



# INTERNATIONAL TROPICAL TIMBER COUNCIL

COMMITTEE ON ECONOMICS,  
STATISTICS AND MARKETS

COMMITTEE ON FOREST INDUSTRY

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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 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: April 2015

Financed: March 2016

Starting Date: July 2018

Duration: Planned: 15 months  
To date: 38 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), and a second progress report was submitted in September 2019 (to justify the release of the second installment of project funds which was disbursed in January 2020) covering the period to August 2019. A third progress report was submitted covering activities until July 2020 and the most recent in September 2021 along with a request for the final installment of project funds which is pending submission of a report on sustainability of project outputs as required under the project agreement.

Based on the progress reports 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 that is currently under the supervision of the Ministry of Land and Environment (MTA). The Provincial Forestry Department of Sofala is now supervised by the Provincial Service of Environment (DPA). Forest law enforcement has been carried out by the Environmental Quality Control Agency (AQUA), which is also under the supervision of MTA. The Provincial Forestry and Wildlife Services of Sofala are involved in establishment of an illegal logging control forum in Sofala province. The latest progress report indicates that while most project activities have been completed, including development of the log tracking system, delays in some field activities to implement the system in Sofala due to COVID-19 will result in a delay in project completion to late 2021.

ITTO approved recruitment of the international and national consultants to carry out project field activities in 2019. The first project monitoring visit was undertaken by the Secretariat in November 2019, when the work of the consultants to develop a pilot log tracking system in the Beira area of central Mozambique (from where many logs are exported) was found to be proceeding as per the approved workplan.

During 2020-21, the project carried out a diagnosis of the forest sector value chain and the current situation of forest exploitation, with a focus on the elaboration of a provincial strategy for prevention and control of illegal logging in Sofala. Unfortunately, project activities had to stop for around 12 months during this period, due to the impacts of Cyclone Idai and the COVID-19 pandemic which made it impossible to recruit consultants to carry out required tasks. To compensate for this delay, the project requested (and was granted by ITTO) an extension until December 2021 without additional cost. All consultants have now been recruited and all project activities are expected to be complete by the end of 2021.

A final monitoring visit scheduled for late 2020 has been delayed repeatedly due to COVID-19 travel restrictions. If possible, this mission will take place in late 2021 prior to project completion. The complete progress report submitted by the Executing Agency in September 2021 is available from the Secretariat on request.

As part of its financial monitoring and oversight responsibilities, ITTO commissioned an independent audit of this project in mid-2020 following claims of payment delays/irregularities from the international consultants. The audit report (available on request from the Secretariat) found that all project funds were being handled appropriately as per the approved budget, and all issues with consultants were resolved.

2. 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
Government of Japan:	US\$	396,080
Government of U.S.A.:	US\$	20,000
Government of Guatemala:	US\$	165,456

Executing Agency: Instituto Nacional de Bosques (INAB)

Approved: November 2019

Financed: December 2019

Starting Date: May 2020

Duration:	Planned:	36 months
	To date:	16 months

This report is based on a progress report submitted by the Executing Agency in August 2021 which is available on request (Spanish only) from the Secretariat.

The COVID-19 outbreak resulted in some delays in project start-up, but the project agreement was signed and all implementation arrangements finalized by May 2020, when the first installment of funds was sent. ITTO approved the subcontracted agency, Consejo Nacional de Estándares de Manejo Forestal Sostenible para la Guatemala (CONESFORGUA), selected by INAB to implement the project, who nominated the project coordinator. ITTO also issued no-objection letters for the purchase of project equipment and a vehicle as per the approved budget/workplan.

Commencement of project fieldwork has been slower than expected due to COVID-19 related travel restrictions. Most of the work has been carried out at a distance because the Government of Guatemala has mandated social distancing. All training activities have therefore been delayed due to the fact that the cases of COVID-19 have been increasing in Guatemala. Only training activities that do not require crowds have been carried out. Despite these problems, progress has been made in implementation of the following project activities:

Output 1. Simplified management model for owners of small forest extensions implemented.

