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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 51 months including 15 month suspension due to funding impairment)  
To date: 75 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 18 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 project implementation is back on track and most of the project outputs and activities have been implemented.

The unexpected situation with ITTO funding impairment caused some negative impact to the project implementation. As the project funding was resumed, the Executing Agency had submitted a workplan and budget in March 2017 and further revised in May 2017, which was approved by ITTO in June 2017. Based on the approved workplan and budget, the second installment of funds of US\$163,910 was disbursed to the Executing Agency in July 2017. The third and final installment of funds of US\$79,341 will be released based on the progress in project implementation.

The following project activities have been carried out to-date:

- Concluded a series of project meetings that enhanced levelling-off with the Sub-contractor on project descriptions, activities and expected outputs for the period. Also discussed assumptions, constraints, risks, what if scenarios, and critical success factors of the project.
- Translated the different Technical and Functional Specifications required of the project for Output 1 (Traceability Module), Output 2 (Verification of Legal Origin or VLO Module) and Output 3 (On-Line, Multi-tiered & Integrated Forest Monitoring System), into the NFSMS.
- Conducted meetings and discussions of the Traceability Module Configurations (Output 1); VLO module configuration (Output 2) and field module and FSMS environment configuration (Output 3) that constitute the NFSMS.
- Conducted meetings, discussions and demonstration in terms of workflows and screens of the NFSMS.
- Completed and finalized coordination work and other logistical arrangements with the concerned DENR Region Office and the tenure holder for the new project pilot site due to the suspended release of projects from the ITTO.
- Completed deployment and testing of into the DENR Server, the Traceability Module, VLO (Verified Legal Origin) Module, and FMS Data Entry Module of the NFSMS.
- Conducted User Acceptance Testing (UAT) of the Traceability module, VLO (Verified Legal Origin) Module, and FMS data entry Module of the NFSMS.
- Conducted Pilot/Field testing of the NFSMS by module i.e. the Traceability module, VLO (Verified Legal Origin) Module, and FMS data entry Module.
- Conducted discussion on additional technical functionalities of the NFSMS to cover registered private tree plantations, and single-standing or cluster of planted tree in private lands.

The implementing agency had indicated in 2018 prior to the Fifty-second CEM Session that it would prepare and submit the completion and financial reports. However, nothing has been received in the intervening year and there has been no substantive response to messages from the Secretariat. Due to the failure of the implementing agency to comply with the reporting requirements specified in the project agreement in a reasonable time (the project has now been on-going for more than four times the originally planned duration, and for two years longer than the approved extension period), the Committee may wish to recommend this project for termination as per the relevant clause of the project agreement.

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

## Budget and Sources of Funding:

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

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

Approved: Spring Project Cycle, April 2015

Financed: March 2016

Starting Date: July 2018

Duration:	Planned:	15 months
	To date:	14 months

While funds were pledged to this project in March 2016, subsequent events led to the decision to suspend implementation of this project and any disbursement of funds until after the Fifty-second Council Session considered the impairment of ITTO funds later that year.

The agreement for this project was therefore signed by ITTO and the Government of Mozambique in June 2017 and the Executing Agency submitted the inception report and all other start-up documentation in July 2018 after which the first installment of funds was transferred. A progress report/project launch report was submitted in March 2019 (covering activities to the end of 2018), but the required progress report covering activities in the first half of 2019 had not been received by the Secretariat by the time of preparing this document.

Based on the first progress report submitted (available in full from the Secretariat), the Executing Agency undertook project start-up activities (including recruitment of project team members from government agencies) in late 2018. A project steering committee was established consisting of representatives of all government agencies involved in forest law enforcement. The title of the Executing Agency has been changed to the National Directorate of Forests, currently under the supervision of the Ministry of Land, Environment and Rural Development (MITADER). The Provincial Forestry and Wildlife Services of Sofala are involved in establishment of an illegal logging control forum in Sofala province, while the Environmental Quality Control Agency (AQUA), which is also under the supervision of MITADER, is also contributing to project implementation as a key body in charge of forest law enforcement.

