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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 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 (extended to 36 months)
To date: 40 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 Executing Agency was slow to finalize the project inception report incorporating the detailed work plan. 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 Executing Agency in May 2013, marking the official commencement of project implementation.

The implementation of the project experienced further 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 by ITTO in August 2014. However, the project implementation continued suffering delays due to the changes of project team and consultancy firm. In accordance with the request of the Executing Agency and the recommendation of the first PSC meeting which was held in April 2015, a letter approving no-cost extension of eighteen months was sent by ITTO in May 2015. The Executing Agency also submitted the request in September 2015 for subcontracting the consultancy firm which was approved subsequently. Since then the project has been progressing well.

The following project activities have been carried out to date:

- Several Technical Working Groups (TWGs) were created to continue the implementation of the project. The last TWG was tasked to revisit and finalized the selection criteria with point system in selecting the Sub-Contractor.
- The Sub-Contractor was finally chosen and eventually recommended to the BAC (Bids and Awards Committee) of the Forest Management Bureau (FMB) for final evaluation and awarding of the contract. A No Objection Letter (NOL) was received from the ITTO for the recruitment of the Sub-Contractor.
- A new Project Team was created due to the on-going re-organization in the DENR (Department of Environment and Natural Resources) that greatly affected the project implementation.
- The Project Work Plan and Financial Plan were prepared and finalized.
- Series of project meetings were concluded on project descriptions, activities and expected outputs. Also included were the discussions on assumptions, constraints, risks, what if scenarios, and critical success factors of the project.
- Intensive deliberation and discussion were conducted on the Technical and Functional Specification of the project required for Output 1 (Traceability Module), Output 2 (Verified Legal Origin or VLO Module) and Output 3 (On-Line Link on multi-tiered system).
- Undertook detailed and intensive discussion and deliberation on the required configuration of Output 1, Output 2 and Output 3.
- Series of intensive discussion and deliberation on the workflow and screens of integrated FSMS were carried out for Output 3.
- Preliminary coordination regarding arrangements with the concerned Region offices about the project and the pilot sites was already conducted.

This project will be completed in March 2017 based on the modified work plan. The first installment of funds of US\$ 171,000 has been disbursed to the Executing Agency and has been largely spent. The second and final installments of funds of US\$ 250,556 are pending due to the suspension of ITTO funding; the Executing Agency has indicated that it requires these funds to successfully attain the project objectives.

2. 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: 36 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 Executing 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.

During 2014-16, ten 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 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.

The Project Steering Committee convened in early 2016 and ITTO subsequently granted a no-cost extension to mid-2016. All project activities have now been successfully concluded and the Executing Agency is finalizing the completion report and financial audit. If these documents are submitted on time and deemed acceptable, the Committee may wish to declare this project complete. The complete progress report submitted by the Executing Agency (Spanish only) is available on request from the Secretariat.

3. 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)

Starting Date: March 2015

Duration: Planned: 24 months
 To date: 18 months

The project is designed to develop a national forest statistics management system in Côte d'Ivoire. The aim of this project is to achieve the full computerization of the forest statistics data collection and processing system and thereby contribute to improving the decision-making process within the forest sector of Ivory Coast.

The development of the statistics management system is based on two necessary outputs: (i) the deployment of IT equipment and software in 12 data collection centers and (ii) the collection of data in these centers according to established and harmonized procedures and training.

The 12 data collection centers have been equipped with computers and they are all connected to the internet as well. It is estimated that 50% of the roundwood production in these 12 pilot locations have been tracked through the system so far. The data which has been collected is available on the project website (www.eauxetforets.gouv.ci/oibt in French only). The system is currently still under testing phase (around 75% of the programming has been produced). Consequently, most of the activities of the output 1 ("The forest statistics management system is operational and improved.") have been completed. The activities of output 2 ("Data collection methods are appropriate and organized among collection centres") had to be slowed down due to the suspension of the last payment of US\$ 63,714 due to the financial constraint ITTO is currently experiencing. Only one activity of output 2 has started ("To define, harmonize and validate data collection procedures") and only 10% of this activity has been achieved so far.