Activity 1.1. Train the main actors (40 forest regents, 280 forest owners, forestry technicians, intermediaries, etc.) in the use and benefits of the simplified forest management plan for uses of less than 50m<sup>3</sup>.

3 training workshops were held for INAB Forest Regents, Forest Owners and Forest Technicians. The places where the training workshops were held were: Tecpán, Chimaltenango; Antigua, Sacatepéquez; and Guatemala City. A total of 113 attendees participated in the 3 workshops held, including 16 women and 97 men.

Activity 1.2 Promote and facilitate the implementation of the simplified forest management plan for uses of less than 50m<sup>3</sup> in the pilot area of the project.

The implementation of the simplified forest management plan for harvesting less than 50m<sup>3</sup> was promoted in the pilot area of the project. In addition, through the regional and subregional headquarters of INAB, forestry technicians have received training and personalized knowledge transfer.

Activity 1.3 Develop promotional material for the dissemination of the simplified forest management plan.

Promotion material (brochures, posters and pamphlets) has been developed and prepared for the dissemination of the simplified forest management plan.

Output 3. Control mechanisms for the transport of forest products strengthened.

Activity 3.1 Development and implementation of the Electronic Information System for Forestry Companies Version 2.0 (SEINEF 2.0).

An analysis of system improvements was undertaken and a consultancy launched to implement planned improvements.

Activity 3.2 Development of Smart Phone Applications for Log Cubing in Road Transport Vehicle and Primary Sawmill Yields.

Log Measurement Application in Road Transport Vehicle: This application and user manual has already been developed for Android smartphones.

Sawmill Yield Application: This application and user manual is already developed for both the Android system and the iOS system.

Output 4. Municipal system for the registration and monitoring of exempt uses implemented.

Activity 4.1 Accompaniment and Training of the standardized registry of exempted from forestry licenses for municipalities with a family consumption agreement.

Tests of the standardized registry were carried out during January 2021, however, there remain several problems that must be solved, before the final launch of the module. Three municipalities have been selected where the training will begin: San Diego Zacapa; Tecpán Guatemala Chimaltenango; San Jose.

It is expected that these and all other pending activities will progress quickly in 2022 once COVID-19 restrictions begin to be relaxed.

A planned ITTO monitoring mission and the first project steering committee meeting were postponed from mid-2020, and have so far been impossible to arrange in 2021 due to the pandemic. A monitoring visit to Guatemala may be scheduled towards the end of 2021 if conditions permit. The first annual audit covering 2020 was submitted on time by the Executing Agency and deemed satisfactory by the Secretariat.

3. PD 845/17 Rev.3 (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

Financed: November 2020

Starting Date: March 2021

Duration: Planned: 18 months  
To-date: 6 months

Based on a progress report submitted by the Executing Agency in August 2021, progress in project implementation to date includes the following:

- RUDEYA organized Project Technical Committee (i.e steering committee) meeting in April 2021. The members gained an in-depth knowledge about the project and agreed on strategies for effective implementation of the project. The first PTC meeting succeeded in bringing together the ITTO representative, the donor relations officer from the Forestry Commission, the Director from the RMSC, representative from the Forest Watch Ghana, Civil Society Organizations representative from Kumasi Wood Cluster, representatives from local government offices in the project area, representative from Forest Services Division in the Mankraso Forest District, and two representatives from the Executing Agency (RUDEYA). This was a big achievement in the midst of COVID-19 restrictions. The monitoring and implementation arrangements were reached with the collaborating agencies. Attention was drawn to the ITTO guidelines and publications needed for the smooth implementation of the project. The PTC also discussed the relevant projects and publications by the RMSC and Civil Society Organizations that will be resourceful and beneficial to the CS/Community independent forest monitoring and community development activities in the project document.
- RUDEYA organized an inception workshop for all the stakeholders of the project. The participants were thirty (30) and were drawn from the key stakeholders and forest communities in the Mankraso Forest District. The participants included the Planning officers from the three Municipal/District assembles which fall under the Mankraso Forest district, the Community Based Organizations and traditional chiefs from the forest communities. The rest of the participants included representative from the Forestry Commission (donor relations officer), the Director of RMSC, the head of information and Technology of RMSC and Representatives of Civil Society Organizations and Forest Watch Ghana. The rationale of the inception workshop was for official opening and briefing of the key stakeholders about the project objectives, expected outcomes and their expected roles. The inception workshop has helped to gather the inputs of participants for effective implementation of the project. This will facilitate the achievement of the project expected outcomes.
- Rapid reconnaissance surveys in respect of forest landscapes, forest communities and the roads leading to the forest communities have been carried out. This was done in order to become familiar with the general conditions in the project area. It was also to assist the project team to meet the traditional chiefs and authorities for community entry rites. The reconnaissance trips have created the necessary environment for positive engagements with the chiefs and people from the forest communities.

Implementation of planned activities as reported by the Executing Agency include:

- RUDEYA has conducted a baseline survey on forest stakeholder's knowledge on forest governance and community-based forest management practices in the 20 selected forest communities. A draft baseline report is hereby attached to this progress report for ITTO's comments and inputs.
- RUDEYA in collaboration with RMSC has carried out educational campaigns in the 20 forest communities. The educational programs took the form of audio-visual campaigns, pictures, posters and interactive sessions which are adapted to suit the specific audiences as a strategy to ensure

that the participants gain knowledge on the topical issues discussed. Over three hundred (300) females and seven hundred and fifty (750) males attended the educational campaigns. The total attendance was one thousand and fifty (1050) participants. The 20 Forest communities have gained knowledge on forest governance and timber benefit sharing arrangements. The educational campaigns covered issues including Climate Change (REDD+), VPA/FLEGT, Social Responsibility Agreement (SRA), Off-reserve Logging, Negotiation skills to access equitable timber revenues and community-based forest management practices. In attendance were local Chiefs (Odikro), Queen mothers, elders, Assemblymen, unit committee members, farmers, youth, women and other community members.

- Preparations have been done towards the SRA negotiation skills and timber benefit sharing arrangements training program. The resource person has prepared the training content and materials. The target trainees have been identified, mobilised and selected. The actual training workshop is coming on in August 2021.
- RUDEYA has already developed Civil Society/Community independent monitoring guidelines. Resource person has been identified and participants from Community and Civil Society organizations have been selected. The actual meeting is scheduled for August 2021.
- The project implementation is moving well despite the COVID-19 pandemic and restrictions.
- About four preliminary activities have been implemented during the reporting period. Though necessary, they have taken about two months, and this made it impossible to complete activities 1.3 and 2.1. However, these activities will be implemented in August 2021 and further arrangements will be made to complete all the activities earmarked for the first year (Year1).
- RUDEYA also do not foresee any major challenges in the implementation of the activities under outputs 1, 2, and 3.
- Within the reporting period RUDEYA has tackled about 50% of the total project activities for year 1. With better knowledge about the communities and stakeholders, action on the remaining activities will be expedited.

The complete progress report submitted by the Executing Agency is available from the Secretariat. A first project monitoring mission will be undertaken in 2022 if travel under COVID-19 restrictions is possible.

## **[B] Projects Pending Financing**

### **1. PD 878/18 Rev.2 (M) Support for the Certification of National Teak Plantations of the National Timber Board (ONAB), Benin**

#### Budget and Sources of Funding:

Total Budget:	US\$	535,252
ITTO contribution:	US\$	444,752
Government of Benin contribution:	US\$	90,500

Executing Agency: Office National du Bois (ONAB)

Collaborating Agency: Direction Generale des Eaux, Forêts et Chasse (DGEFC)

Approved: October 2020

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 2022.

