

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT DOCUMENT

TITLE:	DEVELOPMENT OF INTRA-AFRICAN TRADE AND FURTHER PROCESSING IN TROPICAL TIMBER AND TIMBER PRODUCTS – PHASE I STAGE 1
SERIAL NUMBER:	PD 700/13 Rev.2 (I)
COMMITTEE:	FOREST INDUSTRY
SUBMITTED BY:	ITTO
ORIGINAL LANGUAGE:	ENGLISH

SUMMARY:

The project is aimed at removing the main identified constraints in the expansion of further processing of tropical timber into value added products and trade development, particularly through intra-African trade through nine areas of action: facilitation of trade; elaboration and implementation of national strategies for industrial and trade development; business development in pilot enterprises; improvement of market transparency; trade promotion measures; training; strengthening of national industry and trade associations; innovative financing; and technology transfer. Implementation involves effective engagement of stakeholders and close cooperation with the identified international, regional and national partners in the private and public sectors. The activities are implemented in a logical sequence divided between two three-year phases to ensure mainstreaming and sustainability of impacts. **Phase I is divided into two stages of which the first one focuses on three pilot countries and strengthening of capacities in industry and trade development.**

IMPLEMENTING AGENCIES: INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

DURATION: 36 Months
Phase I Stage 1: 12 months
Phase I Stage 2: 24 months

BUDGET AND PROPOSED SOURCES OF FINANCING:	SOURCE	CONTRIBUTION IN US\$
Phase I Stage 1	ITTO	1,399,989
Phase I Stage 2	ITTO	3,759,256
	Participating Governments	297,000
	Private Sector	818,300
	TOTAL	6,274,545

INTRODUCTION

In 2013 the ITTC approved the project PD 700/13(I) Rev1. DEVELOPMENT OF INTRA-AFRICAN TRADE AND FURTHER PROCESSING IN TROPICAL TIMBER AND TIMBER PRODUCTS – PHASE I for financing (Annex 1). The project budget was US\$ 6,274,545 but funding could not be raised to start implementation.

In December 2014 the Government of Japan indicated their interest in financing a first stage of the project with a duration of one year and requested ITTO to prepare a respective funding proposal.

After a review of recent developments in the region, Stage 1 was designed which is targeted at implementing those activities that can be implemented during the initial one-year period building a basis for a subsequent Stage 2 to implement the remaining other activities. Planning has been done in such a way that Stage 1 that can be successfully implemented independently from financing of Stage 2.

Stage 1 described in this document contains selected key activities to initiate the process of industry and trade development in the region, focusing on three pilot countries. The activities cover (i) trade facilitation through improved information on trade barriers and measures how to reduce them, (ii) elaboration of national strategy for development of further processing, (iii) improvement of market transparency including the regional markets, cross-border trade and domestic supply by the informal sector, (iv) technical training in further processing, and trade development, and (v) strengthening on national industry/trade associations for advocacy and providing adequate services to their members.

In addition to regional level efforts, Stage 1 focuses on three pilot countries which include Côte d'Ivoire, Cameroon and another country in the Congo Basin. At the end of Stage 1 a regional workshop is organized to share lessons learned in all the five intervention areas specifically targeted at the private sector.

The budget of Stage one is US\$ **1,399,989,00**.

The annexes of this document include the following elements of the proposal for Stage 1:

- Annex 1. List of the outputs and activities of the original project document and those activities that are included in Stage 1
- Annex 2. Work plan of Stage 1
- Annex 3. Budget of Stage 1
- Annex 4. Terms of Reference for personnel and consultants during Stage 1
- Annex 5. Terms-of-Reference for baseline studies on domestic markets, cross-border trade and the role of the informal sector in three pilot countries
- Annex 6. The original project document PD 700/13 Rev.1 (I)
- Annex 7. Presentation of the Centre for International Forestry Research (CIFOR)

