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## REPORT OF COMPLETED PROJECTS AND PRE-PROJECTS

This document highlights the work carried out under projects PD 124/01 Rev.4 (M) Phase III Stage 2, PD 449/07 Rev.2 (M,I), PD 620/11 Rev.1 (M) and PD 678/12 Rev.1 (M) of the Committee on Economics, Statistics and Markets and PD 433/06 Rev.3 (I), PD 540/09 Rev.2 (I) and PD 700/13 Rev.2 (I) Phase I Stage 1 of the Committee on Forest Industry. The Committees may declare these projects complete:

### Committee on Economics, Statistics and Markets

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); extended to 22 months  
Actual: 26 months

### Overview

The Project's general strategy was largely based on collaborating with the African Timber Organization (ATO), a regional institution thought capable of providing the Project with efficient mechanisms for exchanging experiences, and for facilitating the development of harmonized and coordinated approaches for developing, implementing and monitoring SFM Principles, Criteria and Indicators (PCI). However, with the cessation of ATO operations in 2010, the ITTO Regional Bureau for Africa (project coordinator and Regional Officer for Africa) has taken over the execution of the Project to ensure continued support for member countries.

The objectives of the project are as follows:

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

#### Specific Objectives

Specific Objective 1: Establish the key elements of the capacity needed to adequately implement the ATO/ITTO PCI at the national level in African ITTO member countries.

Specific Objective 2: Establish the key elements of the capacity needed for effective regional-level ATO cooperation in order to support individual member countries in implementing the ATO/ITTO PCI.

At the national level, the Project strategy relies on designating a logical sequence of activities aimed at establishing the key capacity requirements for SFM implementation, both at the national and Forest Management Unit (FMU) levels. The level of progress achieved towards SFM in the target countries varies. As such, the implementation of project activities at the national level also varies by country.

The Project was split into three phases and further into stages within phases to facilitate funding. Completion reports on Phases I and II as well as Phase III Stage 1 have been considered and approved by the Committee at previous sessions and are available on request.

### Planned Duration and Costs

Phase III Stage 2, covered in this report, had a planned duration of 18 months and a total budget of US\$600,000. However, due to contingencies in implementation and securing funds for Phase III Stage 3, a no-cost extension was granted. The effective duration therefore totaled 26 months.

### Outputs Achieved

The Project as a whole aimed to achieve 10 outputs, including five at the national level in ITTO member countries (outputs 1.1-1.5) and five at the regional level (outputs 2.1-2.5). Phases I (denoted by “a”), II (“b”) and III Stage 1 (“c”) achieved the outputs shown in Table 1.

**Table 1. Outputs of Phases I, II and III Stage 1**

Output	Description
1.1a	National forum operational in 6 countries (Ghana, Gabon, Cameroon, CAR, RDC, Togo)
1.1b	Stakeholder workshop on sustainable forest management held in 4 countries (Cameroon, Congo, Gabon, Côte d'Ivoire) for improving the forest management monitoring/auditing framework
1.1c	National forum extended/operational in 3 countries (Cameroon, Nigeria, Togo) <ul style="list-style-type: none"> <li>• Organization of a workshop on the sustainable management of Togo's forests.</li> <li>• Following a request submitted in 2010, organization of a thematic workshop on “encroachment into the Southeastern estate forests by communities” in Nigeria</li> <li>• Following a request submitted in 2010, organization of a workshop on the drafting of a technical guide for the development and review of management plans, incorporating the ITTO/ATO PCI in Cameroon</li> </ul>
1.2a	National PCI/certification criteria developed in 5 countries (Cameroon, Gabon, Ghana, Côte d'Ivoire, Republic of the Congo)
1.2b	National documents on Principles, Criteria & Indicators (PCI) finalized in the Central African Republic, Liberia, Nigeria, DRC
1.2c	Forest plantation PCI/national certification criteria developed in Togo and PCI/certification criteria implemented in the 9 remaining countries (Cameroon, Congo, Côte d'Ivoire, Gabon, Ghana, Liberia, Nigeria, CAR, DRC) <ul style="list-style-type: none"> <li>• Identification of NWG Secretariat/Focal Point (Togo)</li> <li>• Identification of stakeholders and organization of consultations (Togo)</li> <li>• Identification of NWG members (Togo)</li> <li>• Development of draft ToR and procedures (Togo)</li> <li>• Establishment of NWG and Technical Committee (Togo)</li> <li>• Organization of the first national workshop (Togo)</li> <li>• Support to National Working Groups (NWG): <ul style="list-style-type: none"> <li>- drafting of statutes and internal regulations (Cameroon, Gabon, Congo);</li> <li>- organization of constituent general assemblies (Cameroon, Congo, Gabon);</li> <li>- organization of planning workshops (Cameroon, Gabon, Liberia, Congo, Côte d'Ivoire);</li> <li>- dissemination of PCI in 5 countries (Cameroon, Congo, Côte d'Ivoire, Gabon, Liberia)</li> </ul> </li> <li>• Development of draft national PCI for forest plantations (Togo, Ghana, Côte d'Ivoire)</li> <li>• Dissemination of draft national PCI document for amendment (Togo, Ghana, Côte d'Ivoire)</li> <li>• Revision of national PCI after reception of amendments (Togo, Ghana, Côte d'Ivoire)</li> <li>• Field testing of national PCI (Togo, Ghana, Côte d'Ivoire)</li> <li>• Revision and dissemination of national PCI after field testing (Togo, Ghana, Côte d'Ivoire)</li> <li>• Finalization of national PCI (Togo, Ghana, Côte d'Ivoire)</li> </ul>
1.3a	National data on PCI collected in 6 countries (Cameroon, Gabon, Ghana, Côte d'Ivoire, CAR, Congo)
1.3b	Data collected in five countries (Cameroon, Central African Republic, Congo, Gabon and Liberia) for producing the progress report on sustainable forest management based on Principle 1
1.3c	National data on PCI collected in three countries <ul style="list-style-type: none"> <li>• Collection of data on PCI in three countries (Nigeria, RDC, Togo)</li> <li>• Production of country reports</li> <li>• Dissemination of findings</li> <li>• Updating of reports</li> </ul>

