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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:	62 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), a fifth in August 2022 (along with a request for a budget neutral extension to mid-2023) and the most recent in August 2023 indicating that the final report will soon be submitted.

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 changed in 2019 to the National Directorate of Forests that is 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 is 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. All these agencies have been involved in the implementation of the project. The latest progress report indicates that all project activities have now been completed, including development/implementation of the log tracking system in Sofala, after over two years of delays until late 2022 due to Covid and Cyclone Idai.

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 much of this period, due to the impacts of Cyclone Idai in late 2019 and the COVID-19 pandemic shortly after 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.

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 was delayed repeatedly due to COVID-19 travel restrictions. It took place in early 2023 when all activities were observed to be on track for successful project completion before the end of 2023. The complete progress report submitted by the Executing Agency in August 2023 is available from the Secretariat on request (English only). If the Executing Agency submits the completion report and other requirements prior to the CEM session, this project will be considered under the agenda item on completed projects.

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:	40 months

This report is based on a progress report submitted by the Executing Agency in August 2023 (reporting progress through July 2023) which is available on request (Spanish only) from the Secretariat.

The COVID-19 outbreak resulted in 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 and implementation of project fieldwork was also slower than expected due to COVID-19 related travel restrictions in place well into 2022. Most work was carried out remotely during this period due to government mandated social distancing. Training activities in 2021-22 were therefore reduced and/or delayed. Only hybrid online/in person training activities involving smaller groups were carried out until late 2022, after which all restrictions were lifted and activities resumed in person as normal.

Progress in 2022-23 has been made in implementation of the following project activities (activities not mentioned below have already been completed):

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 50m³.
Several 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 in 2022, including 16 women and 97 men, with a similar number trained in 2023 to date. This activity is now nearly complete.
- Activity 1.2 Promote and facilitate the implementation of the simplified forest management plan for uses of less than 50m³ in the pilot area of the project.
The implementation of the simplified forest management plan for harvesting less than 50m³ 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. 3 trainings were carried out in the project area, {Guatemala, Zacapa, Chimaltenango) on the use and benefits of the Simplified Forest Management Plan. Sample management plans were developed and the information was corroborated in the field. This activity is now nearly complete.

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.
Visits have continued to companies that are having their operations formalized under forestry regulations in the departments of: Sacatepequez, Chimaltenango (DSR-V-1, DSRV -2, Guatemala (DSR-1-1), Zacapa and El Progreso (DSR-111-2 and DSR-111-4). This process supports them in the managing operations and provides an economic incentive to achieve incorporation into the formal (legal) and operational scheme. This activity is now nearly complete.
- Activity 2.2 Accompany and facilitate the transfer of informal businesses to formal operating schemes in the country.
In conjunction with the above visits under Activity 2.1, the consultants have implemented actions to make the process more dynamic, making visits on their own, always disseminating and describing the personalized process of registration in INAB's registry, supplying the corresponding manuals in which the registration formalities are described, registration in relevant databases, etc. Relevant manuals have been disseminated via WhatsApp. This activity is now nearly complete.

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 completed to implement planned improvements. With the support of the INAB Technology Unit and the INAB Industry and Forestry Company Monitoring departments, modifications to SEINEF continue, improving its functionality and application. This activity is 70% complete and is expected to be completed in November 2023.
- Activity 3.2 Development of Smart Phone Applications for Log Cubing in Road Transport Vehicle and Primary Sawmill Yields.
The applications and user manuals have been developed for Android smartphones. An article was published in INAB's in-house journal and one is being prepared for ITTO's TFU. This activity is nearly complete.

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.

Workshops were held to train professionals and technicians engaged in forestry on the use of the app for the scaling of forest products in transportation and in the forestry industry. This activity was completed in mid-2023.

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 underwent training in 2022: San Diego Zacapa; Tecpán Guatemala Chimaltenango; San Jose. In 2023, progress was made in strengthening the legality of the small industry, in the mechanisms for the control of the transport of forest products, in the implementation of a municipal system for registration of forest enterprises and follow-up of license-exempt forest uses. This activity is nearly complete.

It is expected that all activities will be completed before the end of 2023 and preparation of the final report and financial audit will be submitted by early 2024. An ITTO monitoring mission was undertaken in December 2022 and the first project steering committee meeting was convened in July 2023 after being postponed repeatedly since mid-2020. A final monitoring visit to Guatemala may be scheduled at the end of 2023 to provide advice on finalization of project reporting requirements and possible follow-up activities. The annual audit covering 2022 was submitted on time by the Executing Agency and deemed satisfactory by the Secretariat.

3. PD 913/20 Rev.4 (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

Starting Date: October 2022

Duration:	Planned:	30 months
	To date:	10 months

This report is based on a progress report submitted by the Executing Agency in August 2023 (reporting progress through July 2023) which is available on request (Spanish only) from the Secretariat.