ANNEX 1. OUTPUTS AND ACTIVITIES OF PHASE I - ALL STAGES (PD 700/13(I) REV. (1) AND STAGE 1

Outputs/ Activities	PHASE I – Stage 1 and 2	PHASE I Stage 1	Notes
Output 1	<i>Process to facilitate trade is in place and facilitated arrangements in operation for TTP exports in the region on a pilot basis have been made</i>	<i>Process to facilitate trade is in place and facilitated arrangements in operation for TTP exports in the region</i>	During Stage 1 the process to facilitate trade is started for TTP exports within the region on a pilot basis.
A1.1	Study on costs and benefits of tariff and non-tariff barriers of trade in selected ITTO member countries	A1.1.1 Study on the costs and benefits of tariff and non-tariff barriers in selected countries is produced and disseminated A1.1.2 Establishment of a web-based data base on tariff barriers for TTPs for easy access by private sector enterprises	Companies will have limited use of a one-time study as they would have to have access to tariffs upon their needs. A data base is therefore established which can be later expanded geographically and updated periodically with limited costs.
A1.2	Two high-level workshops on intra-regional trade in target markets to develop proposals for facilitated trade procedures	A1.2 A regional workshop on intra-regional trade in target markets to develop proposals for facilitated trade procedures	This activity to be carried out during Stage 2 of the Project
A1.3	Advisory services to follow up implementation of proposals		This activity to be carried out during Stage 2 of the Project
Output 2	<i>National strategies for development of further processing and TTP exports in pilot countries have been implemented</i>	<i>National strategies for development of further processing and TTP exports in pilot countries have been implemented</i>	During Stage 1 national strategy is developed at least in one pilot country in West Africa (Côte d'Ivoire)
A2.1	Stakeholder workshops on potentials and constraints of industry and trade development	A2.1 A stakeholder workshop on potentials and constraints of industry and trade development	To be implemented in the pilot country and to be participated by up to 40 stakeholders
A2.2	Analytical work to support elaboration of draft national strategies	A2.2 Analytical work to support elaboration of draft national strategies	To be implemented in the pilot country
A2.3	Validation workshops of the strategic conclusions and recommendations	A2.3 Validation workshop of the strategic conclusions and recommendations	To be implemented in the pilot country and to be participated by up to 40 stakeholders
A2.4	Advisory service to implementation of policy proposals (including regulations, enforcement, incentives, public procurement policies, etc.)	A2.4 Advisory service to implementation of policy proposals (including regulations, enforcement, incentives, public procurement policies, etc.)	To be implemented by the Project Manager in the pilot country
A2.5	Advisory service to strategic priority actions (integration of the informal sector, development of local clusters, etc.)		This activity to be carried out during Stage 2 of the Project

Outputs/ Activities	PHASE I – Stage 1 and 2	PHASE I Stage 1	Notes
A2.6	Thematic workshops for mobilizing stakeholder participation in strategy implementation		This activity to be carried out during Stage 2 of the Project
A2.7	Technical assistance to monitoring and evaluation of strategy implementation		This activity to be carried out during Stage 2 of the Project
A.2.8	Regional workshop to exchange experience	A2.8 Regional workshop to exchange experience on industry and trade development	The purpose is to share experience of all the Stage 1 activities in the three pilot countries (see Output 4) and in the region as a whole to encourage stakeholders in other countries to embark on similar efforts and share lessons learned. A minimum of 80 participants from the public and private sectors as well as other stakeholder groups will directly benefit from the activity.
Output 3	<i>Business development in pilot enterprises has been undertaken</i>	<i>Business development in pilot enterprises has been undertaken</i>	
A3.1	Pre-selection of pilot candidates and enterprise level consultations on participation		This activity to be carried out during Stage 2 of the Project
A3.2	Technical and business diagnosis of pilot enterprise operations		This activity to be carried out during Stage 2 of the Project
A3.3	Elaboration of business development plans for pilot enterprises		This activity to be carried out during Stage 2 of the Project
A3.4	Advisory services to implementation of business plans		This activity to be carried out during Stage 2 of the Project
A3.5	In-house training of technical and management staff	A3.5	This activity to be carried out during Stage 2 of the Project.
A3.6	National workshops to share experiences		This activity to be carried out during Stage 2 of the Project

