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REPORT OF PROJECTS AND PRE-PROJECTS IN PROGRESS

ECONOMICS, STATISTICS AND MARKETS

[A] Projects under implementation

1. 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: November 2022

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 30 months |
| | To date: | 23 months |

Since November 2022, the Ministry of the Environment (MiAMBIENTE) has been executing the Project “Strengthening Panama’s Forest Control and Expanding the Traceability System”, financed by the International Tropical Timber Organization (ITTO), led by the Forestry Directorate of MiAMBIENTE, with the management of the administration of funds by Fundación PA.NA.M.A. 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 was executed in the areas of Eastern Panama and Darién, but it is necessary to expand the system to the rest of the country’s provinces and provide capacity building to field personnel as well as strengthen the implementation of the current system. The project has a team of specialist consultants for the development of each product in execution of the work plan. This team has carried out different tours nationwide to implement the traceability system throughout the country.

During the first half of 2024, training on the Forest Traceability and Control System (STCF) has been carried out for MiAMBIENTE technicians throughout the country. In addition, the terms of references were prepared for the hiring of an entity to organize the forest business roundtable, develop a communication campaign and train social communicators on the importance of forest management and traceability. These activities are part of the Network for Legal Wood and responsible trade. The main objective has been to strengthen technical and communication capacities in the forestry sector.

Development and implementation of the Legal Timber Network website and the management of new accessions to the Network for Legal Timber. “The Red por la Madera Legal website” was developed and is operational. This activity is 100% completed (see link: <https://difor.miambiente.gob.pa/>)

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.

Development of training aimed at training 50 communicators from various media, to improve their understanding of the importance of forest management and traceability in the framework responsible trade as strategy for forest conservation. The first training of 20 communicators was carried out, from media house such as TVN, La Prensa, La Estrella de Panamá, Panamá América, ANPanamá and MiAmbiente staff. This activity is 40% completed.

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.

Evaluation of the functionality and introduction of improvements to the Forest Traceability and Control System (FTCS) to include all links in the wood production and marketing chain and those key forest production systems not linked to the data was conducted. The migration of the system from the National Authority for Government Innovation (AIG) to MiAMBIENTE was coordinated. Total migration of the traceability system to the Ministry of the Environment network is also done. The planting module was delivered to be put into production and begin external testing. Installation of the plantation module. Update of applications with routes from the ministry network and new version of the FTCS application. This activity is 100% completed.

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 conducted for technicians from the operational regions of MiAMBIENTE. As a result of the training for the expansion of the traceability system, the technicians recognized the importance of adopting these new technologies to ensure transparency and legality in the timber forestry sector. This activity is 100% completed.

[B] Project pending agreement

1. PD 933/23 Rev.2 (M) Promotion of Sustainable Teakwood Use in Domestic Markets of India (India)

Budget and Sources of Funding:

| | | |
|--------------------------------|------|---------|
| Total Budget: | US\$ | 321,000 |
| Government of Japan: | US\$ | 296,000 |
| Executing Agency contribution: | US\$ | 25,000 |

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

Approved: February 2024

Financed: April 2024

Duration: Planned: 24 months

At the Fifty-ninth Session of the International Tropical Timber Council and Associated Sessions of the Committees (ITTC), held in Pattaya, Thailand, from 13 to 17 November 2023, the Government of Japan expressed interest in funding the project PD 933/23 Rev.1 (M). Consequentially, the Government of Japan requested the revision of this proposal to include the extended component of sustainable wood use. The proposal was revised and resubmitted by the Executing Agency taking into account comments from the Government of Japan. This proposal was placed under the time-bound no objection procedure that was completed on 9 February 2024.

Until to date, the process of signing the Project Agreement is still undergoing internal processes within the Government of India. ITTO Secretariat encourages the Government of India to speed up the completion of its internal processes for the signing of the Project Agreement for immediate project implementation.