ITTO approved recruitment of the international and national consultants who will carry out project field activities in April and June 2019, respectively. The first project monitoring visit is scheduled to be undertaken by the Secretariat in November 2019. A report on this visit will be provided to the Committee. The representative of Mozambique may also be requested to inform the Committee of recent progress in project implementation and the reason(s) for their inability to submit the required progress report in time for the preparation of this document.

3. PD 751/14 Rev.3 (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\$	163,280
Government of U.S.A.:	US\$	130,000
Government of Ecuador/SENDAS:	US\$	33,280

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

Approved: Spring Project Cycle, April 2016

Financed: Fifty-second Council Session (Yokohama, 2016)

Starting Date: December 2017

Duration: Planned: 24 months  
To date: 20 months

The agreement for this project was signed by ITTO and the Executing Agency submitted the Inception Report and all other start-up documentation to the ITTO Secretariat in December 2017, after which the first installment of funds was disbursed, marking the official commencement of project implementation.

The following project activities have been carried out to date:

- Created alliances with public institutions in the three Municipal Governments: Bucay, Pallatanga and Cumandá, that have the environmental competences framed within the activities of the project, with the objective of giving continuity to the processes once the project ends, for which cooperation agreements have been signed.
- Socialized the project with key stakeholders and beneficiary counterparts in the territory, and with national actors involved in the same thematic line in the Provincial Governments (Chimborazo and Guayas) and the Environment ministries (MAE) and, Agriculture and Livestock (MAG).
- Collected information from farms and producers located in the three territories, which covers the general situation of the subject of production, its location, and groups organized and functioning for women.
- With the diagnosis of farms, located two groups of actors to build the nurseries, in coordinating with the Ministry of Environment and Agriculture to achieve the operating permits and generate a continuous work link.
- Constantly coordinated with the Municipal Governments, making project work visible and achieving links with the project stakeholders to guarantee the continuity of the activities, especially with the technicians of municipal environment departments.

Due to changes of national and local governments in 2019, the implementation of some activities suffered from a slight delay as compared to the scheduled workplan. A project monitoring mission was undertaken by the Secretariat in July 2019 which found that all project activities were back on track. The final installment of project funds has subsequently been sent to the Executing Agency and the project is expected to be successfully completed on schedule in early 2020. A full progress report was submitted by the Executing Agency in August 2019 and is available from the Secretariat (Spanish only).

**[B] Projects Pending Financing****1. 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 contribution:	US\$	126,792

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

Approved: December 2017 (approved status reinstated at ITTC 53 after lapsing under Decision 2(X) sunset provision earlier in 2017)

Duration: 24 months

While the Government of USA pledged US\$80,000 to this project in December 2017, full 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 under the sunset provision of Decision 2(X) Annex 2 on 31 January 2020.

**2. PD 819/16 Rev.3 (M) Market Survey for Forest Products in Peru**

## Budget and Sources of Funding:

Total Budget:	US\$	605,272
ITTO contribution:	US\$	406,459
Executing Agency contribution:	US\$	198,813

Executing Agency: Cámara Nacional Forestal (CNF)

Approved: September 2019

Duration: 30 months

This project was originally scheduled to lose its approved status under the sunset provision of Decision 2(X) Annex 2 on 31 July 2019. The government of Peru submitted a letter to the Executive Director requesting that the project's approved status be maintained under the provisions of Decision 2(X) Annex 2. The extension was subsequently approved by the online no-objection process in September 2019. The new sunset date for this project is 30 April 2021.

**3. PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala**

## Budget and Sources of Funding:

Total Budget:	US\$	581,536
ITTO contribution:	US\$	416,080
Executing Agency contribution:	US\$	165,456

Executing Agency: Instituto Nacional de Bosques (INAB)

Approved: November 2019

Duration: 36 months

This project lost its approved status under the sunset provision of Decision 2(X) Annex 2 on 30 April 2019. The government of Guatemala submitted a letter to the Executive Director requesting that the project's approved status be maintained under the provisions of Decision 2(X) Annex 2. Following consultations with a donor potentially interested in funding the project, the extension was subsequently approved under the provisions of Decision 5(XLIX) by the online no-objection process in November 2019. The new sunset date for this project is 31 July 2021.