**2. PD 879/18 Rev.2 (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 2021

Duration: 24 months

This project was originally scheduled to lose its approved status under the sunset provision of Decision 2(X) Annex 2 on 30 April 2021. The government of Benin submitted a letter to the Officer-in-Charge 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 2021. The new sunset date for this project is 30 April 2023.

**3. PD 913/20 Rev.1 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama**

Budget and Sources of Funding:

Total Budget:	US\$	1,207,452
ITTO contribution:	US\$	856,352
Government of Panama contribution:	US\$	351,100

Executing Agency: Ministerio de Ambiente (MiAmbiente)

Approved: October 2020

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 2022.

**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: March 2016

Financed: March 2016

Starting Date: October 2017

Duration:	Planned:	48 months
	To date:	47 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 was 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 the 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 is being 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 reduce carbon emission and at the same time open up larger employment opportunities that will augment incomes of local communities. In addition, operation of power plants for manufacturing of wood pellets or generation of electricity will also create large numbers of jobs, thus increasing income of local communities and reducing carbon emissions through reduced use of coal and fossil fuels. By achieving the specific objective and realizing investment in wood-based biomass energy, the project will significantly contribute to acceleration of economic growth, creation of employment and reduction of carbon emissions 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 31 July 2021; 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 the Output 1, three activities dealing with land allocation (Act. 1.1 and Act. 1.2) and one activity dealing with assessing long-term supply potential of energy wood from non-forest sources (Act. 1.5) were completed. Suitable lands for development of energy forests were identified and demonstration plots were allocated in 3 FMUs, namely: Simalungun District, Humbang – Hasundutan District and Tapanuli Selatan District. Another two activities dealing with modeling of energy forest (Act. 1.3) and estimating potential supply of planted energy forests (Act. 1.4) are still in progress.

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

Out of 5 activities defined under Output 2, three activities dealing with local community engagement (Act. 2.1, Act. 2.2 and Act. 2.3) and one activity dealing with comparative studies (Act. 2.4) were completed. Dialogues with communities were organized in 49 villages. Training on technical and management skills were given to totaling 205 farmers. To carry out the comparative studies on wood-based energy industry development for executives and managers, visits were paid to Vietnam and China (Guangzhou and Shanghai). Activity to develop technical manuals on energy forest development for three tree species planted (gamal, kaliandra, and lamtoro) is still in progress.

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

There are 6 activities under Output 3 and five of them (Act. 3.1, Act. 3.2, Act. 3.4, Act. 3.5, Act. 3.6) have been implemented. Information dissemination on technology and markets for wood-based energy has been continuously implemented since the start of project implementation through different means, including the project's website (<https://www.iswaonline.co.id/>). A national workshop and an expert-consultation on renewable energy were convened in North Sumatera Province and Jakarta, with participation by the project's stakeholders and experts. A feasibility study on investment in commercial manufacturing of wood-based energy and a policy review to strengthen incentives for investment were completed.

Overall, project operations are on track to achieve all outputs and objectives without any operational problems. Subject to improved COVID-19 pandemic situation, a final monitoring visit (including a PSC meeting) may take place in late 2021. The annual financial audit report covering the period from January to December 2020 was submitted in March 2021. A full progress report was submitted by the Executing Agency in August 2021 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: April 2015

Financed: March 2016

Starting Date: September 2018

Duration: Planned: 24 months  
To date: 36 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 in September 2018 when it was able to inform the Secretariat of the project bank account details.



Following project start-up, 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. Manuals of best silvicultural practices have been developed for all twelve target species and the market studies required to introduce these species to local and export markets have been mostly completed. Studies of the volumes available of the selected species have been undertaken, along with studies of local communities benefiting from extraction of the targeted lesser-used timber species.

