

1. General Description:

ID:CN-23027

Project resulting from this CN: N/A

Note: CNs are developed into project proposals following consultation with donor(s).

1.1 Project Title:

Enhancing Stakeholders' Capacity of tropical timber producing Member Countries in Carbon Trading

1.2 Submitting Country/ies:

Japan, Malaysia

1.3 Specific Location & Country/ies/regions/areas benefitting from the project:

Asia-Pacific, Latin America, and Africa

1.4 Endorsement from ITTO Focal Point:

No endorsement required.pdf

1.5 Intended Project Duration (in months):

1

1.6 Indicative Budget (in US\$):

ITTO	630,200
Counterpart	0
Total	630,200

1.7 Programme Line Focus

Emerging Issues and Innovation

1.8 Project Type

Capacity Building/Training, Workshop/meeting/seminar, Market/product development

1.9 Proposal Summary:

The Market Discussion held during ITTC58 in Yokohama in November 2022, with the theme “Carbon Trade and Tropical Forests”, invoked much interests and discussions among participants from ITTO members. The MD speakers were experts working in this field in Africa, Latin America and Asia. They pointed out that there were very few carbon projects in ITTO Producers despite the huge potentials offered by carbon trading. It was estimated that the carbon trading market was worth some US\$ 2 billion in 2022. The speakers have observed obstacles to participation: no knowledge of carbon trading, lack of expertise and/or experience to develop a suitable project for carbon trading, not knowing where to start for those who wished to participate, etc. These obstacles were confirmed by comments from the floor. It was suggested that TAG should follow up the MD by organising technical training to prepare potential and interested participants to enter the carbon market. Working with the ITTO Secretariat, TAG proposed to run four-day workshops in Africa, Latin America and Asia. The workshop will prepare participants how to choose a methodology to develop a project; prepare a validation/verification process to register the project; and develop a monitoring system prior to issuance of verified carbon units. Experts will be identified to speak (and teach) the following topics: introduction to the UNFCCC process, Carbon offsets/credits, and REDD+ preparedness. Workshop participants will be invited from the private sector though relevant officials from the public sector will probably attend for knowledge. Ample budget should be set aside to sponsor participants so as to reach out to those who will benefit most from such training. The workshop in Asia will use English as the working language; in Africa it will be in French, and Spanish in Latin America. An excursion is envisaged to visit appropriate carbon project sites for a real-life exposure and learning experience.

2. Proponent Information:

2.1 Executing Agency Information:

Name of Agency/Organization/Institution:

International Tropical Timber Organisation (ITTO)

Name of main Contact Person:

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2.2 Type of Organization:

International Organization

Type of Organization- other case:

ITTO Trade Advisory Group (TAG) was set up by the International Tropical Timber Council in 2000, to advise and work with the Council on tropical timber trade and industry matters. TAG Members (currently about 30 individuals) are all from the private sector, representing both the producing and consuming member countries. As some TAG members are from timber associations or federations, the indirect outreach of TAG is 4,022 private companies world-wide. TAG members meet physically once a year and are in contact by email throughout the year. Each May and September, TAG produces a short bulletin, TAG Alert, on current issues faced by the trade and industry; it is distributed to all ITTO members and the Secretariat. TAG members will be able to assist in the organising and running of these three workshops as the workshop venues are expected to be in countries with a strong TAG presence.

2.3 Collaborating Agency/ies:**Name of Agency/Organization/Institution:**

Trade Advisory Group (TAG)

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2.4 Relevant experience of EA:

ITTO promotes the sustainable management and conservation of tropical forests and the expansion of international trade in timber from sustainably managed and legally harvested forests. ITTO develops policy guidelines to encourage SFM and timber industries. ITTO assists member countries to adapt guidelines to local situations. ITTO also collects, analyzes and disseminates data on the production and trade of tropical timber.

3. Relevance:

3.1 Conformity with ITTO objectives (ITTA, 2006) and priorities (current SAP):

This Activity project conforms principally with Objective 9(s) Identifying and addressing relevant new and emerging issues. It also conforms to three other objectives, namely: Objective (g) Developing and contributing towards mechanisms for the provision of new and additional financial resources ...; Objective (j) Developing and contributing towards mechanisms for the provision of new and additional financial resources ...; and Objective (m) Encouraging information sharing for a better understanding of voluntary mechanisms ...

3.2 Relevance to the ITTO Programme Lines:

This Activity complies with all four strategic priorities set out in the ITTO Strategic Action Plan 2022 – 2026. These strategic priorities are: (1) Governance and investment, (2) Economies and tropical timber trade, (3) Resilience, restoration and conservation, and (4) Statistics and information.

3.3 Relevance to the Sustainable Development Goals (SDGs) and the Global Forest Goals (GFGs) and other forest related global agenda:

This proposed project contributes mainly to SDG 13 Climate Action and SDG 12 Sustainable Consumption and Production. This activity is also part of SDG 9 Industry, Innovation and Infrastructure as well as SDG 15 Life on Land.

3.4 Relevance to submitting country's policies:

The proposed project supports the regional and the participating countries' policies and strategies on forest resource management identifying a potential new source of income for ITTO producer member countries. All ITTO producer member countries have adopted policies that support a paradigm shift from forest resource exploitation towards sustainable forest management that balances the social, economic and environmental aspects of forestry. And now in addition, the positive move towards carbon trading will add more value to the forests for the benefits of all stakeholders.