The project which was due to be completed by February 2017 is currently negatively affected by the suspension of the funds. These funds should originally cover the production of the guidelines for the validation procedures, the training of the stakeholders for using the system and the final testing of the software. Without the allocation of the funds, the non-completion of these critical steps could undermine completely the project.

4. PD 756/14 Rev.1 (M) Development of a Business Management Services Program of Forest MSMEs (Micro, Small and Medium Enterprises) in Guatemala

Budget and Sources of Funding:

Total Budget:	US\$ 275,053
Government of U.S.A.:	US\$ 149,341
Government of Guatemala:	US\$ 125,712

Executing Agency: Instituto Nacional de Bosques (INAB)

Approved: Autumn Project Cycle, October 2014

Financed: Fiftieth Council Session (Yokohama, 2014)

Starting Date: November 2015

Duration: Planned: 24 months
To date: 10 months

Following the signing of the project agreement in June 2015, the implementing agency had been working on the finalization of the project inception report incorporating the detailed work plan. 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 Executing Agency in November 2015, marking the official commencement of project implementation.

The project implementation was actually started in March 2016 after hiring accountant service and 2 business management assistants and purchasing the computer equipment for regional delegates that INAB hired as counterpart for this project.

The NOL request for the training services of regional and national work team (10 persons) hired by INAB and other regional technicians from local organizations was submitted and approved in June 2016. This training service is the basis of the project to create capabilities in assisting community groups for the achievement of the project objectives and outputs.

INAB has also started to work in seeking other options for co-funding this important project, which would help to maintain the timely achievement of the objectives of the project despite the suspension of ITTO funding.

5. 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 (extended to 12 months)
To date: 26 months

The aim of this pre-project is to gather the information required to formulate a forest certification project proposal to ITTO in order to improve the sustainable forest management (SFM) of the estimated

17,856.10 ha of plantations managed by the Office National du Bois (ONAB) in Benin. The expected outputs are: (i) the gathering of a baseline information needed for the certification of the ONAB national plantation estates and (ii) a project formulation for the timber certification in Benin submitted to ITTO for approval.

The pre-project started in July 2014 and the activities related to the pre-project ended in April 2016 with a validation workshop during which the results and accomplishments of the pre-project were presented to the main stakeholders. All the activities of the two outputs were fully completed during the implementation of the pre-project. The main output of the pre-project was a project proposal which was submitted to ITTO for the 51st Expert Panel for Technical Appraisal of ITTO Project Proposals under the project number PD 821/16(M) ("Certification of forest plantations managed by the Office National du Bois (ONAB)"). Despite a smooth and consistent implementation of all the activities of the pre-project, the main result of the pre-project, i.e. the project proposal, was not recommended by the Expert Panel and rated category 4 ("the Panel concluded that it could comment the proposals to the Committee, and submits them to the Committees with the recommendation not to approve the project proposal").

The main issue of the project proposal was the lack of clarification of the certification schemes that the project was supposed to implement in the Benin plantations. As the Expert Panel stated, "the Panel noted a number of important weaknesses in Activities, Objectives, Work Plan, Methods, Budget and Risks Assessment which would make the outputs of the project very difficult to attain. Overall, the Panel noted a certain confusion of the definition of Principles, Criteria and Indicators (PCI), whether these PCI will be nationally adopted for ITTO Sustainable Forest Management (SFM) or will these PCI used for a forest certification under international bodies such as The Forest Stewardship Council (FSC). This lack of clarity undermined the submission of the project proposal. The project proposal does not explain what SFM policy has been applied in the plantations and there is no visibility on how certification should be implemented and which certification the stakeholders would use. Moreover, the project's goal of full certification of all plantations seems very ambitious and somehow unrealistic as the Risks assessment seems to have been underestimated." Besides a project proposal, a market review of the Benin certified timber was also realized and completed during the implementation of the pre-project.

The completion report was submitted in June 2016 and the final audit report was just submitted to ITTO on 26 August 2016 and is currently being reviewed. If the audit report is deemed satisfactory, the Committee may wish to declare this project completed.