Outputs/ Activities	PHASE I – Stage 1 and 2	PHASE I Stage 1	Notes
Output 4	Measures to improve market transparency have been undertaken	Measures to improve market transparency have been undertaken	
A4.1	Studies on selected target markets (3 export and 3 domestic)	<p>A4.1.1 Baseline study on domestic markets, cross-border trade and the role of the informal sector on one West African country (Côte d'Ivoire)</p> <p>A4.1.2 Two baseline studies on two pilot countries in the Congo Basin (Cameroon and DRC/Republic of Congo)</p>	<p>These are baseline studies on three pilot countries to serve private enterprises in planning of marketing and raw material procurement, and to produce policy recommendations for integration of the informal sector. The studies benefit government agencies, the private sector and operators in the informal sector in their efforts to develop tropical timber trade and industry based on legal and sustainable sources of supply.</p> <p>The baseline studies are carried out by Centre for International Forest Research (CIFOR) which has done similar work in the Congo Basin.</p>
A4.2	Establishment of quarterly/monthly market news service on developments in the markets for African timber and timber products	A4.2 Establishment of a pilot phase quarterly/monthly market news service on developments in the markets for African timber and timber products	This bi-lingual activity includes dissemination of market news and other relevant information to the private sector enterprises, government agencies and other stakeholders (up to 500 beneficiaries) through posting on a webpage.
A4.3	Advisory service and training to improve data on production, trade and consumption		This activity to be carried out during Stage 2
A4.4	Establishment of web-based data base on African producers of tropical timber and timber producers and their products	A4.4 Establishment of web-based data base on African producers of tropical timber and timber producers and their products	The activity facilitates trade promotion by providing access to information on potential sources of supply in the region benefiting participating supplier companies (estimated at 100 in the first stage) and potential buyers in the regional and international export markets.
A4.5	Other dissemination activities of market information	A4.5 Other dissemination activities of market information	This activity will be combined with Activity 2.8 in Stage 1 and is followed un in Stage 2.

Outputs/ Activities	PHASE I – Stage 1 and 2	PHASE I Stage 1	Notes
Output 5	Trade promotion measures have been undertaken	Trade promotion measures have been undertaken	The activities under this output to be carried out during Stage 2 and can be linked with activities carried out under Outputs 3 and 4.
A5.1	Trade promotion materials produced and disseminated through internet and targeted mailing		This activity to be carried out during Stage 2
A5.2	Trade missions organized to target markets incl. participation in trade fairs for companies with validated export capacity		This activity to be carried out during Stage 2
A5.3	Regional trade fair organized in cooperation with RACEWOOD/ATIBT		RACEWOOD/ATIBT trade fair in the region is not planned for the time being.
A5.4	National trade promotion events		This activity to be carried out during Stage 2
Output 6	Four hundred trained persons are using the acquired skills in further processing and trade development	250 trained persons are using the acquired skills in further processing and trade development	At least 250 persons are trained during Stage 1.
A6.1	Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)	A6.1 Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)	Carried out by training consultant
A6.2	Regional level training courses of trainers and service providers (2 courses)	A6.2 Technical training in minimum 10 enterprises on improved practices in timber processing for at least 250 workers and staff benefiting from the activity	A new successful technical training concept has been developed by ITTO and is applied in minimum 10 enterprises . The number of people trained vary by enterprise from 10 to 50 participants (average 25) staff of each pilot enterprise are trained. Training events are also participated by future trainers to be used in Stage 2 as trainers when the activity is expanded to regional level .
A6.3	Specialized thematic training courses organized in pilot countries		This activity to be carried out during Stage 2.
A6.4	Integration of training on timber processing in the curricula of forest/technical colleges	A6.4 Initiation of integration of training on timber processing in the curricula of forest/technical colleges	The process of integration is started through consultations with relevant institutions in the region. Project Manager and training consultant carry out this activity.
A6.5	Ten post-graduate scholarships on wood technology and industry management implemented		This activity to be carried out during Stage 2 as post-graduate scholarships need to be provided for more than a year.

Outputs/ Activities	PHASE I – Stage 1 and 2	PHASE I Stage 1	Notes
Output 7	<i>National industry/trade associations are capable for advocacy and providing adequate services to members</i>	<i>National industry/trade associations are capable for advocacy and providing adequate services to members</i>	At least two national associations are supported by the Project during Stage 1. Associations in other countries are supported during Stage 2.
A7.1	Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support	A7.1 Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support	Project Manager carries out.
A7.2	Delivery of support packages	A7.2 Delivery of support packages to pilot associations	Project Manager carries out.
A7.3	Technical assistance to development of association services to members and advocacy (coaching)	A7.3 Technical assistance to development of association services to members and advocacy (coaching)	Project Manager carries out.
Output 8	<i>Innovative financing mechanisms have been developed and investment promotion events have been organized</i>	<i>Innovative financing mechanisms have been developed and investment promotion events have been organized</i>	
A8.1	Review of the existing financing mechanisms for timber industry in the region and elsewhere and identification of suitable models for African producers		This activity to be carried out during Stage 2.
A8.2	Regional workshop with the private sector, financing institutions and governments on industry financing mechanisms		This activity to be carried out during Stage 2.
A8.3	Organization of thematic/national investment forums in pilot countries (e.g. plantations)		This activity to be carried out during Stage 2.