**4. PD 844/17 Rev.2 (M) Promoting Plantation of the Locally Endangered Species Timoho (*Kleinhovia Hospita* L.), Mentaok (*Wrightia Pubescens* R.Br.) and Terbelo Puso (*Hymenodictyon Orixense* (ROXB.) MABB.) to Enhance Sustainable Use, Local Communities Livelihood and Culture (Indonesia)**

Budget and Sources of Funding:

Total Budget:	US\$	681,411
ITTO contribution:	US\$	592,051
Government of Indonesia contribution:	US\$	89,360

Executing Agency: Research and Development Institute for Watershed Management Technology, Ministry of Environment and Forestry, Indonesia

Approved: September 2018

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 under the sunset provision of Decision 2(X) Annex 2 on 31 May 2020.

**5. PD 845/17 Rev.2 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana**

Budget and Sources of Funding:

Total Budget:	US\$	171,344
ITTO contribution:	US\$	146,944
Government of Ghana contribution:	US\$	24,400

Executing Agency: Rural Development and Youth Association (RUDEYA)

Collaborating Agency: Resource Management Support Centre (RMSC/FC)

Approved: September 2019

Duration: 18 months

This project was originally scheduled to lose its approved status under the sunset provision of Decision 2(X) Annex 2 on 31 July 2019. The government of Ghana submitted a letter to the Executive Director requesting that the project's approved status be maintained under the provisions of Decision 2(X) Annex 2. The extension was subsequently approved by the online no-objection process in September 2019. The new sunset date for this project is 30 April 2021.

**6. PD 879/18 Rev.1 (M) Building the Capacity of the National Forest Information and Statistics System (Benin)**

Budget and Sources of Funding:

Total Budget:	US\$	385,288
ITTO contribution:	US\$	347,088
Government of Benin contribution:	US\$	38,200

Executing Agency: Direction Generale des Eaux, Forets et Chasse (DGEFC)

Collaborating Agency: Institut National des Statistiques et de l'Analyse Economique

Approved: September 2019

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 under the sunset provision of Decision 2(X) Annex 2 on 30 April 2021.

**7. PD 893/19 Rev.1 (M) Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana**

Budget and Sources of Funding:

Total Budget:	US\$	648,044
ITTO contribution:	US\$	567,694
Government of Ghana contribution:	US\$	80,350

Executing Agency: Forestry Research Institute of Ghana (FORIG)

Approved: September 2019

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 under the sunset provision of Decision 2(X) Annex 2 on 30 April 2021.

**8. PPD 193/19 Rev.1 (M) Enhancing Socio-Economic Development and Environmental Protection through Comprehensive Bamboo and Rattan Program in the ASEAN Member Countries (Philippines)**

Budget and Sources of Funding:

Total Budget:	US\$	146,600
ITTO contribution:	US\$	131,600
Government of Philippines contribution	US\$	5,000
INBAR contribution:	US\$	10,000

Executing Agency: INBAR

Collaborating Agencies: ERDB-DENR, ICBR, Relevant Agencies, NGOs, Private Sector and Other Investors in Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Thailand, Vietnam

Approved: September 2019

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 under the sunset provision of Decision 2(X) Annex 2 on 30 April 2021.

## FOREST INDUSTRY

### [A] Projects and Pre-projects under Implementation

1. PD 737/14 Rev.2 (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\$	787,502
Government of Japan:	US\$	589,863
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 2016

Financed: March 2016

Starting Date: October 2017

Duration: Planned: 48 months  
To date: 23 months

While funds were pledged to this project in March 2016, subsequent events led to the decision to suspend implementation of this project and any disbursement of funds until after the Fifty-second Council Session considered the impairment of ITTO funds. The amount pledged to this project was US\$489 less than the approved budget. The Secretariat liaised with the Executing Agency and a minor amendment to the project budget was agreed to allow the project agreement to be signed based on the amount of funds actually received. The project agreement has been signed in March 2017 and the Executing Agency submitted the Inception Report and other requirements to the ITTO Secretariat in October 2017. The first installment of funds was sent immediately thereafter.