3.5 Linkages to previous/ongoing ITTO and other projects/activities (if any):

Relevance to UN Strategic Plan for Forests 2030. This proposed project conforms to all six Global Forest Goals, namely: GFG1, Reverse the loss of forest cover ..., GFG2 Enhance forest based economic, social and environmental benefits... , GFG3 Increase significantly the area of protected forests ... , GFG4 Mobilize significantly increased, new and additional financial resources ... , GFG5 Promote governance framework to implement SFM ... , and GFG6 Enhanced cooperation, coordination, coherence and synergies on forest-related issues at all levels ...

4. Project synopsis:

4.1 Objectives (reflecting reference to elements within all ITTO Guidelines as applicable):

The Activity aims to increase the economic, environmental and social contributions of forest owners and timber plantations investors in the tropics to facilitate the achievement of the Sustainable Development Goals (especially SDG 13, Climate Action and SDG 12 Sustainable Consumption and Production) for a sustainable future. Specifically, the Activity is targeted to stimulate more initiatives from the private sector in producer countries to manage carbon-related issues so as to increase revenue to augment SFM efforts. Such carbon projects are aimed at the voluntary carbon markets. They can range from preserving available forests to creation of planted forests, and various stages of SFM in between. The Activity is so far the only project in ITTO history which addresses ITTA Objective 1 (s): Identifying and addressing relevant new and emerging issues. Further, this Activity develops “pathways and mechanisms for the provision of new and additional financial resources”, as specified under ITTA Objectives 1 (g). This Activity also “[encourages] members to support and develop tropical timber reforestation as well as rehabilitation and restoration of degraded forest land”, under ITTA Objective 1(j). It is envisaged that this Activity will spur Members to “develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance...”, as stated in ITTA Objectives 1 (m).

4.2 Key problem(s) to be addressed:

The key problem to be addressed by this Activity is the severe lack of carbon capture/offset projects by the private sector in the Producing Member Countries. This problem was highlighted and discussed during the 2022 Market Discussion of ITTC-57 which was organized by the Trade Advisory Group (TAG). The key problem is mainly due but not limited to: (1) a lack of understanding of carbon trading benefits and technical knowledge about the carbon market, (2) how to develop and promote credible carbon projects, and (3) very limited knowledge sharing and international cooperation.

4.3 Main stakeholders and beneficiaries:

- Forest and plantation owners/managers.
- Forestry authorities in participating countries
- Local communities and NGOs working in this field
- Financial institutions (local, regional and international)
- Carbon buyers and investors in carbon projects
- Students from universities, technical and vocational training institutes

4.4 Key activities:

The key activity is to organize regional workshops in selected countries in the three ITTO regions and conduct training to participants from Producing member countries. The key activity will involve development of training curricula, compiling training material and producing outputs for knowledge sharing. Selecting host countries and identifying participants are part of supporting activities. In each workshop, experts will be identified to lecture and teach in these broad-related areas: • Introduction to the UNFCCC Process • Carbon Offsets, Carbon Credits and Carbon markets • REDD+ In addition, a field excursion will be organized for hands on learning experience. One workshop will be organized in Africa, Asia and Latin America. A record of the three workshops will be maintained in the Secretariat and made available through the ITTO website for interested parties. Further, the Secretariat will maintain an online grouping of all the attendees which will facilitate exchange of information and also allow monitoring of carbon projects in Producing Countries

4.5 Expected outcomes and impacts, including innovation/transformation:

- More carbon offset/credit project will be operational and actively mitigating the climate change effects of carbon dioxide in the atmosphere.
- More options are made available for land use and forest management with the additional incentive of financial revenue from carbon trading.
- Information and knowledge sharing which will lead to more carbon projects being set up globally. All of which will benefit humankind in fighting climate change.
- Networking under the umbrella of ITTO for all resources concerning carbon and tropical forestry. This will serve as a driver for innovation and transformation in land use, especially in Producing Member Countries.

4.6 Existing funding for (related) initiative(s)/established contacts to potential donors:

Not applicable

4.7 Any other information deemed necessary/important:

This Activity is expected to mobilise the entrepreneurship and drive of the Private Sector in Producing Member Countries to focus on mitigating Climate Change through carbon offset/credit projects.

4.8 Risk mitigation measures:

The success of the project depends on the continued shared commitment and political will of the authorities in the countries (hosts for the workshops) and its stakeholders' support for carbon offsets. In order to mitigate the risk of being unable to implement the project and to achieve the project's objectives, the project will select qualified personnel with high acceptance by the authorities to manage the project and to hire (or sub-contract) qualified consultants (to teach) with extensive and in-depth knowledge in the required field of expertise. The project will also work with highly reputable wood industries and local communities/tree growers. The project will closely collaborate with ITTO and donor(s) for guidance in implementing the project's activities.

5. Indicative Budget (in US\$):

Indicative Budget (in US\$):

Description	ITTO	Counterpart	Total
Personnel	60,000	0	60,000
Sub-contracts	100,000	0	100,000
Travel and DSA	130,000	0	130,000
Capital Items	3,000	0	3,000
Consumables	60,000	0	60,000
Publication / Dissemination	30,000	0	30,000
Miscellaneous	150,000	0	150,000
Total	533,000	0	533,000

ITTO Project Monitoring & Review	15,000	-	15,000
Annual/Final Audit	0	-	0
ITTO Programme Support	82,200	-	82,200
ITTO Ex-post Evaluation	0	-	0
GRAND TOTAL	630,200	0	630,200