[B] Projects Pending Agreement

1. PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique

Budget and Sources of Funding:

Total Budget:	US\$ 406,238
ITTO Contribution:	US\$ 321,138
Government of Mozambique:	US\$ 85,100

Executing Agency: National Directorate of Land and Forest (DNTF)

Approved: Spring Project Cycle, April 2015

Duration: Planned: 15 months

While funds were pledged to this project after the Fifty-first Council Session, subsequent events led to the decision to suspend implementation of this project and any disbursement of funds until after the Fifty-second Council Session considers the impairment of ITTO funds. The status of this project will be updated once relevant decisions are taken at the Fifty-second Council Session.

[C] Projects Pending Financing

1. PD 124/01 Rev.5 (M) **Promotion of Sustainable Management of African Forests Phase III Stage 3 (ITTO/ATO)**

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 should now be considered for financing following completion of Phase III Stage 2 (see document CEM-CFI(L)/2). The project coordinator prepared a revised work plan (18 months) and budget US\$673,325) for Phase III Stage 3 which was approved by the on-line no-objection process in September 2015. The Government of China pledged US\$100,000 to this project in August 2014 but unfortunately these funds were impacted by the failed ITTO investments. 4 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.

2. PD 751/14 Rev.2 (M) **Sustainable Forest Management in the Chimbo River Basin, Ecuador: Conserving Forest Resources and Agroforestry Systems as a Mechanism to Strengthen the Economic Inclusion of Community Families, Particularly Rural Women, Settled in the Area (Ecuador)**

Budget and Sources of Funding:

Total Budget:	US\$ 217,794
ITTO contribution:	US\$ 166,914
SENDAS contribution:	US\$ 50,880

Executing Agency: Servicios para un Desarrollo Alternativo del Sur (SENDAS)

Approved: Spring Project Cycle, April 2016

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 2017.

3. PD 796/15 Rev.2 (M) **Establishing a System for the Collection, Storage, Processing and Dissemination of Forest and Wildlife Statistics in Cameroon (Cameroon)**

Budget and Sources of Funding:

Total Budget:	US\$ 694,419
ITTO contribution:	US\$ 567,627
Government of Cameroon:	US\$ 126,792

Executing Agency: Division de la Coopération et de la Programmation, Ministère des Forêts et de la Faune

Approved: Spring Project Cycle, April 2016

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 2017.

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\$	3,132,009.89
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\$	177,755.00
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.

During the Forty-eighth Session of CEM-CFI, the Secretariat informed the Committees that funds available under this long-running project had been depleted and that no further assistance could be offered to members for project formulation until additional funds were provided. The Committees noted the importance of support for project formulation and decided to recommend that additional funds be made available by donors for this project at that Session and that the issue of an additional programme support charge to provide funds for project formulation assistance be included on the agenda of the Committee on Finance and Administration (CFA) at its next Session. The USA subsequently pledged US\$22,755 for this project in 2014. With the available funds, a training course on ITTO project formulation was conducted in Mexico from 11 to 15 May 2015. Following the training in Mexico, the project budget is again exhausted. This issue was suggested to be raised in the Committee on Finance and Administration (CFA). However, due to other important issues, this issue was not discussed at the CFA's Thirtieth Session. Hopefully there will be time for CFA to consider this matter at its Thirty-first Session since there are now no funds remaining for this important work to continue.

2. 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: 85 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 supports 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 Executing 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 submitted to ITTO a request, attached with a revised action plan and work plan, for a six month extension to complete the remaining project activities. The project will mainly utilize available domestic experts and consultants to undertake remaining activities.

Following the presentation of the mission report by the Secretariat, the Committee recommended at its Forty-eighth Session to release the project balance of US\$39,130 subject to the Executing Agency fulfilling the conditions set out under the recommendations listed in the mission report, and granted a 6 (six) month extension without additional funds. The project balance was released to the Executing Agency on 8 April 2015, however no progress/final reports were received on the use of these funds to date despite repeated requests.

The Committee may wish to recommend that the project be terminated.

3. 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: 34 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.