This project aims to increase the contribution of the forest sector to renewable energy supply and regional economic development through increased supply of wood-based biomass energy. Its specific objective is to improve enabling conditions for building up supply capacity of wood-based biomass energy in North Sumatra region by efficiently utilizing existing forest resources through development of energy forests on degraded lands involving local communities.

The expected outputs of proposed project are i) development of sustainable supply of energy wood initiated, ii) skillful manpower for development of wood-based biomass energy available, and iii) investment in wood-based energy industry development promoted. The project will be implemented in close collaboration with local governments, local communities, private sector and other partners.

It is expected that at project completion, improved enabling conditions for development of wood-based energy industry will support achievement of national policy objectives of green energy development through efficient utilization of available forest resources. Development of energy forests on degraded lands will surely reduce carbon emission and at the same time open up larger job opportunity that will augment income of local communities. In addition, operation of power plants for manufacturing of wood pellets or generation of electricity power will also create large number of jobs thus increase income of local communities and reduce carbon emission through reduced use of coal and fossil fuels. By achieving the specific objective and realizing investment in wood-based biomass energy, the project shall significantly contribute to acceleration of economic growth, creation of job opportunity and reduction of carbon emission consistent with the basic principles of national economic development adopted by the government.



This progress report covers the period of operation from 1 October 2017 to 30 June 2019; the activities implemented during the period are outlined below:

#### Output 1: Development of sustainable supply of energy wood initiated

Out of 5 activities defined under this output, 3 activities were implemented under YPO 1, namely:

i. Activity 1.1:

To identify suitable lands for development of energy forests in South-eastern of North Sumatra province covering 13 districts (Kabupaten). This activity was implemented with the assistance of a competent national consultant, Dr Aswandi of Aek Nauli Forestry Research Institute and had been successfully completed. A satisfactory technical report has been submitted by the Consultant to the PMU.

ii. Activity 1.2:

To identify suitable lands on 3 FMUs for energy forest development (the identified FMUs were KPH Unit XII Simalungun district, KPH Unit XVII Humbang – Hasundutan district and KPH Unit X Padang Sidempuan) of Tapanuli Selatan district. The same as Activity 1.1, this activity was implemented with the assistance of a competent national consultant, Dr Aswandi, and had been completed. A technical report of the activity had been submitted by the Consultant.

iii. Activity 1.3:

To establish energy forest models for purpose of demonstration and training (3 sites, 3 species, 36 ha in total). Establishment of demonstration plots for energy forest at 3 sites using *Calliandra sp* (kaliandra), *Glixicidia sepium* (gamal), and *Leucaena leucocephala* (lamtoro) species had been completed as elaborates below:

a. At Simalungun FMU

- The total land area planted was 12 Ha, the land was occupied by Panribuan village community.
- Planting of Kaliandra, gamal and lamtoro, each 4 Ha in size, was completed by end of April 2018.
- The growth monitoring was conducted in early July 2019 indicated that kaliandra grew better than gamal and lamtoro as shown in Table 1. The average height of kaliandra, gamal and lamtoro reached 2,61m; 2,08m and 2.14m, respectively.

b. At Humbang Hasundutan (Humhas) FMU

- The total land area planted was 12 Ha; the land was occupied by Parlilitan village community.
- Planting of Kaliandra, gamal and lamtoro, each 4 Ha in extent, was completed by end of June 2018.
- The growth monitoring in early July 2019 indicated that kaliandra grew best compared to gamal and lamtoro, the average height of kaliandra, gamal and lamtoro recorded were 2.61 m; 1.37 m and 1.53 m, respectively.

c. At Padang Sidempuan FMU

- The total land area planted was 12 Ha; the land was owned by the FMU, not under occupation by local community.
- Planting of kaliandra, gamal and lamtoro, each 4 Ha in size, was completed by end of May 2018.
- The monitoring of growth carried out in early July 2019 indicated that kaliandra grew better than the other two species. The average heights of kaliandra, gamal and lamtoro were: 2.61 m; 2.57 m and 1.53 m, respectively.