Outputs/ Activities	PHASE I – Stage 1 and 2	PHASE I Stage 1	Notes
Output 9	<i>Technology transfer in specific priority areas has taken place</i>		
A9.1	Organization of a regional bioenergy conference		This activity to be carried out during Stage 2.
A9.2	Organization of a regional workshop on utilization of plantation species		This activity to be carried out during Stage 2.
A9.3	Laboratory tests of lesser-used species		This activity to be carried out during Stage 2.
A9.4	Implementation of R&D projects		This activity to be carried out during Stage 2.
	Cross-cutting activities		
A9.5	Project coordination and management (3 years)	A9.5 Project coordination and management (1 year)	Project Manager, Project Assistant and National Coordinator(s) carry out this activity

ANNEX 2. WORK PLAN FOR STAGE 1

Outputs and Activities	Responsible party	Year 1			
		Quarter			
		1	2	3	4
A1.1.1 Study on the costs and benefits of tariff and non-tariff barriers in selected countries is produced and disseminated	Consultant				
A1.1.2 Establishment of a web-based data base on tariff barriers for TTPs for easy access by private sector enterprises	Subcontract				
A2.1 A stakeholder workshop on potentials and constraints of industry and trade development in one pilot country	National Coordinator (NC)/PM				
A2.2 Analytical work to support elaboration of draft national strategy	Consultants				
A2.3 Validation workshop of the strategic conclusions and recommendations	NC/PM				
A2.8 Regional workshop to exchange experience on industrial and trade development to share lessons learned	PM				
A4.1.1 Baseline study on domestic markets, cross-border trade and the role of the informal sector on one pilot country in West Africa	Subcontract (CIFOR)				
A4.1.2 Baseline studies on two pilot countries in Congo Basin	Subcontract (CIFOR)				
A4.2 Establishment of a pilot phase quarterly/monthly market news service on developments in the markets for African timber and timber products	Subcontract				
A4.4 Establishment of web-based data base on African producers of tropical timber and timber producers and their products	Subcontract				
A6.1 Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)	Consultant				
A6.2 Technical training in minimum 10 enterprises on improved practices in timber processing for at least 250 workers and staff benefiting from the activity	Consultant				
A6.4 Initiation of integration of training on timber processing in the curricula of forest/technical colleges	PM, Consultant, training institutions				
A7.1. Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support	PM & industry association				
A7.2. Delivery of support packages to pilot associations	PM & industry association				
A7.3. Technical assistance to development of association services to members and advocacy (coaching)	PM				
A9.5 Project coordination and management, cross-cutting activities	PM/Project Assistant				

ANNEX 3. BUDGET FOR STAGE 1

	BUDGET COMPONENTS								
OUTPUTS / ACTIVITIES +	10.	20.	30.	40.	50.	60.	Year	GRAND	
Non-Activity Based Expenses	Project Personnel	Sub-Contracts	Duty Travel	Capital Items	Consumable Items	Miscellaneous		TOTAL	
Output 1: Process to facilitate trade has been started for TTP exports within the region on a pilot basis									
Activity 1.1.1: Study on the costs and benefits of tariff and non-tariff barriers in selected countries is produced and disseminated	-	30,000.00	-	-	-	-	Y1	30,000.00	
Activity 1.1.2: Establishment of web-based data base on tariff barriers for TTPs for easy access by private sector enterprises	-	20,000.00	-	-	-	-	Y1	20,000.00	
Subtotal 1	-	50,000.00	-	-	-	-		50,000.00	