Until the date of reporting, the Project has made the following progresses: 9 (nine) completed activities, 7 (seven) on going activities and 3 (three) activities under preparation for execution. The following table shows the progress of the project implementation:

Outputs and activities		Progr ess (%)	Completi on
Output 1: Investment in bamboo industry development promoted			

Activity 1.1.	Collect, publish and disseminate reliable information on Bali's bamboo growing stock	100	Sep.2014
Activity 1.2.	Collect, publish and disseminate updated information on market demand for bamboo products and processing technologies	100	Oct. 2014
Activity 1.3.	Conduct feasibility study on bamboo development project in Bali	100	May 2015
Activity 1.4.	Assess adequacy of economic infrastructure and discuss findings with Bali government	100	Dec. 2015
Activity 1.5.	Organize one national workshop on bamboo industry development in Bali	100	Feb. 2015

Outputs and activities		Progr ess (%)	Completi on
OUTPUT 2. Institutional framework for bamboo industry development enhanced			

Activity 2.1.	Identify and officially designate zone area for bamboo industry development	100	Jul. 2014
Activity 2.2.	Install and operate a publicly accessible bamboo information system	80	Oct. 2016
Activity 2.3.	Establish a stakeholder consultation forum for bamboo industry development	80	Oct. 2016

Activity 2.4.	Review Existing policies and define bamboo management regime to guide the conduct of efficient bamboo resource development and utilization	70	Oct. 2016
Activity 2.5.	Launch national campaign to promote bamboo industry development	80	Jan. 2015
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	100	Oct. 2016
Activity 3.2.	Establish 12 Ha of demonstration plantation of 4 bamboo species having high commercial value in 4 sites under different treatments	90	Oct. 2016
Activity 3.3.	Identify and develop appropriate technologies for producing quality planting materials to support bamboo plantation development	100	Nov. 2014
Activity 3.4.	Identify appropriate bamboo processing technologies for a small-scale processing plant	100	Jul. 2014
Activity 3.5.	Procure and install selected technologies, and operate the processing plant	30	Sep. 2016
Activity 3.6.	Conduct a series of training on production of planting materials, plantation establishment, natural bamboo management techniques and efficient processing techniques	75	Oct. 2016

To date, a total of US\$311,000 has been transferred through two installments to the EA for the project implementation. The remaining three installments amount to US\$153,301. The current unexpected situation with ITTO funding will give some negative impact to the project implementation. All remaining project activities may be completed with some adjustment on their planned targets and activities, as follows:

- 1) Instead of supporting three community groups , the project will support only one group to establish bamboo processing facilities;
 - 2) Rearrange the procurement of equipment and machinery for bamboo processing; and
 - 3) Reduce budgets of ongoing activities and renegotiate the exiting contract with third parties.

As for the exit strategy, the following plans have been identified:

- 1) Continuing activities of the national campaign on bamboo utilization and industry in Indonesia through "a thousand bamboo village program" supported by other parties and stakeholders;
 - 2) Maintaining established networking on bamboo development and bamboo industry with several institutions/organizations in Indonesia and some international organizations, such as such as International Network for Bamboo and Rattan (INBAR), China Bamboo Research Center (CBRC), World Bamboo Organization (WBO) and World Bamboo Society (WBC); and
 - 3) Developing a new project proposal with new donors to evolve the results of the ITTO Project PD 600/11 Rev. 1 (I).

4. 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
Government of Japan:	US\$	200,068
Government of U.S.A.:	US\$	50,000
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: 27 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.

The project has completed all of its activities. The project was successful in being able to strengthen the performance of the wood processing sector through building local capacity and enhancing national system. This impacted positively in promoting and facilitating efficient trade and utilization of lumber for local and export markets. Some 320 persons from the sector have received training and /or awareness building in relation to wood processing through 17 cluster sessions held in timber producing districts all across Guyana. The feedback from sawmills that have implemented some of the practices recommended by training sessions and the revised timber grading rules were showing that there has been an improvement in the wood processing recovery rate with the average rate being 55%. However most importantly, they companies were showing improvement in the recovery of value from logs and improvement in the quality of products being produced.