In general, the low survival rate in all demonstration plots might be due to low quality of planting materials and inappropriate planting technique (late of weeding and late of replacement of died seedlings). In particular, the low survival rate could be attributable to unsuitable soil at Humhas FMU and the lamtoro's site requirements do not match site attributes in all sites.

#### Output 2: Skilful manpower for development of wood-based biomass energy available

Out of 5 activities under Output 2, 3 activities have been implemented under YPO1 and YPO 2; they are:

- i. Activity 2.1 To conduct dialogue with local communities on benefits of energy forest development (50 villages in 13 districts) in Years 1 and 2. This activity included dialogues with the

communities at 49 villages in 13 Districts assisted by the University of Simalungun. A Technical report on the activity is currently under compilation by the University.

- ii. Activity 2.2 To train local communities on technical skills for energy forest development covering planting, tree nursing, planting and harvesting techniques (100 farmers leaders of 50 villages). The activity is under preparation for implementation; it is expected to commence in August 2019.
- iii. Activity 2.4 To conduct comparative studies on wood-based energy industry development for executives and managers. A comparative study on wood-based biomass energy, wood processing and NTFP development has been conducted from 13-19 May 2019 to Vietnam, led by the Director General of PHPL (Sustainable Management of Production Forest) comprising representatives of the Executing Agency, PMU, Association of Indonesian Forest Concessionaires, Forest Industry and a Regional Government Unit.

### Output 3: Investment in wood-based energy industry development promoted

The activities under Output 3 implemented and their progress are summarized below:

- i. Activity 3.1 To disseminate information on technology and market for wood-based energy through website and other means. This activity has been continuously implemented since October 2018; and will go on till end of the project.
- ii. Activity 3.2 To organize one national workshop on wood-based energy development. This Activity had been implemented under YPO 1 in the form of One-day Workshop on "Initiation of new renewable energy (EBT) development in North Sumatera Province, on 4 December 2017. The workshop was attended by 53 participants representing the primary stakeholders and had successfully achieved its planned objectives. A separate technical report on the workshop is now available with the Project.
- iii. Activity 3.4 To conduct feasibility study on investment in commercial manufacturing of wood-based energy including electricity and wood pellets. This activity was initially planned for execution under YPO 4 but advanced at the request of the PSC. The activity is underway and is implemented by 4 (four) competent national experts, expected to complete by end of September 2019. The draft report is planned to be presented to a workshop in Jakarta, scheduled for 2 September 2019.
- iv. Activity 3.5. To review existing policy on wood-based biomass energy development in view of strengthening incentive for investment. The activity has been fully implemented with the assistance of a national consultant. A FGD on results of the review work was held on 28 January 2019 and attended by some 30 professionals. A technical report on the implementation of the activity is now available for use by decision makers.
- v. Activity 3.6. To form and operate a consultation forum on renewable energy for enhancing communication and coordination between stakeholders. The activity has been implemented with the assistance of a national consultant and is nearing completion. A technical report on the activity is currently under compilation.

Overall, project operations have been going smoothly. The 3rd PSC meeting was convened on 26 August 2019, in the EA's office in Jakarta. The only problem confronted to date was to improve the growth performance of the planted trees which is now being a focus of attention to be solved. A full progress report was submitted by the Executing Agency in July 2019 and is available from the Secretariat.

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
Government of Japan:	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

Financed: March 2016

Starting Date: September 2018

Duration:	Planned:	24 months
	To date	12 months

While funds were pledged to this project in March 2016, subsequent events led to the decision to suspend implementation of this project and any disbursement of funds until after the Fifty-second Council Session considered the impairment of ITTO funds at the end of 2016.

After several delays by the Government of Honduras, the project agreement was signed in April 2018 and the Executing Agency submitted an inception report and all other start-up documentation in June 2018. The first installment of funds was transferred to the Executing Agency at the end of August 2018 when it was able to inform the Secretariat of the project bank account details.