1.4c	<p>Monitoring arrangements/auditing framework improved at the national level</p> <ul style="list-style-type: none"> <li>• Review of existing forest monitoring/auditing arrangements and other forest management authorities and bodies, and identification of gaps (Liberia)</li> <li>• Evaluation of appropriateness and adequacy (efficiency and cost-efficiency) of regulatory requirements prescribed for the forest management system, and measures for effective implementation (Liberia)</li> <li>• Organization of a national workshop for reviewing proposed improvements (Liberia)</li> <li>• Pilot auditing of forest management in forest concessions for testing draft regulatory frameworks (Cameroon, Congo, Côte d'Ivoire, Gabon)</li> <li>• Development of amendments to regulatory framework</li> <li>• Periodic progress reports on the implementation of the regulatory framework for forest management auditing</li> </ul>
1.5b	242 persons trained (Cameroon, Central African Republic, Congo, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Ghana, Liberia, Nigeria) in the field of sustainable forest management auditing based on ATO/ITTO PCI
1.5c	<p>At least 25 stakeholder representatives, forest staff and specialists trained on forest management auditing based on ATO /ITTO PCI in Togo</p> <ul style="list-style-type: none"> <li>• Identification of training needs, and development of a training programme</li> <li>• Production of training material for auditors</li> <li>• Organization of training courses for auditors</li> <li>• Production of training material for forest managers</li> <li>• Organization of training courses for forest managers</li> <li>• Evaluation of training activities</li> </ul>
2.1a	ATO/ITTO PCI for natural forests and ATO/ITTO PCI for plantations developed
2.2a	Regional forum operational (2.2.4)
2.3a	Auditing framework and forest management system for African forests developed
2.4a	Trainers in forest auditing and management trained in 3 countries (Cameroon, Gabon, Ghana)
2.4b	Regional training course for training trainers in auditing and forest management conducted
2.5a,b,c	<p>Advisory and dissemination capacity of ATO/ITTO regional office strengthened</p> <ul style="list-style-type: none"> <li>• Recruitment of a regional advisor/Project Coordinator for PCI implementation, and establishment of coordination unit within ATO</li> <li>• Recruitment of a secretary and an accountant</li> <li>• Maintenance of computer and communication equipment</li> <li>• Creation of a web page for the project and regular updating</li> <li>• Compilation of data according to ITTO format</li> <li>• Translation of documents</li> <li>• Printing and dissemination of publication material</li> </ul>

In addition to the above, by the end of Phase III Stage 1 the Project had contributed technically and financially to the development of the FSC sub-regional reference framework for Central Africa; this contribution continued through Phase III Stage 2. Outputs and activities achieved/carried out under Phase III Stage 2 are summarized in Table 2.

**Table 2. Outputs and Activities under Phase III, Stage 2**

<b>Output 1.1</b>	<b>National Forum operational in 2 countries (Benin and Mali)</b>
Activity 1.1.1	Identification of bodies in charge of implementing work in countries
Activity 1.1.2	Identification of stakeholders and initial consultations
Activity 1.1.3	Development of draft Terms of Reference
Activity 1.1.4	Establishment of a NWG
Activity 1.1.5	Organization of an awareness-raising seminar on PCI
Activity 1.1.6	Organization of NWG regular meetings
<b>Output 1.2</b>	<b>Forest plantation PCI/national certification criteria developed in Benin and Mali, revised in Gabon, Cameroon and Côte d'Ivoire, and PCI/certification criteria implemented in remaining countries (Cameroon, Congo, Côte d'Ivoire, Gabon, Ghana, Liberia, Nigeria, CAR, DRC, Togo)</b>
Activity 1.2.1	Identification of NWG Secretariat/Focal Point (Benin and Mali)
Activity 1.2.2	Identification of stakeholders and organization of consultations (Benin, Mali, Cameroon, Gabon)
Activity 1.2.3	Identification of NWG members (Benin, Mali, Cameroon and Gabon)
Activity 1.2.4	Preparation of draft ToR and procedures (Benin, Mali, Cameroon, Gabon)
Activity 1.2.5	Establishment of NWG and Technical Committee (Benin, Mali, Cameroon, Gabon)
Activity 1.2.6	Organization of first national workshops (Benin, Mali, Cameroon, Gabon)
Activity 1.2.7	<p>Support to National Working Groups (NWG):</p> <ul style="list-style-type: none"> <li>• organization of activity planning workshops (DRC, CAR, Liberia, Congo, Togo, Ghana, Nigeria, Benin, Mali)</li> <li>• dissemination of PCI in DRC, CAR, Liberia, Congo, Togo, Ghana, Nigeria, Benin, Mali</li> </ul>
Activity 1.2.8	Development of draft national PCI document for plantations (Benin, Mali, Cameroon, Gabon)
Activity 1.2.9	Dissemination of draft PCI document for amendment (Benin, Mali, Cameroon, Gabon)
Activity 1.2.11	Revision of national PCI after reception of amendments (Benin and Mali)