The Ministry of the Environment (MiAmbiente) has been executing since November 2022 through the Panama Foundation the project called "Strengthening of Panama's Forest Control and Expansion of the Traceability System". This project represents the second phase of implementation of a traceability system in the country, whose development objective is to consolidate at the national level a forest management model capable of stopping forest degradation due to illegal logging and trade. The first phase of the traceability system (ITTO project TFL-PD 044/13 Rev.2 (M)) was successfully carried out in the areas of Panama East and Darién, with this project developed to expand the system to the rest of the country's provinces and strengthen the implementation of the current system.

In the first six months of 2023, diagnostic analysis of the current system and tours in the provinces were carried out to organize the activities to expand the system. The project has recruited a team of specialist consultants for the development of each output in execution of the work plan. This team has made tours to all

important forestry regions to implement the traceability system throughout the country. The creation of this traceability mechanism is a clear example that forest control and inspection can be carried out using smart phone technology. The project is managed by the National Forestry Directorate (DIFOR), both in the central offices and in the regions directly benefited by the project. The project directly contributes to achieving management objectives in the Panamanian portion of the Choco Darién Ecoregional Complex, in addition to the Forest Traceability and Control (STCF) initiative, and the Forest Oversight Program.

The following activities were carried out under each project output during the first 7 months of 2023.

Output 1.1: Strengthened network for legal timber that acts as a mechanism to promote knowledge about sustainable forest management, and responsible timber trade.

The activities for this output were undertaken by the trade specialist responsible for the project with the support of the forestry specialist. Activities included the launch of a web page for legal timber and adding relevant new sites in the country to the existing network. In addition, to develop the strengthening of responsible timber trade in the country, two rounds of meetings with forestry businesses will be held. Activities in early 2023 focused mainly on visits, interviews, verification of existing data, and initial diagnosis of timber trade activities in the areas of East Panama, Darién, and Central Panama. The activities carried out during the months of May to July focused mainly on visits to large and small sawmills, interviews with forestry entrepreneurs and further development of the web page for legal timber. Work also started to update the list of national and foreign companies in the national forest registry (not updated since 2018).

Output 1.2: Communication campaign on the importance of forest management and traceability within the framework of responsible trade, implemented with the participation of the main media and trade unions in the production and marketing chain.

The activities carried out during the first months of the year in this component of the project were mainly focused on the preparation of a document for the implementation of comprehensive and strategic communication with all the key actors of forest traceability at the national level. Similarly, several publications were made on social networks and the MiAmbiente website. The activities carried out during the months of May to July were mainly focused on the preparation of a glossary and the support of the activities carried out in the provinces.

Output 2.1

Designed, validated and adopted a new system of simplified management plans for small extensions of forest, including evaluation protocols for all types of exploitation permits.

The activities carried out during the first months of the year by the IT specialist for this component of the project were mainly focused on internal tests of the traceability system, outreach tours to the regional offices of the country and preparation of the system evaluation document. The activities developed during the months of May to July focused mainly on diagnostic visits to the provinces and a training workshop.

Output 3.1

A robust forest traceability and control system, with national coverage and with all the links in the wood production and marketing chain included.

A demonstration from experts with FFPRI (Japan) illustrated pilot application of stable isotope analysis to trace the origin of harvested wood from important species like teak, mahogany and rosewood.

Output 3.2

Training program aimed at all the links in the chain of production and commercialization of wood to achieve their link in the Forest Traceability and Control system.

Training workshops were held for technicians from two of MiAmbiente's operating regions. A fundamental objective of this output is to achieve the development of a new system of simplified management plans for small extensions of forest, including evaluation protocols for all types of exploitation permits. The activities carried out during the first months of the year in this component of the project focused mainly on visits and evaluative diagnoses in the regions of East Panama, Darién, Colón, West Panama, Coclé, Herrera, Los Santos, Veraguas, Chiriquí and Bocas del Toro. Visits evaluated how the current control and inspection system works, the equipment available and the review system supported by the national police checkpoints. The activities carried out during the months of May to July focused mainly on visits to large and small sawmills, interviews with forestry entrepreneurs and a web page proposal for legal timber.

The project is making good progress to date. The first annual audit of project finances (for 2023) will be carried out in early 2024. The first project steering committee is scheduled for December 2023.

[C] Project pending financing

1. PD 933/23 Rev.1 (M) 5th World Teak Conference: Sustainable Development of the Global Teak Sector – Adapting to Future Markets and Environments (India)

Budget and Sources of Funding:

Total Budget:	US\$	188,238
ITTO contribution:	US\$	188,238
Government of India contribution:	US\$	In kind

Executing Agencies: Kerala Forest Research Institute (KFRI)
TEAKNET (International Teak Information Network)

Approved: October 2023

Duration: Planned: 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 30 June 2025.

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:	60 months

This report is based on a progress report (available on request - Spanish only) submitted by the Executing Agency in July 2022 (no updated progress report has been received to date in 2023).

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).

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 implemented a final study in 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 monitoring mission took place in February 2023, when it was observed that a change of government and project personnel in Honduras in 2022 had further delayed project completion. However, all project activities were essentially complete at that point and the Executing Agency promised to submit the final report and audited financial statement prior to the 59th ITTC in November 2023. If that occurs, this project will be considered under the agenda item on completed projects; if not, the representative of Honduras will be asked to provide an updated progress report.

