



# 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 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: 50 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); 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, a fourth in September 2021 along with a request for the final installment of project funds (which were subsequently sent) and the most recent in August 2022 along with a request for a budget neutral extension to early 2023 to allow the project to be completed.

Based on the progress reports submitted, 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 (SPA). 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 continued in 2022 in some field activities to implement the system in Sofala due to COVID-19 that will result in a delay in project completion to late 2022 or early 2023.

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 2020-22, 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 over 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 2022 without additional cost. All consultants have now been recruited and all project activities are expected to be complete by the end of 2022 or early 2023.

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.

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 2022 prior to project completion. The complete progress report submitted by the Executing Agency in August 2022 is available from the Secretariat on request (English only).

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:	28 months

This report is based on a progress report submitted by the Executing Agency in August 2022 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 project coordinator, the purchase of project equipment and a vehicle as per the approved budget/workplan.

Commencement of project fieldwork was 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. Training activities in 2021-22 have therefore been delayed because cases of COVID-19 have remained quite high in Guatemala. Only hybrid online/in person training activities involving smaller groups 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 2 Plan to strengthen the legality of the small forestry industry implemented

- Activity 2.1 Train informal companies in the legal processes of operation and strengthening of forestry businesses.
- Activity 2.2 Accompany and facilitate the transfer of informal businesses to formal operating schemes in the country.
- Activity 2.3 Develop forest business roundtables in the pilot area of the project.

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.
- Activity 3.3 Accompaniment in training and preparation of materials on the Applications for Smartphones for the Cubing of Logs in Road Transport Vehicles and Primary Sawmill Yields.

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

- Activity 4.1 Accompaniment and Training of the standardized registry of operators exempted from forestry licenses for municipalities with a family consumption agreement.  
Tests of the standardized registry were carried out during January 2021. In 2022, several problems were solved to allow the final launch of the module. Three municipalities have been undergoing training in 2022: San Diego Zacapa; Tecpán Guatemala Chimaltenango; San Jose.
- Activity 4.2 Implement the electronic system for operators exempt from forestry licences, linked to SEINEF.
- Activity 4.3 Accompany and train municipalities, control entities, users and industries in the control of illegal logging and traceability systems in the primary wood processing industry.

It is expected that these and all other pending activities (mainly preparation of the project report) will be completed on schedule in 2023 now that COVID-19 restrictions are beginning to be relaxed. A planned ITTO monitoring mission and the first project steering committee meeting have been postponed repeatedly

from mid-2020, and have so far been impossible to arrange in 2021 or 2022 due to the pandemic. A monitoring visit to Guatemala may be scheduled towards the end of 2022 if conditions permit. The second annual audit covering 2021 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\$	144,400
Government of U.S.A.:	US\$	120,000
Government of Ghana:	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: 18 months

Based on a progress report submitted by the Executing Agency in August 2022, progress in project implementation to date includes the following:

Output 1 Inception arrangements and constitution of project team - 100% completed.

Output 2 Community based participatory monitoring strategy developed and implemented with 20 forest communities to enhance forest law compliance at the community level.

Output 2 has been 100% completed in line with the set indicators within the reporting period.

- The project has developed and implemented community based participatory monitoring strategy with 20 forest communities to enhance forest law compliance at the community level.
- The Civil Society/Community Independent Monitoring Guidelines have been revised with technical assistance from the RMSC of the Forestry Commission to enhance independent monitoring protocols.
- Community led independent monitoring teams have been established and made functional within the reporting period.
- Reports on community-based forest monitoring activities are available.

Output 3 Lessons and knowledge produced from the project documented, and disseminated amongst key stakeholders.

Output 3 has been 60% completed in line with the set indicators.

- The community led independent monitoring reports have been recorded. At least one monitoring session has been validated with the Mankraso Forest Services Division, the RMSC of the Forestry Commission, and the LIMs.
- RUDEYA has started the creation of the networks with CFCs, DFFs, FWG, FC, TVD, GTMO, DAs and the LIMs.

Remaining activities under Output 3 and preparation of the project final report will be completed by early 2023. Full details of the implementation of project activities summarized above are included in the progress report submitted by the Executing Agency which is available from the Secretariat on request (English only). A first project monitoring mission will be undertaken in late 2022 if travel to Ghana under COVID-19 restrictions is possible.

**[B] Project pending agreement**

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

## Budget and Sources of Funding:

Total Budget:	US\$	1,477,948
Government of Japan:	US\$	730,088
Government of Panama:	US\$	747,860

Executing Agency: Ministerio de Ambiente (MiAmbiente)

Approved: March 2022

Financed: December 2021

Duration: Planned: 36 months

The project agreement was in the process of being signed by the government of Panama at the time of preparation of this document. An update on its status will be provided to the Committee.

**[C] Projects pending financing**

1. 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 prior to that date 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.