Activity 1.2.12	Field testing of national PCI (Benin, Mali, Cameroon, Gabon)
Activity 1.2.13	Revision and dissemination of national PCI after field testing (Benin, Mali, Cameroon, Gabon)
Activity 1.2.15	Finalization of national PCI (Benin, Mali, Cameroon, Gabon)
<b>Output 1.3</b>	<b>National data on PCI collected in 5 countries (Cameroon, Côte d'Ivoire, Gabon, Ghana, Congo)</b>
Activity 1.3.1	Collection of data on PCI in 6 countries
Activity 1.3.2	Production of country reports
Activity 1.3.3	Dissemination of findings
Activity 1.3.4	Updating of reports
<b>Output 1.4</b>	<b>Monitoring arrangements/auditing framework improved in at least 4 countries</b>
Activity 1.4.1	Review of existing forest monitoring arrangements/auditing frameworks, and identification of gaps (Togo, CAR, Ghana, Nigeria)
Activity 1.4.2	Evaluation of appropriateness and adequacy (efficiency and cost-efficiency) of regulatory requirements prescribed for the forest management system, and measures for effective implementation (Togo, CAR, Ghana, Nigeria)
Activity 1.4.3	Organization of national workshops for reviewing proposed improvements (Togo, CAR, Ghana, Nigeria)
Activity 1.4.4	Pilot auditing of forest management in forest concessions for testing draft regulatory frameworks (CAR, Togo, Ghana, Nigeria)
Activity 1.4.5	Development of amendments to regulatory frameworks (Cameroon, Congo, Côte d'Ivoire, Gabon)
Activity 1.4.6	Periodic reports on progress in the implementation of regulatory framework for forest management auditing
<b>Output 2.2</b>	<b>Sub-regional advisory forum on SFM operational</b>
Activity 2.2.1	Preparation of ToR for sub-regional workshop
Activity 2.2.2	Organization of sub-regional workshop on PCI
<b>Output 2.5</b>	<b>ATO/ITTO regional office advisory and dissemination capacity strengthened</b>
Activity 2.5.1	Recruitment of a regional advisor for PCI implementation, and establishment of a coordination unit
Activity 2.5.2	Recruitment of a secretary and an accountant
Activity 2.5.3	Maintenance of computer and communication equipment
Activity 2.5.4	Updating of project web page
Activity 2.5.5	Compilation of data according to ITTO format
Activity 2.5.6	Translation of documents
Activity 2.5.7	Printing and dissemination of publication material

### Contribution to Project Objectives

With regard to Specific Objective 1 (“Establish the key elements of the capacity needed to adequately implement the ATO/ITTO PCI at the national level in the African ITTO member countries”), key contributions of Phase III Stage 2 include:

- Establishing NWG in Mali and supporting NWG in Benin;
- Drafting national PCI for forest plantations in Benin, and PCI for natural forests in Benin and Mali;
- Training a total of 50 forest stakeholders (25 per country) in forest auditing in Benin and Mali;
- Conducting pilot audit missions for forest concessions in Gabon (4), Ghana (6), CAR (4), Congo Brazzaville (3), Togo (4) and Mali (2). During these missions, auditors received training in each country;
- Drafting national SFM progress reports in Mali and Benin based on PCI Principle 1.

With regard to Specific Objective 2 (“Establish the key elements of the capacity needed for effective regional-level ATO cooperation in order to support individual member countries in implementing the ATO/ITTO PCI”), key contributions of Phase III Stage 2 include:

- Organizing joint OFAC/FAO/ITTO workshops for data collection and validation in connection with forest resource reporting in RDC and Cameroon;
- Organizing a joint regional workshop with FAO and the Central African Forest Commission (COMIFAC) to evaluate PCI development and utilization processes;
- Conducting capacity building for the ITTO Regional Bureau through the appointment of a coordinator in charge of Project implementation and facilitating communication between the ATO and ITTO member countries, with the aim of reactivating ATO activities;
- Participating in a number of international meetings related to SFM criteria and indicators.

