



# INTERNATIONAL TROPICAL TIMBER COUNCIL

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COMMITTEE ON FOREST INDUSTRY

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## REPORT OF COMPLETED PROJECTS

This document highlights the work carried out under project PD 832/16 Rev.2 (M) of the Committee on Economics, Statistics and Markets and PD 922/21 Rev.1 (I) of the Committee on Forest Industry.

### Committee on Economics, Statistics and Markets

1. 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
	Actual:	44 months

The project sought to deal with the problem of illegal logging in Guatemala, much of which is due to small businesses operating outside formal regulations and structures. The objective of this project was to bring small forest operators in Guatemala into the formally regulated sector, while at the same time developing systems to monitor/trace their production and transport of wood products. 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 co-implement the project, who nominated the project coordinator. 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. The project duration was extended by 12 months due to the above delays, with all project activities except the final report completed by the end of 2023.

The successfully completed project activities are as follows:

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

- Activity 1.1 Design a technical instrument to develop simplified forest management plans for timber harvesting of less than 50m<sup>3</sup>.  
Software and manuals for developing simplified management plans were developed.
- Activity 1.2. 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 timber harvesting of less than 50m<sup>3</sup>.  
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.
- Activity 1.3 Promote and facilitate the implementation of the simplified forest management plan for timber harvesting 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 received training and personalized knowledge transfer. 3 training workshops 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.
- Activity 1.4 Develop materials for dissemination of simplified forest management plans.  
A range of hard copy and web-based dissemination materials were developed during the project.

Output 2 Plan to strengthen the legality of the small forestry industry implemented

- Activity 2.1 Raise awareness among 200 informal timber traders of the legal process of operating with INAB and strengthening forest businesses.  
Workshops were carried out in 2021 and 2022 in all project regions to meet with informal timber producers and traders.
- 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 project implemented actions to make the process of formalization more dynamic, disseminating personalized information/instructions on the process of registration in INAB's registry, supplying the corresponding manuals in which the registration formalities are described, assisting with registration in relevant databases, etc. Relevant manuals were disseminated via WhatsApp since most informal business operators had access to this app.
- Activity 2.3 Develop forestry business associations in the pilot area of the project.  
Associations were established and initial meetings held in each pilot area during 2021-22.
- Activity 2.4 Establish SEINEF access points/windows in all project pilot areas.  
The electronic system to allow companies to register with INAB and enter relevant operational data online was made available to over 50 companies in all pilot areas.
- Activity 2.5 Train informal companies in the legal processes of operation and strengthening of forestry businesses.  
Visits to companies having their operations formalized under forestry regulations in the departments of: Sacatepéquez, Chimaltenango (DSR-V-1, DSRV -2, Guatemala (DSR-1-1), Zacapa and El Progreso (DSR-111-2 and DSR-111-4) were undertaken. The project supported these companies in managing forestry operations and provided an economic incentive to achieve incorporation into the formal (legal) and operational scheme (which allows companies access to formal domestic markets).

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 were completed, improving its functionality and application.
- Activity 3.2 Development of smart phone application for log volume estimation in road transport vehicle and assessment of 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 in ITTO's TFU.
- Activity 3.3 Accompaniment in training and preparation of materials on the applications developed under Activity 3.2.  
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 for assessing primary sawmill yields in the forestry industry.

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

- Activity 4.1 Creation of a standardized registry of operators exempted from forestry licenses for municipalities with a family consumption agreement.  
The online registry was created and linked with INAB's electronic systems in 2021-22.
- Activity 4.2 Training of the standardized registry of operators exempted from forestry licenses for municipalities with a family consumption agreement.  
Tests of the standardized registry (testing for completeness and accuracy of entries) were carried out early in project implementation. 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, the project implemented a municipal system for registration of forest enterprises and for follow-up with enterprises authorized to undertake license-exempt forest uses. Over 150 municipalities are using the system in 2024.

