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REPORT OF COMPLETED PROJECTS AND PRE-PROJECTS

This document highlights the work carried out under project PD 621/11 Rev.3 (M) and pre-project PPD 167/13 Rev.1 (M) of the Committee on Economics, Statistics and Markets and PD 722/13 Rev.1 (I) of the Committee on Forest Industry. The Committees may declare these projects and pre-project complete:

Committee on Economics, Statistics and Markets

1. 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
Actual: 40 months

This project aimed to promote the use of timber sourced from forests under sustainable forest management, in order to enhance the transparency of timber marketing and improve 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 included: (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 trained 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 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 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 also provided input to the project implementation. All of these systems were studied to collect their lessons and experiences in order to improve the design of software developed by the project.

The electronic traceability system developed by the project is easy to use and very practical for recording information regarding the forest operations. It allows forest products to be reliably traced from their source, providing project beneficiaries with a tool to control wood from the forest to the processing plant. The electronic traceability system was implemented in 18 forestry companies, of which 4 are located in Ucayali, 8 in Madre de Dios and 6 in Arequipa. It was also implemented for 7 native communities, of which 6 are found in the department of Ucayali and 1 in the department of Madre de Dios. CNF is maintaining contact with the users of the system to make required improvements and to further adapt it to the different realities and needs of the native companies and communities that have adopted the system.

All project activities were successfully concluded by the end of 2016 and the Executing Agency submitted the completion report and financial audit in early 2017. These documents were approved by, and are available on request from, the Secretariat (Spanish only). The completion report and all other technical outputs of the project are available through the Project Search function on ITTO's website. The Committee may wish to declare this project complete.

2. 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)
Actual: 30 months

The aim of this pre-project was 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 were: (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 leading to rejection 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 be 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. This market review can be found on the ITTO website using the project search function.

The completion report was submitted in June 2016 and the final audit report was submitted to ITTO at the end of 2016 and reviewed and accepted by the ITTO Secretariat. The Committee may wish to declare this project complete.

Committee on Forest Industry

1. 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
 Actual: 26 months

The aim of this project was 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 was to improve the efficient implementation of RIL in permanent reserved forest in Peninsular Malaysia. The Specific Objective was to strengthen the capacity of personnel on RIL implementation in permanent reserved forest in Peninsular Malaysia.

This project focused on training of personnel and concentrated on activities like training of forest workers and organizing seminars. It involved courses that related directly to RIL and the training was conducted mainly at Terengganu Forestry Training Centre (TFTC) in Kuala Berang, Terengganu. At the end of the project about 470 personnel were 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 benefited from awareness raising programs conducted through various seminars on forestry related issues during the course of the project.

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 day seminar included 11 paper presentations which were presented by 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 following table shows the performance of each project activity:

Operational Activity	Percentage Executed	Planned Completion Date	Completion date
Output 1: Adequate trained personnel on RIL implementation			
Activity 1.1. Train Personnel			
Sub activity 1.1.1 Collect, collate and update materials for use in preparation of training modules	100%	January 2015	January 2015
Sub activity 1.1.2 Prepare Training Modules	100%	February 2015	March 2015
Sub activity 1.1.3 Prepare and acquire training aids and materials	100%	March 2015	December 2015
Sub activity 1.1.4 Prepare training reports	100%	April 2016	September 2016
Sub activity 1.1.2 Steering Committee Meeting	100%	i. March 2015 ii. May 2016	i. April 2015 ii. Sept. 2016
Output 2: Sufficient information related to RIL implementation			
Activity 2.1. Organise seminar			
Sub activity 2.1.1 Conferences/ Seminar/ Workshop/ Talks	100%	February 2016	May 2016
Sub activity 2.1.2 Information, outreach and stakeholder consultation	100%	December 2015	May 2016
Sub activity 2.1.3 Annual audit	100%	October 2016	8 November 2016
Sub activity 2.1.8 Project Monitoring and Administration	100%	March 2016	September 2016

Based on the activities undertaken, it could be concluded that the project on “Capacity Building on Reduced Impact Logging (RIL) in Dry Inland Forest in the Permanent Forest Reserve of Peninsular Malaysia” was successfully implemented. The project has managed to produce a group of trainers who have the technical capabilities to demonstrate their skills in RIL related matter for future training purposes. Many capable forest workers both from government and private sector were also trained to conduct their daily forest operations according to RIL guidelines. Finally, the seminar managed to disseminate a huge load of eye-opening inputs which could pull the trigger for RIL total implementation in future.

The training conducted for the trainers managed to gain participation from forestry officers from related positions. The courses were attended by Forest Conservators, Forest Rangers, and Foresters. Meanwhile, the courses organized for forest workers managed to gain participation from both department staffs as well as private forest workers. As for the seminar, the participation came from even more diverse group of participants from Forestry Department of Peninsular Malaysia, State Forestry Department of Sabah and Forest Department of Sarawak, academicians from local universities, researchers, industry players as well as private forest workers.

In order to ensure sustainability of qualified trainers for future training purposes, a group of highly trained SMEs will be formed and recognized by the department. The trainers produced throughout the project to be monitored and their performance knowledge and skills on RIL’s practices be enhanced periodically. This will safeguard the longevity of precise technical knowledge and skills to be passed down for future forest guardians.

The project was effectively executed in relation to budget resources allocation and has successfully fulfilled all required outputs. The Executing Agency has satisfactorily submitted the completion report and a final financial audit report. The Committee may wish to declare the project duly complete.