The Project’s development objective is to “Promote the sustainable management of African forests through the application and implementation of the ATO/ITTO PCI with the support and participation of all stakeholder groups.” During Phase III Stage 2, ITTO’s project coordinator took on ATO’s role, including the promotion of SFM in ATO member countries and activities aimed at developing PCI in ITTO member countries. The major contribution was conducting pilot audit missions, which enabled five countries to effectively use the ATO/ITTO PCI for auditing forest management. These audit missions generated

considerable interest from private operators and forest administrations. Other entities and ongoing projects – including WWF in Gabon and CAR, FORIG and the Forestry Commission in Ghana, ODEF in Togo and the GEDEFOR Project in Mali – were also involved in audit missions, including through technical and financial contributions.

### **Target Beneficiaries' Participation**

The Project's target beneficiaries include: forest concession owners, SMEs, village forests, forest authorities, NGOs and other stakeholders, as well as regional organizations, bodies and programs. During Phase III Stage 2, training workshops were held in Benin and Mali, targeting the following groups: forest administration managers, national and international NGO staff, consulting firms and academics (Output 1.5).

In Benin and Mali, all stakeholders participated in the national PCI validation process. The findings of the pilot auditing missions conducted in various countries were disseminated to all actors involved in the NWGs, as well as other organizations and a number of potential donors. Furthermore, FSC certifying bodies (EUROCERTIFOR, ICILA, SGS, RA and VERITAS BUREAU) refer to the ATO/ITTO PCI in the reference frameworks used for FSC certification, pre-auditing and auditing work conducted in Central and West Africa.

In Central and West Africa, various initiatives related to promoting good governance and legal compliance in the forest sector have been undertaken by governments (FLEGT), NGOs and the private sector (WWF-IUCN-TTRAFFIC, FORCOMS, TTAP); these initiatives are largely based on the ATO/ITTO PCI for developing technical reference frameworks, including expertise made available through the Project.

### **Lessons Learned**

Sharing the progress made towards SFM in the Congo Basin's forests is a key factor for reinforcing the sustainability of the Project outcomes. All stakeholders involved in SFM in African forests agree that the sustainable management of production forest concessions through the development and implementation of forest management plans is advancing significantly in Congo Basin's forests. Such progress resulted in an increase in the number of certified concessions. In light of the progress achieved, the potential contributions of the forest sector to national economies and social development in local communities became clear. The various certification mechanisms and laws in effect in several countries include specifications for ensuring the direct improvement of conditions for local populations through direct investment in education, infrastructure and health. Countries are thus able to realize the potential of the ATO/ITTO PCI as a tool for monitoring and evaluating SFM, as they generate more benefits than conventional forest control. However, due to the lack of a regulatory framework for forest management auditing based on the ATO/ITTO PCI, the systematic use of the PCI as a monitoring and evaluation tool is not possible. In Benin, for instance, while environmental law addresses forest auditing, the necessary tools for conducting such audits were lacking. Through the development of PCI for forest plantations and natural forests, it was possible to fill this gap.

In the Congo Basin, eleven companies are now FSC-certified. Additionally, one certified West African company covers a total forest land area of 5,601,000 hectares. Although the FSC uses its own technical reference framework, all actors agree that a reference framework specific to the West African sub-region is necessary, and that it should be developed on the basis of the ATO/ITTO PCI. As observed at the end of Phase I, increased integration of certification in the Project's approach should ensure the sustainability of Project outcomes, which now aims to support and facilitate certification development. On the other hand, during the Project design stage, the ATO/ITTO PCI merely aimed at laying the groundwork for forest certification. In February 2012, the FSC officially approved a reference framework for the Congo Basin. As a result, regional forest certification now provides a more consistent and standardized framework. The next step is national adoption that takes into account local conditions.

Furthermore, five Project countries have now signed VPAs with the European Union: Liberia, Cameroon, CAR, Ghana and the Republic of Congo. The ATO/ITTO PCI served as a basis for developing the legality assurance systems in these countries. Interaction between the Project and initiatives aimed at promoting legality (FLEGT, in particular) should be pursued for the continued reinforcement of Project outcome sustainability, as several other countries are now engaged in negotiating and signing VPAs with the European Union. In the private sector, a number of forest industry companies are now provided with legal timber certificates in Central Africa. Since the entry into force of the EUTR in March 2013, renewed interest in the ATO/ITTO PCI has been observed in several countries. Forest administrations are seeking increased training in forest auditing and in traceability for forest officers. Forest logging companies are more willing to open their doors to multi-disciplinary auditors that use the ATO/ITTO reference framework. Certification systems in operation in the region are private in nature, and auditing missions for certified companies are often conducted without the forest administrations being informed. Forest administrations

depend on the ATO/ITTO PCI as the standard upon which to base their evaluations of the SFM practices implemented under licenses granted to private operators.

In terms of project management, replacing the ATO with the ITTO project manager (supported by the regional officer) during Phase III allowed for the efficient execution of planned activities without interruption. National working groups established under the Project and the Water & Forest administrations acted as regional coordinators for implementing activities in the countries. Close cooperation with the COMIFAC in Central Africa and the Economic Community of West African States (ECOWAS) in West Africa as well as the Africa Forest Forum (AFF) made it possible to initiate Project anchoring in the sub-region. The creation of a website by the ITTO Regional Officer for Africa was a major asset for showcasing Project outcomes ([www.oibt-afrique.org](http://www.oibt-afrique.org)).