Following project start-up in September 2018, the Executing Agency established a project technical committee and received approval (in early 2019) from ITTO for the recruitment of project staff/consultants. The project office was established and the vehicle provided for in the approved budget was purchased to allow transport to the 3 project field sites in north-eastern Honduras. The range of lesser-used timber species to be studied was finalized in consultation with local experts, and meetings were convened in each of the project field sites to familiarize local stakeholders with the project's objectives and their respective roles. Inventories of the project field sites have been undertaken and full lists of timber species present generated. As of mid-2019, work on manuals of best silvicultural practices were being developed for all of the target species and work was commencing on the market studies required to introduce these species into local and export markets.

The Executing Agency has submitted to the Secretariat a full project progress report covering activities to July 31 2019 which is available on request (Spanish only). After initial delays in start-up, the project is on schedule and should complete all activities successfully by the end of 2020. An initial project monitoring mission was undertaken by the Secretariat in August 2019 during which all project activities were seen to be on schedule. A follow-up monitoring mission and field visit will be scheduled during the first half of 2020.

3. PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam

Budget and Sources of Funding:

Total Budget:	US\$	146,480
Government of U.S.A.:	US\$	50,000
Government of Korea:	US\$	40,000
Executing Agency contribution:	US\$	30,000

Executing Agency: Vietnam Timber and Forest Products Association (VIFORES)

Approved: August 2017

Financed: December 2017

Starting Date: July 2018

Duration: Planned: 24 months  
To date: 14 months

This project aims at increasing economic, social and environmental benefits provided by Vietnam forestry and wood processing industry. The specific objectives of the project are to increase efficiency in the processing of acacia plantations in Vietnam. The expected outputs are: i) to increase the supply of acacia plantation timber which is available with larger diameter, improved quality and certified; ii) enhancing the processing capacity of acacia plantations to make full efficiency in the industry; iii) raising awareness of Timber Legality Assurance System (TLAS) for acacia plantations. The key targeted beneficiaries of this project are forest owners/planters and business entities of the private sector, who are dealing with acacia timber processing.

The project was partially financed at the Fifty-third Session of the Council in December 2017 and became operational with US\$26,480 (22.73% of the ITTO budget) still pending financing. The remaining budget was then fulfilled from the Bali Partnership Fund, approved by the Fifty-fourth Session of the Council in November 2018. The first installment of ITTO funds for the project was disbursed to the Executing Agency in July 2018.

The execution of the work plan can be seen from the below table.

Outputs/Activities	Percentage executed	Originally planned completion date	Estimated completion date
Output 1: Increased local supply of larger-size, certified and higher quality acacia timber for wood processing enterprises			
Activity 1.1:			
- Work with policy makers to improve and promote incentive policies of preferential loans for forest owners	100	20/8/2019	
- Connect forest owners with credit institutions in delivering preferential loans	70	30/8/2019	30/9/2019
Activity 1.2:			
- To hire consultants to evaluate and study the potential of large wood plantation development;	100	31/3/2019	
- To dispatch experts to work with forest owners to deliver advanced silvicultural techniques to forest owners;	70	30/8/2019	30/9/2019
- To disseminate information on applicable silvicultural technique and standards for sustainable forest management (following technical regulations applied in Vietnam and required by international organizations).	65	25/4/2020	25/4/2020