FOREST INDUSTRY**[A] Projects under implementation**

1. PD 912/20 Rev.3 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru

Budget and Sources of Funding:

| | | |
|--------------------------------|------|---------|
| Total Budget: | US\$ | 291,439 |
| ITTO contribution: | US\$ | 166,847 |
| Executing Agency contribution: | US\$ | 124,592 |

Executing Agency: Cámara Nacional Forestal (CNF)

Approved: January 2024

Financed: March 2024

Starting Date: August 2024

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 30 months |
| | To date: | 1 month |

At the Fifty-ninth Session of the International Tropical Timber Council and Associated Sessions of the Committees (ITTC), held in Pattaya, Thailand, from 13 to 17 November 2023, the Government of Japan expressed interest in funding the project PD 912/20 Rev.2 (I). The proposal was revised and resubmitted by the Executing Agency taking into account the pledge made at the Council Session. This proposal was placed under the time-bound no objection procedure that was completed on 19 January 2024. The project agreement was signed in July 2024 and the Executing Agency submitted the Inception Report and all other start-up documentation to the ITTO Secretariat in August 2024, after which the first installment of funds was disbursed, marking the official commencement of project implementation.

2. 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: | 20 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.

Based on the progress report submitted in August 2024, 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 (80%)
- 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 (50%)
- 1.4 Experiences/lessons on smallholder plantations in selected countries investigated and introduced (100%)

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 (100%)
- 2.2 Upgraded capacity and understanding to comply with legality requirements, forest law enforcement and certification (80%)
- 2.3 Awareness of urban consumers on the role of wood used for SFM and domestic wood consumption via workshops and exhibitions (90%)
- 2.4 Strengthened partnerships and communication between wood producers and wood consumers at all levels (household to international business) (70%)

The Executing Agency has submitted to the Secretariat a full project progress report covering the project report until July 2024 which is available on request (English only). The completion of the project's activities is expected by the end of January 2025.

3. 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: | 15 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 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.

Based on the progress report submitted in September 2023, the project has made progress in all activities as described in the following table:

| Output and Activities | Percentage executed | Estimated completion date |
|--|---------------------|---------------------------|
| <u>Output 1:</u> Increased capacity of domestic market to satisfy consumers' need for wood product | | |
| Activity 1.1: To conduct a preliminary study on consumption of wood products | 100% | April 2024 |
| Activity 1.2: To examine salient features of substitute products | 100% | April 2024 |
| Activity 1.3: To enrich assortment of wood products sold in domestic market | 100% | April 2024 |
| Activity 1.4: To develop a mid-term national strategy for wood product development | 80% | Q1 YPO2 |
| Activity 1.5: To educate consumers on the advantages of using wood products | 100% | April 2024 |
| <u>Output 2:</u> Enhanced institutional arrangements for steadily rising domestic consumption of wood products | | |
| Activity 2.1: To establish a national council for the promotion of a sustainable and resilient domestic market for wood products | 60% | Q2 YPO2 |
| Activity 2.2: To introduce policy interventions on the use of wooden materials in construction sectors | 40% | Q1 YPO2 |
| Activity 2.3: To promote policy incentives for investment in collective facilities for wood processing | 100% | April 2024 |
| Activity 2.4: To share information and experience in the development of domestic consumption of wood products with the assistance of the ITTO Secretariat in collaboration with other potential international organizations | 60% | Q2 YPO2 |

The Executing Agency has submitted to the Secretariat a full project progress report covering activities to August 2024 which is available on request (English only). The completion of the project's activities is expected by the end of January 2025.

4. 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 Agency: Malaysian Timber Certification Council (MTCC)

Approved: October 2023

Financed: November 2023

Starting Date: October 2024

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 18 months |
| | To date: | 1 month |

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. The Japan Forestry Agency pledged funding to this project and the project agreement was signed in April 2024. The disbursement of the 1st installment of the project budgeted has been done at end of September 2024.