### Recommendations

To ensure effective and efficient implementation of Phase III Stage 3, it is necessary to:

- Ensure timely and full funding of the remaining Project budget;
- Reinforce cooperation with other organizations pursuing similar objectives at the regional and national level—in particular, WWF, IUCN, AFF, CEEAC, COMIFAC, PFBC, CEDEAO, UEMOA, CIFOR, GTZ, AFD and the FSC Regional Bureau, which have sustainable forest management-related components focusing on certification and good governance in the forest sector;
- Reinforce cooperation with the European Commission through the FLEGT process (preparing and monitoring Volunteer Partnership Agreements); the Central African Forest Observatory (OFAC) initiated by several CBFP members, including the European Commission, with the aim of combining necessary knowledge and available data for monitoring the economic, environmental and social aspects of forests, in partnership with CIRAD, CIFOR, FRM, Louvain University in Belgium and WRI;
- Encourage countries with national PCI to establish mechanisms for regulating practices in forest management auditing based on the ATO/ITTO PCI after adaptation to national conditions;
- Encourage national forest administrations to pursue the conduct of PCI-based forest auditing, with the participation of all interested stakeholders;
- Review the two regional PCI sets with the intention of incorporating experiences obtained during actual implementation;
- Proceed with national adaptation to provide actors with a useful tool for measuring the impact of forest activities, both at the national and FMU levels;
- Support the ATO's host country (Gabon) in its efforts to reinvigorate ATO to capitalize on Project outcomes, or find alternative sub-regional organizations, including the ITTO Regional Officer; continue to allow the Project to contract a private accountant for ad hoc services related to Project accounting, as was the case during the preceding stages.

### Conclusion

The project was effectively completed, with all activities foreseen implemented and objectives for this stage attained. The Committee is encouraged to recommend immediate financing for Phase III, Stage 3 (the final stage) of this important project. The full completion report and financial audit for Phase II Stage 2 have been submitted to the Secretariat and approved; they are available on request. The Committee may wish to declare this project complete.

## 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  
                   Actual:         48 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.

This project was approved and funded at the Forty-third Session of ITTC in November 2007 under the pilot stage of the TFLET thematic programme, and the project agreement was signed in May 2008. Following the signing of the project agreement and the approval of project inception report incorporating the first Yearly Plan of Operation (YPO1), the first installment of ITTO funds for the project were disbursed to the Executing Agency in December 2009. However, the early stage of 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 August 2010.

The project has now achieved its objectives and completed its outputs, namely:

- A cost-effective forestry operations monitoring regime, and timber tracking including a chain of custody verification system appropriate to the needs of the forestry sector in PNG have been developed, field-tested and implemented in collaboration with the key stakeholders;
- The system developed shows the manner in which a system can be implemented in PNG when a suitable source of implementation funding has been developed and has to run in parallel to the existing system to be successful;
- A database on forest law enforcement have been established to assist in better monitoring and reporting on the flow of timber products, to address illegal activities;
- Legality standards including industry code of conduct for legal forestry activities, based on FLEGT principles and guidelines developed and implemented;
- A set of monitoring tools incorporating the existing PNGFA Logging Code of Practice as reference points in the monitoring forms to enable independent verification has also been developed and pilot-tested for assessing forest industry participant compliance with PNG's Timber Legality Standard;
- Local institutional capacity for forest law enforcement to support the achievement of SFM has been significantly enhanced through trainings and improved logistical supports.

This project has experienced considerable delay in implementation due to the replacement of project personnel and in the preparation of the completion report, technical reports and final financial audit report. The Executing Agency finalized and submitted the project completion report and the technical reports in August 2014, but the Executing Agency took significant additional time for the preparation and modification of the final financial audit report.

The final financial audit report was eventually submitted in April 2016, which was reviewed and deemed satisfactory in principle. However, expenses for items 12 (National Consultants) and item 16 (International Consultants) highly exceeded the total original approved budget and item 54 (Office Supplies) was not included in the original budget.

In the event that the representative of PNG will provide a reasonable explanation to the Committee on the final financial audit report, the Committee may wish to declare this project completed. In the event the explanation is not satisfactory, given the severe delay to date, the Committee may in this case wish to recommend that the project be terminated without a satisfactory audit and that this should be noted when considering any future projects submitted by the Executing Agency.

3. 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\$	2,267,025
Government of Germany:	US\$	1,916,093
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 (extended to 42 months)  
To date: 55 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 developed 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, Republic of Congo, Gabon, Ghana and Kenya. The primary project focus was 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 were collected across their distribution area for the development of gene markers. The samples were 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 was 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 were further developed using both a wood anatomical approach and the DNA barcoding for 20 important African timber species. Technical support was 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 were 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 were provided to the international coordination office for tree identification and origin assignment at Bioversity International in Kuala Lumpur, Malaysia. The project involved 14 collaborative agencies from Europe, Africa and Australia and was initialized during a pre-project under the TFLET Thematic Programme.