	BUDGET COMPONENTS								
OUTPUTS / ACTIVITIES +	10.	20.	30.	40.	50.	60.	Year	GRAND	
Non-Activity Based Expenses	Project Personnel	Sub-Contracts	Duty Travel	Capital Items	Consumable Items	Miscellaneous		TOTAL	
Output 2: National strategy for development of further processing and TTP exports in a pilot country has been prepared									
Activity 2.1: A stakeholder workshop on potentials and constraints of industry and trade development	-	-	-	-	-	6,000.00	I Y1	6,000.00	
Activity 2.2: Analytical work to support elaboration of draft national strategies	36,000.00	I -	7,600.00	I -	-	-	Y1	43,600.00	
Activity 2.3: Validation workshop of the strategic conclusions and recommendations	-	-	-	-	-	6,000.00	I Y1	6,000.00	
Activity 2.4: Advisory service to implementation of policy proposals	-	-	-	-	-	-		-	
Activity 2.8: Regional workshop to exchange experience on industrial and trade development	-	-	-	-	-	100,000.00	I Y1	100,000.00	
Subtotal 2	36,000.00	I -	7,600.00	I -	-	112,000.00	I	155,600.00	

	BUDGET COMPONENTS								
OUTPUTS / ACTIVITIES +	10.	20.	30.	40.	50.	60.	Year	GRAND	
Non-Activity Based Expenses	Project Personnel	Sub-Contracts	Duty Travel	Capital Items	Consumable Items	Miscellaneous		TOTAL	
Output 4: Measures to improve market transparency have been undertaken									
Activity 4.1.1: Baseline study on domestic markets, cross-border trade and the role of the informal sector on one pilot country in West Africa (Côte d'Ivoire)	-	200,000.00	I	-	-	-	Y1	200,000.00	
Activity 4.1.2: Baseline studies on two pilot countries in Congo Basin	-	280,000.00	I	-	-	-	Y1	280,000.00	
Activity 4.2: Establishment of a pilot phase quarterly/monthly market news service on developments in the markets for African timber and timber products	-	30,000.00	I	-	-	-	Y1	30,000.00	
Activity 4.4: Establishment of web-based data base on African producers of tropical timber and timber producers and their products	-	10,000.00	I	-	-	-	Y1	10,000.00	
Subtotal 4	-	520,000.00	I	-	-	-		520,000.00	

	BUDGET COMPONENTS							Year	GRAND	
OUTPUTS / ACTIVITIES +	10.	20.	30.	40.	50.	60.		TOTAL		
Non-Activity Based Expenses	Project Personnel	Sub-Contracts	Duty Travel	Capital Items	Consumable Items	Miscellaneous				
Output 6: 250 trained persons are using the acquired skills in further processing and trade development										
Activity 6.1: Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)	6,000.00	I	-	-	-	-	-	Y1	6,000.00	
Activity 6.2: Technical training in minimum 10 enterprises on improved practices in timber processing for at least 250 workers and staff	18,000.00	I	-	23,000.00	I	-	-	Y1	41,000.00	
Activity 6.4: Initiation of integration of training on timber processing in the curricula of forest/technical colleges	-		-	-	-	-	-		-	
Subtotal 6	24,000.00	I	-	23,000.00	I	-	-		47,000.00	
Output 7: National industry/trade associations are capable for advocacy and providing adequate services to members										
Activity 7.1: Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support	-		-	-	-	-	2,400.00	I	Y1	2,400.00
Activity 7.2: Delivery of support packages to pilot associations	-		8,000.00	I	-	-	-		Y1	8,000.00
Activity 7.3: Technical assistance to development of association services to members and advocacy (coaching)	-		-	-	-	-	-			-
Subtotal 7	-		8,000.00	I	-	-	2,400.00	I		10,400.00

	BUDGET COMPONENTS							Year	GRAND				
OUTPUTS / ACTIVITIES + Non-Activity Based Expenses	10. Project Personnel	20. Sub- Contracts	30. Duty Travel	40. Capital Items	50. Consumable Items	60. Miscella- neous		TOTAL					
Output 9: Technology transfer and cross-cutting activities													
Activity 9.5: Project coordination	192,000.00	I	-	28,000.00	I	61,000.00	I	12,000.00	I	20,000.00	I	Y1	313,000.00
Subtotal 9	192,000.00	I	-	28,000.00	I	61,000.00	I	12,000.00	I	20,000.00	I		313,000.00
Output 10: Project has been monitored and evaluated by ITTO													
Activity 10.1: Contingencies (10% on Output 1-9 above)	-		-	-		-		-		109,600.00	I	Y1	109,600.00
Activity 10.2: ITTO monitoring and review	-		-	-		-		-		-			-
Activity 10.3: ITTO mid-term, ex-post evaluation	-		-	-		-		-		-			-
Activity 10.4: ITTO progr. support costs (15% on all outputs)	-		-	-		-		-		-			-
Subtotal 10	-		-	-		-		-		109,600.00	I		109,600.00
Subtotal (ITTO)	252,000.00		578,000.00	58,600.00		61,000.00		12,000.00		244,000.00			1,205,600.00
Subtotal (E. Agency)	-		-	-		-		-		-			-
Subtotal (Others)	-		-	-		-		-		-			-
TOTAL	252,000.00		578,000.00	58,600.00		61,000.00		12,000.00		244,000.00			1,205,600.00