5. PP-A/60-369 Strengthening Surveillance and Monitoring to Tackle the Surge in Forest Loss and Land Degradation, Induced by Intensifying Conflict in Thailand's Border Areas

Budget and Sources of Funding:

| | | |
|--------------------------------------|------|-----------|
| Total Budget: | US\$ | 278,078.4 |
| | | 8 |
| ITTO contribution: | US\$ | 278,078.4 |
| | | 8 |
| Government of Thailand contribution: | US\$ | In-kind |

Executing Agency: Kasetsart University

Approved: January 2024

Financed: March 2024

Starting Date: June 2024

| | | |
|-----------|----------|-----------|
| Duration: | Planned: | 12 months |
| | To date: | 3 months |

In compliance with the new financing architecture (approved by the 56th ITTC under Decision 4(LVI)), a donor expressed interest in funding a concept note, which was subsequently developed into a proposal by the Executing Agency in collaboration with the ITTO Secretariat and donor. The project agreement between ITTO and Kasetsart University, Thailand was signed on 8 June 2024 and ITTO disbursed the 1st installment to Kasetsart University on 21 June 2024.

The specific objective of the proposed project is to tackle continuing deforestation and forest degradation while sustaining livelihoods in the disturbed Thailand-Myanmar border areas. Two outputs are proposed including 1) robust forest monitoring system installation to assist local authorities and communities in monitoring forest loss and degradation through the application of using satellite and drone data, and 2) fulfilled requisite capacity enhancement of local authorities, community groups and youth in community forest protection and sustainable livelihood development.

The Hybrid Inception Workshop was held in Bangkok on 26 July 2024 followed by field visits to the project sites in Mae Hong Son province of northern Thailand during 3-5 August 2024. The project team had opportunities to explore the target villages and communities and consult local government authorities, local communities and stakeholders. Based on the inception workshop, field survey and continuation work since June 2024, the project has made progress in some activities as described in the following table:

| Output and Activities | Percentage executed | Estimated completion date |
|--|---------------------|---------------------------|
| Output 1: Robust forest monitoring system installation to assist local authorities and communities in monitoring forest loss and degradation through the application of using satellite and drone data | | |
| Activity 1.1: Prepare hard copy and digital copy of land use/forest cover maps in 1990 and present, and assess changes | 20% | November 2024 |
| Activity 1.2: Prepare the vulnerable deforestation areas map using GIS analysis and monitor the risk areas using drone technology | Not started | January 2025 |
| Activity 1.3: Develop and install SMART PATROL smart technologies for citizen science and community reporting illegal activities (logging, poaching and encroachment) in and around the 5 target community forests | 20% | October 2024 |
| Activity 1.4: Install cameras and NCAPS technologies for real time monitoring and reporting illegal activities (logging, poaching and encroachment) in and around the 4 target community forests and 1 reserve forest | 20% | October 2024 |
| Output 2: Fulfilled requisite capacity enhancement of local authorities, community groups and youth in community forest protection and sustainable livelihood development | | |
| Activity 2.1: Conduct trainings and workshops on forest and land monitoring, and user-friendly digital forest monitoring platform that integrates cutting-edge technologies to stakeholders (e.g., local authorities, community groups and youth) on the following subjects: 1) drone monitoring, 2) NCAPs and 3) SMART PATROL) | 10% | January 2025 |
| Activity 2.2: Conduct training on sustainable livelihood development activities and income generation to local people and Myanmar refugees on the following subjects: 1) cultivation, harvesting, processing and commercialize bamboo and NTFPs, 2) improvement handicraft products | Not started | February 2025 |
| Activity 2.3: Produce, share and disseminate information, knowledge management, and outreach to other community forests | 20% | March 2024 |

The Executing Agency and ITTO are planning to organize the PSC/PTC in November 2024.

[B] Project pending financing

**1. PD 912/20 Rev.3 (I) Strengthening Technical and Business Management in the Timber
Phase II Forest Industry of Peru**

Budget and Sources of Funding:

| | | |
|--------------------------------|------|---------|
| Total Budget: | US\$ | 368,542 |
| ITTO contribution: | US\$ | 205,706 |
| Executing Agency contribution: | US\$ | 162,836 |

Executing Agency: Cámara Nacional Forestal (CNF)

Approved: January 2024

Duration: Planned: 15 months

Phase II of this project will be considered for financing following completion of Phase I (see section A, item 1).

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