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 fifth instalment of US\$700,000 has been transferred to the Executing Agency in April 2015. An extension (6 month) proposed by the 2nd PSC was approved in November 2014, after the additional budget required (US\$220,751) was approved by the German Ministry of Food and Agriculture (BMEL). The final project conference was held in Douala, Cameroon on 1-2 July 2015 and the report of the conference is attached to the Completion Report as Annex 10.

Due to delays in the presentation of the final financial report and the final project audit, the payment of the final instalment in the amount of US\$ 302,843.79 was delayed and then affected by the suspension of ITTO funding. The amount has been advanced by the Johann Heinrich von Thünen Institute (vTI) and reimbursement by ITTO is pending.

The final financial report and the final financial audit report have now been received and approved. The Committee may wish to consider the Completion Report and declare the project completed and recommend that Council make provisions to allow the final instalment to be released.

## 4. 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\$	737,833
Government of Japan:	US\$	388,704
Government of Sweden:	US\$	10,000
Government of Benin:	US\$	339,129

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: 29 months (including 5 month extension)  
Actual: 38 months

**Summary**

This project was designed to develop a forest statistical information system for Benin. The project is now complete with the successful achievement of the development and specific objectives and all the outputs. Technical reports and applications developed by the project include: (i) periodic reports on data related to the forest sector, (ii) monitoring and evaluation procedures of forestry statistics manual, (iii) forestry information system developed and validated by the stakeholders (available at <http://dgfrn-bj.org/foretstatbenin/index.php>), (iv) the administrator's guide of the database, (v) the instruction manual of the database, (vi) the new framework of harmonized reporting, and (vii) the analysis report of the variability of the weight and volume of charcoal bags in the Republic of Benin. Over 200 foresters have been trained to use the database and on reporting procedures. All studies have been validated by stakeholders in the forestry sector.

An additional amount of US\$120,000 was made available to the project by the Government of Benin in 2015, which increased its contribution from US\$119,129 to US\$339,129. A project extension for 5 months without additional funds from ITTO was requested by the Executing Agency to finalize the remaining activities and approved by ITTO. These activities included communication and dissemination of project results, a final workshop of review/dissemination of results at the end of the project extension period, and carrying out the final financial audit of the project accounts and submitting all reports to ITTO.

**Lessons Learned**

- Given the complexity of forest resources, development of information system strategy should first be based on minimum requirements and the entire system can be built in phases through a modular approach;
- If regular training of staff is not undertaken, the sustainability of data collection and monitoring activities after the project is not assured;
- Rotation of qualified personnel should be carefully considered to reduce impacts on the effectiveness of actions and sustainability;
- The designation of Focal Points of the Information System in the different administrative structures is an effective and efficient approach to ensure the mobilization of data and sustainability of project activities;
- Extension of reliable forest information can stimulate the engagement of various stakeholders and authorities and the interest of the authorities;
- Sufficient funds should be allocated for training, with a focus on database management, to ensure the efficiency of the system, to be more autonomous in solving problems daily, and have exposure to new developments. Training is also needed on the use of Web pages;
- If the BIS is not properly institutionalized and the status of the Information Unit is marginal, the sustainability of actions would be threatened;
- A good forest information system can also be adjusted to cover the needs of other sectors. The experience gained and lessons learned can help the construction and operation of new information systems (eg, for biodiversity or other aspects of the environment) for the country;

- The use of electronic systems is important for improving the dissemination of information, but printed material is often still necessary for reporting on key indicators;
- Flexibility is often necessary to ensure the effective implementation in changing conditions;
- The establishment of the <http://dgfrn-bj.org/foretstatbenin/index.php> database with the possibility of reporting on-line with an iPad tablet marks the innovative nature of this project;
- The creation of <http://dgfrn-bj.org> website for the Directorate General of Forest and Natural Resources provides the public (traders, users, etc.) relevant and readily downloadable forest sector information.

### **Conclusions**

After 3 years of implementation of the project, the specific objective of the project was attained and the following conclusions reached:

- Identifying and defining the project are essential to answer real problems that actors face;
- The design and project implementation required the participation of all stakeholders through the designation of focal points;
- The required project meetings of the Technical Steering Committee helped to anticipate and meet project challenges;
- This project can be replicated in other countries and can be the basis for the implementation of a framework for the development of environment statistics;
- At project completion, although the National Information System and Forest Statistics Management System in place is functional, it requires continued capacity building actions to address the weaknesses noted and take into account the concerns raised by stakeholders to ensure stability and durability of the system.

### **Recommendations**

The Executing Agency (DGFRN) should:

- Arrange exchange sessions with other relevant government bodies to define together how to assess the forest sector's contribution to the national economy;
- Develop a second phase of the project and seek funding from ITTO or other donor(s) for the continuation of project activities;
- Seek funding at national level to ensure the continuation of project activities particularly in the period between the two planned phases of the project.

The Ministry responsible for forests should:

- Ensure the collection, monitoring and management of forest statistics in the Public Investment Program (PIP).
- Planning for the integration of forestry statistics environmental statistics in the Department.
- At the location of the ITTO and donors:
- Fund the second phase to consolidate the achievements of the project;
- Support capacity-building activities for the collection and management of forestry statistics.