The project has had a significant impact on Guatemala's small forest industries, allowing them to more easily access markets for their products following registration in the databases established or improved by the project. The SEINEF 2.0 system and the sawmill yield app have helped INAB to implement a more robust system for preventing illegal logging, avoidance of taxes/royalties, and/or illegal transport of wood products. Since all project outputs have already been integrated into INAB's monitoring and control procedures, the sustainability of project outputs is assured.

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. The annual audits covering each year of project implementation were submitted on time by the Executing Agency and deemed satisfactory by the Secretariat. The full completion report and the final audit report were received by the Secretariat in May 2024 and are available on request. As the completion report and the final audit report have been deemed satisfactory by the Secretariat, the Committee may wish to declare the project duly complete.

**Committee on Forest Industry****1. 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
	Actual:	28 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.

The project has completed all project's activities, as follows:

**Output 1:**

- Activity 1.1: Analyze wood use promotion strategies applicable in selected countries
- 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
- 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
- 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

**Output 2:**

- Activity 2.1: Improve skill capacity to design and development of wood products
- Activity 2.2: Introduce new technique for bio-energy use
- 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
- Activity 2.4: Upgrade capacity to comply legality requirements & forest law enforcement

To achieve the designed outcomes, the Project has been focused on the following:

1. Contribution in improving policy framework to facilitate sustainable domestic wood use in Vietnam by (1) Reviewing the existing policy framework effecting the local W&WP consumption; (2) Investigating the policies and initiatives for sustainable wood use promotion in Japan and in selected countries and provide lessons learnt and recommendations to relevant Vietnamese policy makers; (3) Supporting on-ground activities (biomass-fuel use for agro-product drying, improve nursery practice, facilitating of shifting from short-term (4-5 years) to longer-term (7-8 year) cutting cycle to produce certified and bigger-sized woods and provide feedbacks to policy makers; (3) Facilitating stakeholder dialogues to collect needed information.
2. Contribution in building up capacity of relevant stakeholder groups for better and efficient engagement in domestic wood supply by (1) Improving products design and manufacturing capacity to meet local market demands and promote sustainable wood use in domestic market by supporting leading architecture/civil construction universities (MUCE, HAU, MTUD, Wood Product and Interior Designing College of VNUF) to provide design trainings, conduct Young Designer Contest, hosting Architecture Student Festival etc.; (2) Supporting wood-industry villagers/micro businesses to get access to national trade shows/trade fairs of wood technology/machinery and wood product exhibitions for export and local markets; (3) Training entrepreneurs to use various internet/social media applications; (4) Conduct trainings on due diligence practice (DDS) to improve timber legality assurance and improve business governance required for local market.
3. To make the Project outputs/outcome outreach, the Project has conducted a large number of national workshops/conferences/symposiums and carried out a series of communication on national TVs and other mass media means.
4. All lessons learnt and knowledge gained by the project have been widely communicated and shared locally and internationally to promote sustainable consumption of wood and wood products. In addition, with this Project, VIFOREST had opportunity to strengthen trade ties between Vietnamese and Japanese companies and contribute to the bilateral cooperation between Vietnam and Japan in wood product trade.
5. The policy review and the recommendations on policy framework improvements as well as the reports prepared by ITTO experts to summarize experience on promoting sustainable wood consumption in Japan and selected countries will serve as good references for the VIFOREST and relevant Government agencies to go further with local market promotion.
6. All lessons learnt and knowledge gained by the Project are expected to be widely communicated and shared locally and internationally to promote sustainable consumption of wood and wood products. In particular, the Project has built up capacity for VIFOREST and its local associates to provide advises and consultancies to the local and national governments on various issues relating to promotion of SWU in Vietnam.

The Executing Agency has submitted to the Secretariat the project completion report which is available on request (English only). ITTO Secretariat is in the process to organize the final audit report of the project. With the completion report and expected submission of the final audit report, the Committee may wish to declare the project duly complete.

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