Following substantial delays in 2020-21 due to the pandemic, the project recommenced work in mid-2021, executing the following activities: 2.1.2 (using virtual methods, continuing with the development of socialization meetings with forest owners, forest producers and community representatives to agree on measures and practices for the protection, management and use of lesser-used species); 2.2.1 (market study including business plan for strengthening small family businesses that work, take advantage of and elaborate value-added products with lesser-used species); and 2.2.2 (elaboration of a business plan based on the promotion, management, use and commercialization of lesser-used species).

To date, the project has developed four studies under the above activities and is about to start a fifth study with inter-institutional and community participation to develop a comprehensive training plan for the management, use and commercialization of 12 lesser-used species. All activities continue to support community organizations in the commercialization and marketing of lesser-used species from the tropical forests of Honduras. The activities of the project are expected to be completed by the end of 2021 or early 2022

The Executing Agency has submitted to the Secretariat a full project progress report covering activities to July 2021 which is available on request (Spanish only). The second installment of project funds was sent in August 2021. 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 mission originally scheduled for the second half of 2020 has been repeatedly deferred during 2021 due to COVID-19 travel restrictions. A monitoring mission may be scheduled towards the end of 2021 if conditions permit.

### **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:	38 months

This project aims at increasing economic, social and environmental benefits provided by Vietnam's 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 timbers available with larger diameter, improved quality and certified; ii) enhancing the processing capacity of acacia plantations to improve 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 the first ITTO project in Vietnam. It 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. Monitoring missions were undertaken by the Secretariat in 2018 and 2019, during which all project activities were seen to be on track.

All project activities have now been successfully executed. Summary of the project's achievements includes:

**Output 1: Increased local supply of larger-size, certified and higher quality acacia timber for wood processing enterprises.**

- Over 100 farmers in Nghe An Province trained on plantation management technologies and got awareness on the benefits from large-size acacia plantation.
- 30 wood companies and plantation farmers trained on forest certification.
- Project supported the establishment of the nursery for propagating seedlings of *Acacia auriculiformis* and *Acacia mangium* in Nghe An Province. Thanh Thuy Plantation Cooperative gets technical and funding support from the project for improving nursery practices. In March 2020, acacia hybrid developed by Thanh Thuy Forest Cooperative was recognized by Provincial Committee of Nghe An as qualified for commercial production.
- A report on current use of *Acacia auriculiformis* and *Acacia mangium* timber and recommendations on improving the performance of acacia plantation in the South-east of Vietnam completed.
- A training workshop on acacia timber processing and acacia plantation management was attended by 40 participants from wood processing companies and plantation cooperatives.
- Project contributed in the formulation of the strategy for forestry development 2021 – 2025 and vision toward 2030. This Strategy was adopted by the Government in April, 2021. Under this strategy, the average yield of commercial plantation is expected to reach 22m<sup>3</sup>/ha/year by 2025 and 90% of plantation will be established with certified and high-quality seedlings. Also with this strategy, the Government intends to encourage private investment in large-size timber plantations through land tenure transforming, preferential loan providing and marketing.

**Output 2: Enhanced capacity to increase efficiency of acacia timber processing industry.**

- At least 300 non-skill workers employed by wood processing enterprises attended training courses to improve skill. After the training, these workers should be able to operate equipment for classifying, sawing, drying and preserving acacia timber.
- With enhanced and improved working skills, access to new technologies, trained workers will be able to increase the utility rate of wood material and reduce waste in wood product processing. It is expected that utilization rate would increase by 30-40% in targeted enterprises.
- Research report on technical properties of acacia timber and marketing guidance & development of acacia products completed.
- An online meeting to share knowledge and experience between wood working manufacturers and wood machine traders and users in Vietnam facilitated.
- A report on technical solution on improving acacia timber plantation and acacia timber processing completed.
- A workshop on acacia timber processing held with participations of wood companies.