The final report and financial audit have been submitted to the Secretariat and approved; they are available on request (French only). The Committee may wish to declare this project complete.

## Committee on Forest Industry

### 1. 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
	Actual:	59 months

The project aimed at increasing the efficiency of the Brazilian wood flooring industry by integrating lesser used timber species (LUS) into the production chain, improving drying and manufacturing processes, adding value and quality to the product, and by making use of wood residues.

Outputs were completed as follows:

- Output 1 “Proposing a management model to integrate the exploitation and use of lumber from commercial and less used species”. Fourteen 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 book summarizing the properties of the species has been published in both English and Portuguese under the title “Wood flooring: Brazilian species characteristics” along with a wood sample display.

The selected LUS are:

1. Angelim vermelho - *Dinizia excelsa* Ducke
2. Itaúba amarela - *Mezilaurus lindaviana* Schwacke & Mez
3. Cedrinho - *Erisma 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 available and have been used at several trade shows, such as ‘FEICON’ (the most important trade show for the construction industry in Latin America) and other training events in order to promote the integration of these species into the production chain.

- Output 2 “Proposing a model to reach more efficient and integrated manufacturing”. Revision of appropriate literature and surveys to wood flooring industries in relation to the use of wood residues was conducted. The information obtained was used for preparing posters, training manuals, a project website ([www.pimads.org](http://www.pimads.org)), a project video (<https://www.youtube.com/watch?v=4SzdWcTbo7w>). Information about wood drying, cutting and finished is also available in the publication “Wood flooring: Brazilian species characteristics”.

120 stakeholders from the Brazilian wood flooring industry were trained on drying techniques and wood residue management through a series of workshops.

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. A manual entitled “Wood residue management in the wood flooring industry” and a booklet on “Wood drying” have been published in Portuguese; thus achieving the output of proposing an efficient and integrated production model for the wood flooring industry.

- Output 3 “Quality certification programme”. Standards for solid wood flooring were revised and updated and thanks to the project, Brazilian standards are now in conformity with international standards. A total of 11 standards were officially published by the Brazilian Association of Technical Norms (ABTN). The “Quality Certification Programme” was finalized and approved by the National Institute of Metrology, Quality and Technology (INMETRO) in July 2014. The “Quality Certification Programme” is composed of a “normative” and “requirements of product conformity”. In total 22 wood flooring companies were audited for the “Quality Certification Programme” and seven of those companies obtained the certification which allows them to use a mark of conformity. Dissemination and training materials were produced and four training courses on the “Quality Certification Programme” and four on “Installation and maintenance of wood floorings” were carried out training a total of 160 employees of the wood flooring industry.



The Executing Agency carried out additional activities such as dendro-chronological analysis, thermo-mechanical modification of the LUS, and manufacturing of wood panels from residues.

In addition the Executing Agency wrote four abstracts for international conferences, three articles for scientific journals, five thesis for masters and PhD, articles for ITTO's TFU and other dissemination material such as posters, booklets, folders, etc. A project website was also established, which contains all relevant information of the projects, including the publications, technical reports and other dissemination material at [www.pimads.org](http://www.pimads.org). In total, 36 works were produced; most of them are available at ITTO's project search [www.itto.int/project\\_search](http://www.itto.int/project_search).

It is expected that activities carried out and outputs achieved will have positive impacts from the economic, social and environmental point of view:

- Economic aspect: Incorporating more timber species into the manufacturing process of wood flooring will have positive impacts in SFM; more efficient utilization of raw material will increase the product conversion rate and the return to the industries. Providing more options to consumers may increase market share.
- Social aspect: Training provided will increase the technical qualification of workers in the wood flooring industry; utilization of more timber species may improve the livelihoods of local communities in the Amazon.
- Environmental aspects: The reduction and use of timber residues for other byproducts may reduce carbon emissions, specially taking into account that burning residues is a common practice in Brazil.

The Executing Agency has satisfactorily submitted the completion report, technical reports, dissemination material and a final financial audit report. The Committee may wish to declare the project duly completed.

## 2. 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
	Actual:	37 months

This project aimed 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.

The following outputs have been achieved by the project:

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. 15 timber industries were identified for assistance in the development of business plans and all of these have now been completed in Madre de Dios, Ucayali and Arequipa. The project also offered 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 in 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 provided technical assistance on issues like chain of custody (CoC), occupational 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 five national meetings on new forest laws during 2014-15 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 ten meetings convened involving stakeholders in Madre de Dios and Ucayali.

All project activities have now been successfully completed and all outputs/objectives achieved. The full completion report and approved financial audit submitted by the Executing Agency (Spanish only) are available on request from the Secretariat. The Committee may wish to declare this project completed.

