increased
Activity 3.1. Allocate 6 ha of natural bamboo forest in 4 sites as demonstration plots of silviculture techniques

A national consultant has been appointed and the field activity is in progress.

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

A national consultant has been appointed and the field activity is in progress.

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

Progress of the activity achieved 80% of the total output. The technical report will soon be completed.

8. PD 687/13 Rev.1 (I) Strengthening the Performance of the Wood Processing Sector in Guyana, through Building Local Capacity and Enhancing National Systems that Promote Forest Products Trade and Sustainable Utilization of Forest Resources

Budget and Sources of Funding:

| | | |
|-----------------------|------|---------|
| Total Budget: | US\$ | 348,693 |
| ITTO contribution: | US\$ | 250,068 |
| Government of Guyana: | US\$ | 98,625 |

Executing Agency: Guyana Forestry Commission

Approved: Spring Project Cycle, April 2013

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

Starting Date: June 2014

Duration: Planned: 24 months
To date: 3 months

The project is aimed at building the capacity of stakeholders (Management, Operators and Regulators) within the wood processing sector to improve sustainability, efficiency and competitiveness, and enhance the national system for inspection and certification. The Development Objective is to contribute to the enhancement of the efficiency and competitiveness of Guyana's wood processing sector as a means for sustainable utilization of timber resources and national development. The Specific Objective is to strengthen the performance of the wood processing sector through building local capacity and enhancing national systems that will promote and facilitate efficient trade and utilization of lumber for both local and export markets.

Progress towards the achievement of the outputs is as follows:

- Output 1: Trained personnel operating within wood processing operations

The procurement process for the Wood Processing and Training consultant was completed and the Consultant is in the process of conducting document review to gather relevant information and data on the present situation in the wood processing sector. Work has commenced in this output in the area of preparation work for training of the Guyana Forestry Commission (GFC) Inspector. GFC staff have been identified for training across the main field divisions.

- Output 2: National system established to improve efficiency in local trade of lumber and facilitate export

The procurement process for the Building/Construction Consultant was completed and the consultant is in the process of conducting document review to gather relevant information and data on the present

situation in the construction and wood processing sector. A desk review has commenced on the review of the current system for trade in lumber. This covers the GFC processes as well as the processes involved at other agency level including Customs. This will be further elaborated and finalized over the project's implementation.

- Output 3: Increase awareness for persons using lumber (Contractors, Architects, Value-Added Operations)

The procurement process for the Wood Technologist was completed and he is in the process of preparing relevant materials and presentations for the groups of stakeholders - Contractors, Architects, stakeholders of the value-added sector (furniture, windows, doors, spindles, etc).

Over the review period, various documents including the Building Code have been collected. The draft outline of the revised Grading Rules has been formulated. Additionally, the process for revision of the Grading Rules has been discussed. This will involve stakeholder engagement, expert review and inputs by industry bodies, and the drafting of the various sections of the Grading Rules. A summary of the main areas for review and reformulation has commenced development.

9. PD 722/13 Rev.1 (I) Capacity Building on Reduced Impact Logging (RIL) in Dry Inland Forest in the Permanent Forest of Peninsular Malaysia

Budget and Sources of Funding:

| | | |
|-------------------------|------|---------|
| Total Budget: | US\$ | 504,308 |
| ITTO contribution: | US\$ | 226,041 |
| Government of Malaysia: | US\$ | 278,267 |

Executing Agency: Forestry Department of Peninsular Malaysia

Approved: Autumn Project Cycle, October 2013

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

Duration: Planned: 12 months

The aim of this project is to strengthen human resource development via a capacity building programme to produce adequate number of qualified skilled personnel for both state forestry departments and the private sector in Peninsular Malaysia. The Development Objective is to improve the efficient implementation of RIL in permanent reserved forest in Peninsular Malaysia. The Specific Objectives is to strengthen the capacity of personnel on RIL implementation in permanent reserved forest in Peninsular Malaysia.

This project focuses on training of personnel and concentrates on activities like training of forest workers and organizing seminar. It will involve courses that related directly to RIL and the training will be conducted mainly at Terengganu Forestry Training Centre (TFTC) in Kuala Berang, Terengganu. At the end of the project about 470 personnel are targeted to be trained including 110 as qualified trainers and 360 forest workers both from the forestry department and private sectors. There are also about 750 participants who will benefit from awareness raising programmes conducted through various seminars on forestry related issues during the course of the project.

The Project Agreement has been signed by both ITTO and the Government of Malaysia. The Executing Agency is finalizing the project inception report; when this is received/approved by the Secretariat the first installment of funds will be sent and implementation will begin. A detailed progress report will be provided to the next session of the Committee.

[B] Projects and Pre-projects Pending Agreement

None.