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:	22 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 September 2023, the project has made progress in all activities as described in the following table:

Activity		Percentage executed	Estimated completion date
Activity 1.1:	Analyze wood use promotion strategies applicable in selected countries	100%	December 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.	90%	December 2023
Activity 1.3:	Preparation of decision/decrees 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.	55%	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.	75%	December 2023
Activity 2.1:	Improve skill capacity to design and development of wood products	75%	December 2023
Activity 2.2:	Introduce new technique for bio-energy use	80%	December 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	80%	November 2023
Activity 2.4:	Upgrade capacity to comply legality requirements & forest law enforcement	85%	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 are 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 August 2023 which is available on request (English only). A project monitoring mission is scheduled to be carried out in November 2023. The annual audit covering 2022 was deemed satisfactory by the Secretariat.

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

Financed: October 2022

Starting Date: February 2023

Duration: Planned: 24 months
To date: 7 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 2022, the Japan Forestry Agency pledged funding to this project. The project agreement was signed in December 2022 and the project has been operational since 1 February 2023.

The development objective of the project aims at enhancing sustainable domestic wood consumption in Thailand. The specific objective is to promote sustainable domestic consumption of wood and wood products in Thailand through policy improvement on wood certification, stakeholder capacity building, and timber supply chains in pilot provinces. At the completion of the project, it is expected that the National Forestry Policy Committee/FRD will approve the policy/ies for promoting domestic uses of wood and wood products. Wood industries and tree growers (large and smallholders) collaboration will be strengthened to fill domestic market demands for sustainable legalized wood products and their supply and value chains. The project Outputs are: 1) Improved policies for promoting domestic uses of wood and wood products; and 2) Stakeholder capacity built to produce innovative wood and wood products needed by domestic markets.

The inception meeting of the project was organized on 23 February 2023. The representatives of the Japan Government (project's donor) and ITTO participated virtually. Based on the progress report submitted in August 2023, the project has made the following progresses (in percentage):

Output 1: Improved policies for promoting domestic uses of wood and wood products

- 1.1 Strengthen the national council/association and Forest Plantation Network and individuals for the promotion of sustainable wood use (50%)
- 1.2 Information and analysis on annual domestic wood production, the location of (legal) supply sources, value chains and demands & trends (90%)
- 1.3 Legalize and endorse domestic logs and sawn wood from planted forests on private own land or permitted public lands and their factories and mills through national& international certification (0%)
- 1.4 Experiences/lessons on smallholder plantations in selected countries investigated and introduced (0%)

Output 2: Stakeholder capacity built to produce innovative wood and wood products needed by domestic markets

- 2.1 Advanced skills to design and develop wood products to meet domestic market demands (30%)
- 2.2 Upgraded capacity and understanding to comply with legality requirements, forest law enforcement and certification (30%)
- 2.3 Awareness of urban consumers on the role of wood used for SFM and domestic wood consumption via workshops and exhibitions (30%)
- 2.4 Strengthened partnerships and communication between wood producers and wood consumers at all levels (household to international business) (20%)

The Executing Agency has submitted to the Secretariat a full project progress report covering activities to August 2023 which is available on request (English only). The first PSC/PTC meeting of the project and field visit were carried out from 20 to 25 August 2023. The first annual audit of project finances (for 2023) will be carried out in early 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

Financed: October 2022

Starting Date: July 2023

Duration:	Planned:	18 months
	To date:	1 month

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 2022, the Japan Forestry Agency pledged funding to this project. The project agreement was signed in December 2022 and the project has been operational since July 2023.

The proposed project aims to increase contribution of the national forest industry to national economic development. Its specific objective is to promote a strong and resilient domestic consumption of wood products, to be achieved through delivery of two outputs, namely: i) increased capacity of domestic market to satisfy consumers' need for wood product, and ii) enhanced institutional arrangement for steadily rising domestic consumption of wood products.

The first PSC/PTC meeting of the project and field visit were carried out from 4 to 7 September 2023. The project had just begun at the time of preparing this report and will submit its first progress report in 2024. The first annual audit of project finances (for 2023) will be carried out in early 2024.

[B] Projects pending finance**1. 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 31 May 2024.

2. PD 935/23 Rev.1 (M) Promoting Sustainable Wood Use for the Domestic Market in Malaysia

Budget and Sources of Funding:

Total Budget:	US\$	304,212
ITTO contribution:	US\$	212,088
Government of Malaysia contribution:	US\$	92,124

Executing Agencies: Malaysian Timber Certification Council (MTCC)

Approved: October 2023

Duration: Planned: 18 months

In compliance with the new financing architecture (approved by the 56th ITTC under Decision 4(LVI)), a donor has expressed interest in funding this project proposal developed from Concept Note: CN-23025-Malaysia. The proposal was developed by the Executing Agency in collaboration with the ITTO Secretariat and donor, taking into account comments received during the time-bound electronic no objection procedure that was completed on 18 October 2023.

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 June 2025.

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