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

Budget and Sources of Funding:

Total Budget:	US\$ 1,399,989
Government of Japan:	US\$ 1,399,989

Executing Agency: ITTO

Approved: Spring Project Cycle, April 2015

Financed: Spring Project Cycle, April 2015

Starting Date: April 2015

Duration:	Planned:	12 months
	Actual:	16 months

The project aimed at removing the main identified constraints in the expansion of further processing of tropical timber into value added products and trade development, particularly through intra-African trade through nine areas of action: facilitation of trade; elaboration and implementation of national strategies for industrial and trade development; business development in pilot enterprises; improvement of market transparency; trade promotion measures; training; strengthening of national industry and trade associations; innovative financing; and technology transfer. Implementation involved effective engagement of stakeholders and close cooperation with the identified international, regional and national partners in the private and public sectors. The activities are implemented in a logical sequence divided between two three-year phases to ensure mainstreaming and sustainability of impacts. Phase I was divided into two stages to facilitate funding of which the first one focused on three pilot countries and strengthening of capacities in industry and trade development.

Stage 1 described in this document implemented selected key activities to initiate the process of industry and trade development in the region, focusing on three pilot countries. The activities covered (i) trade facilitation through improved information on trade barriers and measures how to reduce them, (ii) elaboration of national strategy for development of further processing, (iii) improvement of market transparency including the regional markets, cross-border trade and domestic supply by the informal sector, (iv) technical training in further processing, and trade development, and (v) strengthening on national industry/trade associations for advocacy and providing adequate services to their members.

In addition to regional level efforts, Stage 1 focused on three pilot countries: Côte d'Ivoire, Cameroon and DRC. At the end of Stage 1, a regional workshop was organized to share lessons learned in all the five intervention areas specifically targeted at the private sector.

The project implementation was started in April 2015 with the ITTO Secretariat as the Executing Agency. All project activities of Phase 1 [Stage 1] have been fully executed. The timber enterprises, trade and industry associations, and logging companies, especially in the pilot countries, were the project's primary beneficiaries. Pilot enterprises, entrepreneurs and trade associations benefitted from capacity building and provided necessary information to the project. Other enterprises, including micro and small enterprises in the informal sector, benefitted from the project's training, market information as well as trade facilitation and development activities. The governments of the three pilot countries, as well as other ITTO member countries in the African Region benefitted from policy inputs and regional coordination provided by the project outputs and outcomes. The project's results will feed into later stages of the project and will form a robust platform for the implementation of the project's next phases and stages.

The project's outputs and implemented activities were:

- Output 1 Process to facilitate trade is in place and facilitated arrangements in operation for TTP exports in the region
- A1.1.1 Study on the costs and benefits of tariff and non-tariff barriers in selected countries is produced and disseminated
  - A1.1.2 Establishment of a web-based data base on tariff barriers for TTPs for easy access by private sector enterprises
- Output 2 National strategies for development of further processing and TTP exports in pilot countries have been implemented
- A2.1 A stakeholder workshop on potentials and constraints of industry and trade development in one pilot country
  - A2.2 Analytical work to support elaboration of draft national strategy
  - A2.3 Validation workshop of the strategic conclusions and recommendations
  - A2.4 Advisory service to implementation of policy proposals (including regulations, enforcement, incentives, public procurement policies, etc.)
  - A2.8 Regional workshop to exchange experience on industrial and trade development to share lessons learned
- Output 4 Measures to improve market transparency have been undertaken
- A4.1.1 Baseline study on domestic markets, cross-border trade and the role of the informal sector on one pilot country in West Africa
  - A4.1.2 Baseline studies on two pilot countries in Congo Basin
  - A4.2 Establishment of a pilot phase quarterly/monthly market news service on developments in the markets for African timber and timber products
  - A4.4 Establishment of web-based data base on African producers of tropical timber and timber producers and their products
- Output 6 250 trained persons are using the acquired skills in further processing and trade development
- A6.1 Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)
  - A6.2 Technical training in minimum 10 enterprises on improved practices in timber processing for at least 250 workers and staff benefiting from the activity
  - A6.4 Initiation of integration of training on timber processing in the curricula of forest/technical colleges
- Output 7 National industry/trade associations are capable for advocacy and providing adequate services to members
- A7.1 Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support
  - A7.2 Delivery of support packages to pilot associations
  - A7.3 Technical assistance to development of association services to members and advocacy (coaching)

To achieve the specific objective of the Project's Phase 1, the next stage (Stage 2) of the Project needs to be implemented (see document CEM-CFI(XL)/3, Committee on Forest Industry, section C item 1). The following are points that need to be followed up in the next stages of the project:

- Need to engage more players of industry and non-government organizations stakeholders;
- Organization of more training activities to improve technical and managerial capacities in trade and industry;
- Expand the dissemination of Africa-focused Market Information Service (MIS/MNS) to capture wider audiences and motivate the development of new market niches; and
- At the beginning of Phase I [Stage 2], it would be wise to hold a regional workshop for all key stakeholders of the countries involved in the project implementation to promote a common vision and stronger commitment to the project implementation.

Four African member countries (Benin, Cameroon, Côte d'Ivoire and the Republic of Congo) have written to the ITTO Secretariat expressing their desire that this important project continue to receive ITTO support. The Committee may wish to recommend that Phase I (Stage 2) receive immediate funding. All project activities of Stage 1 have been successfully implemented and acceptable final reports and financial statements have been submitted to the Secretariat (available on request). The Committee may wish to declare the project complete.