Outputs/Activities	Percentage executed	Originally planned completion date	Estimated completion date
Activity 1.3:			
- To connect and provide information of demands of wood working enterprises for forest owners: type and size and certification of raw wood;	70	15/5/2020	15/5/2020
- To provide the updated news and trend analyses of acacia timber markets;	50	28/4/2020	28/4/2020
- To advise to make preferential policies to support the development of deep processing industry for acacia plantations.	35	30/7/2020	30/7/2020
Output 2: Enhanced capacity to increase efficiency of acacia timber processing industry			
Activity 2.1			
- To hold direct and indirect meetings between machine manufactures who want to post-pay their products and wood processing enterprises to discuss mutual demands of advanced timber sawing equipment and automatic drying technology;	30	20/4/2020	20/4/2020
- To provide wood processing enterprises with information of wood working markets, events of machines and technology demonstrations of making wood products;	25	15/4/2020	15/4/2020
- To consult policy makers to make encouraging and preferential policies for credit institutions to provide priority loans of technology and advanced machine equipment for wood processing enterprises.	20	20/4/2019	20/4/2019
Activity 2.2			
- To organize short-time training courses on techniques of timber classification, sawing, drying and preserving at the factories;	0	4/2020	4/2020
- To hire experts to consult processing technology of acacia plantations properly;	30	4/2019	9/2019
- To organize seminars, workshops, dialogues to share experiences on acacia plantations;	20	4/2020	4/2020
- To communicate knowledge of the technology and techniques of processing acacia.	20	7/2020	7/2020
Activities 2.3			
- To hire experts to consult and prepare the technical guidelines of design, marketing skills of woody products that made from acacia plantations;	30	30/4/2020	30/4/2020
- To hire experts to evaluate domestic acacia plantation for mechanical, physical and chemical properties;	100	15/10/2018	
- To establish reports of domestic acacia plantation to provide authorities to make suitable policies to develop raw material areas and planning wood processing enterprises.	25	30/7/2019	30/7/2019
Output 3: Awareness on Timber Legality Assurance System (TLAS) applicable for acacia plantations raised			
Activity 3.1			
- To prepare guidance on implementation of TLAS procedures for wood processing enterprises and other relevant stakeholders;	50	30/4/2020	25/2/2020
- To disseminate the knowledge of the TLAS on internet and other media means;	70	20/1/2020	20/1/2020
- To promote cooperation with different national and international organizations (WWF, NEPCON, VCCI, etc.) to exchange and discuss TLAS implementation	25	25/4/2020	25/4/2020

Outputs/Activities	Percentage executed	Originally planned completion date	Estimated completion date
Activity 3.2			
- To hire experts to assess the impacts of TLAS for enterprises and forest owners on the socio-economic efficiency of acacia plantations;	65	5/4/2020	20/8/2019
- To advise the policy to promote development of acacia industry in the direction of simplifying administrative procedures and enforcing TLAS;	70	15/7/2020	30/8/2019
- To facilitate dialogues between the processing enterprises, forest owners and administrative authorities at all levels to solve problems found in the process of TLAS implementation.	30	15/7/2020	20/1/2020

Overall, project operations have been going smoothly. No major obstacles are encountered by the project team. Monitoring of the project implementation will be undertaken in November 2019. A full progress report was submitted by the Executing Agency in July 2019 and is available from the Secretariat.

## [B] Projects and Pre-projects Pending Finance

### 1. PD 841/17 Rev.2 (I) Building Partnerships Among Actors Involving in Acacia and Eucalyptus Value Chain in Vietnam

Budget and Sources of Funding:

Total Budget:	US\$	494,060
ITTO contribution:	US\$	427,784
Executing Agency and Collaborating Agency:	US\$	66,276

Executing Agency: Vietnam Academy of Forest Science (VAFS)

Collaborating Agency: University of Southern Queensland (USQ), Australia

Approved: September 2018

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 under the sunset provision of Decision 2(X) Annex 2 on 31 May 2020.

### 2. PD 870/18 Rev.1 (I) Developing Effective System for Sustainable NTFP Utilization through Forest Management Unit Engagement to Improve Community Livelihoods in Nusa Tenggara

Budget and Sources of Funding:

Total Budget:	US\$	781,961
ITTO contribution:	US\$	605,555
Executing Agency contribution:	US\$	32,670
WWF Indonesia contribution:	US\$	143,736

Executing Agency: Directorate General of Sustainable Production Forest Management, Ministry of Environment and Forestry

Approved: September 2018

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 under the sunset provision of Decision 2(X) Annex 2 on 31 May 2020.

**3. PD 900/19 Rev.1 (I) Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia**

Budget and Sources of Funding:

Total Budget:	US\$	603,404
ITTO contribution:	US\$	499,184
Government of Indonesia contribution:	US\$	104,220

Executing Agency: Aek Nauli Forestry and Environment Research & Development Institute (FERDI)

Forestry and Environment Research and Development and Innovation Agenda (FOERDIA), Ministry of Environment and Forestry, Republic of Indonesia

Approved: September 2019

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 under the sunset provision of Decision 2(X) Annex 2 on 30 April 2021.

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