## FOREST INDUSTRY

### [A] Projects under implementation

1. 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: 48 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.

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 three 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 field work in late 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 focused on the properties, inventories and silviculture of the target lesser-used species. The project team has just started a final study in mid-2022 with inter-institutional and community participation to develop a comprehensive training plan for the management, use and commercialization of the 12 targeted 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. A final budget neutral extension of the project to the end of 2022 has been approved by the Secretariat and activities of the project are expected to be completed by the end of 2022 or early 2023.

The Executing Agency has submitted to the Secretariat a full project progress report covering activities to July 2022 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 2021-22 due to COVID-19 travel restrictions. A monitoring mission may be scheduled towards the end of 2022 if conditions permit.

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

Budget and Sources of Funding:

Total Budget:	US\$	361,100
Government of Japan:	US\$	339,500
Executing Agency contribution:	US\$	21,600

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

Approved: September 2021

Financed: October 2021

Starting Date: November 2021

Duration: Planned: 24 months  
To date: 10 months

The project arose from a concept note submitted under the call for proposals mandated by Decision 4(LVI). Following its development into a full project proposal and approval in September 2021, the Japan Forestry Agency pledged funding to this project. The project agreement was signed soon after and the project has been operational since November 2021.

The development objective of the project is to contribute to sustainable and efficient development of Vietnam's wood industry. The specific objective of the project is to enhance and diversify domestic consumption of sustainable timber and promote local markets of wood and wood products in Vietnam. It is expected that by implementing a large range of activities to produce outputs relating to policy improvement and capacity building, at the completion of the project, the policy framework and institutional set-up needed to succeed with the promotion of domestic consumption of wood and wood products will be developed and strengthened. The project outputs are: i) Improved policy framework to drive domestic consumption of wood and wood products; and ii) Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption.

Based on the progress report submitted in August 2022, the project has made progresses in all activities as described in the following table:

Activity	Percentage executed	Originally planned completion date
Activity 1.1: Analyze wood use promotion strategies applicable in selected countries (Reports will be prepared and provided by ITTO on possibly selected Japan, USA and Europe)	60%	31 May 2022
Activity 1.2: Overview of policies on promoting domestic market of wood and wood products (desk studies and surveys of selected provinces and arrange workshops to collect feedbacks) to produce policy recommendations.	65%	30 August 2022
Activity 1.3: Preparation of decision/decreed to promote domestic consumption of wood and wood products and consultations with relevant stakeholder groups to get feedbacks. Special attention will be given to urban consumers who are potential target for promotion of local consumption of wood and wood products.	15%	31 December 2023

Activity 1.4:	Develop strategy/policy to shift from short-term forest plantation to long-term forest management to produce larger wood for housing and furniture focusing on linking plantation-farmer co-ops and lead companies/processors and traders.	65%	31 August 2022
Activity 2.1:	Improve skill capacity to design and development of wood products	45%	30 September 2023
Activity 2.2:	Introduce new technique for bio-energy use	20%	30 September 2023
Activity 2.3:	Promoting partnerships between plantation-farmer co-ops and lead companies (processors and traders) to consolidate supply chains and incentivize larger-size wood production	40%	31 December 2023
Activity 2.4:	Upgrade capacity to comply legality requirements & forest law enforcement	45%	31 December 2023

Within Activity 1.1, ITTO has organized two studies, namely: i) Review of the policies and initiatives for sustainable wood use promotion in Japan; and ii) Policies and initiatives for sustainable wood use promotion by public and private sectors in the USA and Europe. These studies will be used as references for the development of sustainable wood use promotion in Vietnam.

The Executing Agency has submitted to the Secretariat a full project progress report covering activities to July 2022 which is available on request (English only). An initial project monitoring mission is scheduled to be carried out in October 2022.

#### **[B] Projects and Pre-project 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 before that date 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.2 (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: September 2022

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 May 2022. The government of Peru submitted a letter to the Executive Director before that date 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 2022. The new sunset date for this project is 30 April 2024.

**3. PD 926/22 Rev.1 (I) Promotion of Sustainable Domestic Consumption of Wood Products in Thailand**

Budget and Sources of Funding:

Total Budget:	US\$	345,000
ITTO contribution:	US\$	320,000
Kasetsart University contribution:	US\$	25,000

Executing Agency: Kasetsart University (KU) in collaboration with the Royal Forest Department (RFD)

Approved: September 2022

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 2024.

**4. PD 928/22 Rev.1 (I) Development of Sustainable Domestic Market for Wood Products (Indonesia)**

Budget and Sources of Funding:

Total Budget:	US\$	285,691
ITTO contribution:	US\$	261,811
Government of Indonesia contribution:	US\$	23,880

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

Approved: September 2022

Duration: 18 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 2024.

**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 Artisanaux (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.

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