Output 1: Policy and Code of Practice for Wood Processing

A document review was conducted to gather relevant information and data on the present situation in the wood processing sector and on the draft Code of Practice for Wood Processing Facilities (Sawmills and Lumberyards). In the first quarter of the project implementation period, Guyana Forestry Commission (GFC) staff members have been identified for training across the main field divisions. In the second quarter, the training curriculum has been completed for four categories of stakeholders: i) managers and supervisors; ii) sawmill operators; iii) lumber yard operators; and iv) inspectors/regulators. A detailed outlined of training areas was prepared covering 26 technical training areas, spread across the 4 categories of stakeholders.

Output 2: Capacity-building Strategic Plan emphasizing improved equipment and machinery and skills development for the wood processing sector

A document review was conducted to gather relevant information and data on the present situation in the construction and wood processing sector to prepare relevant materials on the trade of lumber, develop an inspection and certification system for lumber, and make recommendations for alignment of standards and codes for the use of quality lumber in the construction sector. A desk review was also undertaken to 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. The detailed Report covers the following main aspects: i) system for inspection, certification and trade of lumber; 2) review of regulatory requirements for export of lumber; and 3) recommendations for a national system.

Output 3: Training manuals, workshops and improved skills in the wood processing sector.

The existing Guyana Timber Grading Rules was reviewed and revised. The major guiding principles of the revision, were:

- 1) To include a wide range of opinions – both in Guyana and abroad - in a process of stakeholder involvement to reach consensus on a revised version of the GTGR;
- 2) To simplify the grading rules to make them easier to follow and apply for graders, exporters and buyers. To dovetail the GTGR with the major international rules, especially those in the US, the EU and the Caribbean;
- 3) To focus on a few major product groups for grading while retaining as optional grading for a range of minor products;
- 4) To refocus grading on visual strength grading for structural timbers and appearance grading for non-structural utility and decorative woods;
- 5) To provide a clear description of the defects most commonly encountered in Guyana timber;
- 6) To review the inclusion of dimension tolerances in the grades and shift these towards bi-lateral agreements between buyers and sellers;
- 7) To address the issue of moisture content in wood as part of the grading;
- 8) To review possibility of including timber imports into the grading rules; and
- 9) To introduce a “fit-for-purpose” grade for certain product groups which can be included in the case that the product does not meet the regular grades but specifications are agreed between seller and buyer.

The revised Timber Grading Rules was finalized in May 2016. Over the period January to May 2016, a series of awareness session were held with the following groups of stakeholders: construction sector (Contractors, Architects, etc.) and value-added sector (Furniture, Windows, Doors, spindles, etc.). A total of 320 sector operators were trained across regional locations in Guyana over a five month period. The training and awareness sessions were well received and there was an overall higher level of understanding of the grading rules, the outputs of the project and the use of timber. Over this period as well, posters were designed and printed to facilitate users making more informed decision when purchasing lumber. These posters covered the following areas: revised Timber Grading Rules and uses of Wood.

The project was effectively executed in relation to budget resources allocation and has successfully fulfilled all required outputs. The project Completion Report has been submitted to ITTO Secretariat. In the event that the final financial audit report is submitted and deemed satisfactory prior to its Fiftieth Session, the Committee may wish to declare this project completed.

5. 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
Government of Japan:	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)

Starting Date: March 2015

Duration: Planned: 12 months
 To date: 18 months

The aim of this project is to strengthen human resource development via a capacity building program 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 involves 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 programs conducted through various seminars on forestry related issues during the course of the project.

During the reporting period, the project has completed all of its activities. Summary of the project's achievement were:

Output 1: Adequate trained personnel on RIL implementation

Throughout the project, a total of 170 forestry officers from all over Peninsular Malaysia had attended 13 training of the trainers (TOT) courses held. This surpassed the initial target of 110 participants and 11 courses for the TOT. Additionally, the courses held for forest workers also exceeded the initial target where 552 participants had attended 22 courses compared to 360 participants and 12 courses initially. These were achievable through additional fund received due to different currency exchange rate during the first and second instalment of the project funding by ITTO.