[C] Projects and Pre-projects Pending Finance

1. PD 660/12 Rev.3 (I) Enhancing Industrial and Community Utilization of Wood Residues through Briquette and Charcoal Production for Environmental and Livelihood Improvement in Ghana

Budget and Sources of Funding:

| | | |
|----------------------|------|---------|
| Total Budget: | US\$ | 806,743 |
| ITTO contribution: | US\$ | 705,107 |
| Government of Ghana: | US\$ | 101,636 |

Executing Agency: Council for Scientific and Industrial Research (CSIR) – Forestry Research Institute of Ghana (FORIG)

Collaborating Agencies: Forestry Commission
Kwame Nkrumah University of Science and Technology (KNUST)

Approved: Autumn Project Cycle, October 2013

Duration: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 31 May 2015.

2. PD 689/13 Rev.1 (I) Promoting Biological and Non-Biological Agent Prevention and Control Techniques in Mechanical Timber Processing in Peru

Budget and Sources of Funding:

| | | |
|--------------------------|------|---------|
| Total Budget: | US\$ | 708,874 |
| ITTO contribution: | US\$ | 456,696 |
| APROFU/UNU contribution: | US\$ | 252,178 |

Executing Agency: Asociación de Productores Forestales de Ucayali (APROFU)

Collaborating Agencies: Universidad Nacional de Ucayali (UNU)
Dirección General Forestal y de Fauna Silvestre (DGFFS)

Approved: Spring Project Cycle, April 2013

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 30 November 2014.

3. PD 698/13 Rev.2 (I) Facilitating Forest-Industry-Market Integration (Guatemala)

Budget and Sources of Funding:

| | | |
|---------------------------|------|---------|
| Total Budget: | US\$ | 626,908 |
| ITTO contribution: | US\$ | 419,440 |
| INAB contribution: | US\$ | 189,324 |
| CONESFORGUA contribution: | US\$ | 18,144 |

Executing Agency: Instituto Nacional de Bosques (INAB)

Approved: Autumn Project Cycle, October 2013

Duration: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 31 May 2015.

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

Budget and Sources of Funding:

| | | |
|----------------------------|------|-----------|
| Total Budget: | US\$ | 6,274,545 |
| ITTO contribution: | US\$ | 5,159,245 |
| Participating Governments: | US\$ | 297,000 |
| Private Sector: | US\$ | 818,300 |

Executing Agency: ITTO

Approved: Spring Project Cycle, April 2013

Duration: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 30 November 2014.

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

Budget and Sources of Funding:

| | | |
|--------------------------|------|---------|
| Total Budget: | US\$ | 635,278 |
| ITTO contribution: | US\$ | 540,008 |
| Government of Indonesia: | US\$ | 95,270 |

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

Approved: Spring Project Cycle, April 2014

Duration: 36 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 30 November 2015.

6. PD 719/13 Rev.2 (I) Competitiveness and Business Strengthening for a Carpenter Group in Region VII (Huehuetenango-Quiché), Guatemala

Budget and Sources of Funding:

| | | |
|-----------------------------------|------|---------|
| Total Budget: | US\$ | 213,856 |
| ITTO contribution: | US\$ | 149,968 |
| Implementing Agency contribution: | US\$ | 63,888 |

Executing Agency: Asociación Mesa de Concertación Forestal y Ambiental de la Región VII

Approved: Spring Project Cycle, April 2014

Duration: 24 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 30 November 2015.

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

Budget and Sources of Funding:

| | | |
|-------------------------------|------|---------|
| Total Budget: | US\$ | 791,982 |
| ITTO contribution: | US\$ | 594,832 |
| Government of Indonesia/ISWA: | US\$ | 197,150 |

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

Collaborating Agency: Indonesian Sawmill & Woodworking Association (ISWA)

Approved: Spring Project Cycle, April 2014

Duration: 48 months

Financing for this project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved project on 30 November 2015.

8. PPD 172/13 Rev.1 (I) Platform for Genetic Improvement of *Tabebuia* Species – Critical Information Development Phase for Implementation in Campeche, Mexico

Budget and Sources of Funding:

| | | |
|-----------------------|------|---------|
| Total Budget: | US\$ | 129,025 |
| ITTO contribution: | US\$ | 96,600 |
| Government of Mexico: | US\$ | 32,425 |

Executing Agency: El Colegio de la Frontera Sur Unidad

Approved: Autumn Project Cycle, October 2013

Duration: 24 months

Financing for this pre-project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved pre-project on 31 May 2015.

9. PPD 173/13 Rev.1 (I) Management of Tropical Forest Species for the Production of Timber for Rural and Tourism Infrastructure Construction in South-east Mexico (Mexico)

Budget and Sources of Funding:

| | | |
|-----------------------|------|--------|
| Total Budget: | US\$ | 77,376 |
| ITTO contribution: | US\$ | 54,058 |
| Government of Mexico: | US\$ | 23,318 |

Executing Agency: Instituto Nacional de Investigaciones Forestales, Agrícolas y Pecuarias (INIFAP)

Approved: Autumn Project Cycle, October 2013

Duration: 8 months

Financing for this pre-project is still pending and the Council has authorized the Executive Director to begin implementation as soon as earmarked funds for the total ITTO contribution become available in the Special Account. The project will lose its status as an approved pre-project on 31 May 2015.