**Output 3: Awareness on Timber Legality Assurance System (TLAS) applicable for acacia plantations raised.**

- Over 200 participants from wood companies trained on VNTLAS and able to do due diligence.
- A guidance on VNTLAS established by Project to support wood enterprises to do due diligence.
- On March of 2021, Ministry of Agriculture and Rural Development of Vietnam and Vietnam Administration of Forestry started to prepare guidance on wood company classification and FLEGT licensing. VIFOREST (the Project's Executing Agency) is a member of preparation board. It is scheduled to complete on April 2022.

In conclusion, the project identified major problems facing Vietnam's acacia-using wood industry and proposed relevant countermeasures to solve them. These countermeasures include new government policies to facilitate forest companies and wooden product manufacturers to work jointly towards SFM and large-scale timber plantations. Along with policy and technical interventions, of great importance are preferential loans promoted by the project to enable plantation owners to extend cutting cycles and produce

large-size timbers. However, these preferential loans are scarce and may be unsustainable. At present, government-subsidized low interest loans are directed to ethnic minorities and the poorer segment of farmers who are residing in remote areas rather than the majority of acacia plantation growers in many areas of the country. Therefore, the project focused on linking plantation farmers and wood processors, especially major companies, who may wish to help farmers to manage plantations longer and thereby produce large-size timber. In this respect, several members of VIFOREST (Woodlands, NAFOCO, Acansia etc.) have made advance payments to farmers, who are often cutting their plantation at age 4 – 5, for extending the cutting cycle to 7 – 8 years. On the industry side, most wooden furniture manufacturers are lacking in design and branding skills. Many of them do not have access to appropriate technologies. During the project implementation, VIFOREST has utilized every opportunity to get them access to advanced technologies and improved business governance through a series of trade fairs, visits and business-to-business meetings.

The project completion report has been submitted in September 2021 as this document was being finalized. If a satisfactory final financial audit report is received by the Secretariat prior to the Fifty-seventh Session of Council, the Committee may wish to declare the project duly complete.

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

### **1. PD 900/19 Rev.2 (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 2021

Duration: 36 months

This project was originally scheduled to lose its approved status under the sunset provision of Decision 2(X) Annex 2 on 30 April 2021. The government of Indonesia submitted a letter to the Officer-in-Charge 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 2021. The new sunset date for this project is 30 April 2023.

### **2. PD 912/20 Rev.1 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru**

#### Budget and Sources of Funding:

Total Budget:	US\$	673,134
ITTO contribution:	US\$	385,706
Government of Peru contribution:	US\$	287,428

Executing Agency: Cámara Nacional Forestal (CNF)

Approved: October 2020

Duration: 30 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 2022.

**3. PD 922/21 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption in Vietnam**

Budget and Sources of Funding:

Total Budget:	US\$	361,600
ITTO contribution:	US\$	339,500
VIFOREST contribution:	US\$	21,600

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

Approved: September 2021

Duration: 24 months

Financing for this project (developed from a Concept Note submitted under the pilot Programmatic Approach approved by Council through Decision 4(LVI)) 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 2023.

**4. PPD 195/19 Rev.2 (I) Pre-project for a Feasibility Study on Processing and Valorizing Timber in Togo**

Budget and Sources of Funding:

Total Budget:	US\$	125,032
ITTO contribution:	US\$	93,632
Government of Togo contribution:	US\$	31,400

Executing Agency: Office de Developpement et d'Exploitation des Forêts

Approved: October 2020

Duration: 12 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 2022.

**5. PPD 200/21 Rev.1 (I) Capacity-Building of Woodworking Artisans in Southern Benin**

Budget and Sources of Funding:

Total Budget:	US\$	127,904
ITTO contribution:	US\$	88,704
Government of Benin contribution:	US\$	39,200

Executing Agency: Direction Générale des Eaux, Forêts et Chasse (DGEFC)

Collaborating Agencies: Fonds de Développement de la Formation Continue et de l'Apprentissage. (FODEFCA)  
Bureau d'Appui aux Artisans (BAA)  
Direction de l'Apprentissage et des Métiers Artisanax (DAMA)

Approved: September 2021

Duration: 10 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 2023.