Output 2: Sufficient information related to RIL implementation

In order to disseminate information related to RIL implementation thus far in Peninsular Malaysia, a seminar was held in Bangi, Selangor in May 2016. The seminar was attended by 153 participants from all over Malaysia. The two days seminar was packed with 11 paper presentations which were presented by 11 speakers from Forestry Departments of Peninsular Malaysia, Sabah and Sarawak, academicians from local higher learning institutes, as well as key players in the industries. The seminar covered many important aspect of RIL such as road engineering, pre-felling activities, economic edge of RIL, certification, as well as sharing of experiences of RIL conduct in other places. All in all, it can be concluded that the seminar managed to provide to the participants a rounded view of RIL and put forward causes to start considering RIL thoroughly for forest operations in whole.

The project was effectively executed in relation to budget resources allocation and has successfully fulfilled all required outputs. In the event that all required final reports will have been submitted and deemed satisfactory prior to its Fiftieth Session, the Committee may wish to declare this project completed.

[B] Projects and Pre-projects Pending Agreement

- 1. 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

While funds were pledged to this project after the Fifty-first Council Session, subsequent events led to the decision to suspend implementation of this project and any disbursement of funds until after the Fifty-second Council Session considers the impairment of ITTO funds. The status of this project will be updated once relevant decisions are taken at the Fifty-second Council Session.

- 2. PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras**

Budget and Sources of Funding:

Total Budget:	US\$ 248,624
ITTO contribution:	US\$ 196,224
Government of Honduras/ICF:	US\$ 52,400

Executing Agency: Instituto Nacional de Conservación y Desarrollo Forestal, Areas Protegidas y Vida Silvestres (ICF)

Approved: Spring Project Cycle, April 2015

Duration: 24 months

While funds were pledged to this project after the Fifty-first Council Session, subsequent events led to the decision to suspend implementation of this project and any disbursement of funds until after the Fifty-second Council Session considers the impairment of ITTO funds. The status of this project will be updated once relevant decisions are taken at the Fifty-second Council Session.

[C] Projects and Pre-projects Pending Finance

1. PD 700/13 Rev.2 (I) **Development of Intra-African Trade and Further Processing of Tropical Timber and Timber Products – Phase I Stage 2 (ITTO)**

Budget and Sources of Funding:

Total Budget:	US\$ 4,874,556
ITTO contribution:	US\$ 3,759,256
Participating Governments:	US\$ 297,000
Private Sector	818,300

Executing Agency: ITTO

Approved: Spring Project Cycle, April 2015

Duration: 24 months

Phase I Stage 2 of this project should now be considered for financing following completion of Phase I Stage 1 (see document CEM-CFI(L)/2). 4 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.

2. 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\$ 635,728
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 2016

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 2017.

3. PD 771/15 Rev.2 (I) **Genetic Conservation, Utilization and Management of Gall Rust Resistant Strains of *Falcataria moluccana* Growing in the Philippines**

Budget and Sources of Funding:

Total Budget:	US\$ 1,411,213
ITTO contribution:	US\$ 1,248,913
Government of Philippines:	US\$ 162,300

Executing Agencies: Department of Biological Sciences (FBS)
College of Forestry and Natural Resources (CFNR)
University of the Philippines Los Banos (UPLB)
Department of Environment and Natural Resources (DENR)-CARAGA
Centre de Coopération Internationale en Recherche Agronomique pour le Développement (CIRAD)

Approved: Spring Project Cycle, April 2016

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 2017.

4. PD 788/15 Rev.2 (I) Achieving Sustainable Forest Management through Enhanced Competitiveness of Small & Medium Wood Industries (SMWIs) in Ciamis District of West Java Province, Indonesia

Budget and Sources of Funding:

Total Budget:	US\$ 643,560
ITTO contribution:	US\$ 569,710
Government of Indonesia:	US\$ 73,850

Executing Agency: Directorate of Forest Product Processing and Marketing, (Direktorat Bina Pengelolaan dan Pemasaran Hasil Hutan), DG of Sustainable Forest Management, Ministry of Environment and Forestry

Approved: Spring Project Cycle, April 2016

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 2017.

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