(I) - Contribution of the ITTO

(E) - Contribution of the Executing Agency / Host Government

(O) - Contribution from Other Sources

Master Budget Table By Activity (in U.S. Dollars)

Outputs and Activities	Inputs		Unit Costs	Source (I or E)	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 1: Process to facilitate trade has been started for TTP exports within the region on a pilot basis							
Activity 1.1.1: Study on the costs and benefits of tariff and non-tariff barriers in selected countries is produced and disseminated	Trade barrier studies, lump sum	2	15000	(I)	Y1	22	\$ 30,000.00
Activity 1.1.2: Establishment of web-based data base on tariff barriers for TTPs for easy access by private sector enterprises	Tariff database, lumpsum	1	20000	(I)	Y1	22	\$ 20,000.00
Subtotal Output 1							\$ 50,000.00

Outputs and Activities	Inputs		Unit Costs	Source (I or E)	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 2: National strategy for development of further processing and TTP exports in a pilot country has been prepared							
Activity 2.1: A stakeholder workshop on potentials and constraints of industry and trade development	Stakeholder workshop, lump sum	1	6000	(I)	Y1	61	\$ 6,000.00
Activity 2.2: Analytical work to support elaboration of draft national strategies	Drafting strategy, person-month, nat.	8	3000	(I)	Y1	13.1	\$ 24,000.00
	Drafting strategy, person-month	1	12000	(I)	Y1	14.2	\$ 12,000.00
	DSA, int., day	10	200	(I)	Y1	31.2	\$ 2,000.00
	Air ticket	2	2800	(I)	Y1	32.2	\$ 5,600.00
Activity 2.3: Validation workshop of the strategic conclusions and recommendations	Validation workshop, lump sum	1	6000	(I)	Y1	61	\$ 6,000.00
Activity 2.4: Advisory service to implementation of policy proposals	PM carries out						\$ -
Activity 2.8: Regional workshop to exchange experience on industrial and trade development	Regional workshop, lump sum	1	100000	(I)	Y1	61	\$ 100,000.00
Subtotal Output 2							\$ 155,600.00

Outputs and Activities	Inputs		Unit Costs	Source (I or E)	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 4: Measures to improve market transparency have been undertaken							
Activity 4.1.1: Baseline study on domestic markets, cross-border trade and the role of the informal sector on one pilot country in West Africa (Côte d'Ivoire)	Subcontract (CIFOR), lump sum	1	200000	(I)	Y1	21	\$ 200,000.00
Activity 4.1.2: Baseline studies on two pilot countries in Congo Basin	Consultants, lump sum	2	140000	(I)	Y1	21	\$ 280,000.00
Activity 4.2: Establishment of a pilot phase quarterly/monthly market news service on developments in the markets for African timber and timber products	Market news service, lump sum	1	30000	(I)	Y1	22	\$ 30,000.00
Activity 4.3: Establishment of web-based data base on African producers of tropical timber and timber producers and their products	Web-based DB., lump sum	1	10000	(I)	Y1	22	\$ 10,000.00
Subtotal Output 4							\$ 520,000.00

Outputs and Activities	Inputs		Unit Costs	Source (I or E)	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 6: 250 trained persons are using the acquired skills in further processing and trade development							
Activity 6.1: Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)	Training consultant, man-month	0.5	12000	(I)	Y1	15.1	\$ 6,000.00
Activity 6.2: Technical training in minimum 10 enterprises on improved practices in timber processing for at least 250 workers and staff	Int'l consultant, person-month	1.2	12000	(I)	Y1	15.1	\$ 15,000.00
	Translation, lump sum	1	3000	(I)	Y1	13.1	\$ 3,000.00
	DSA, int., day	20	250	(I)	Y1	31.2	\$ 5,000.00
	Air ticket	1	10000	(I)	Y1	32.2	\$ 10,000.00
	Local transport	1	5000	(I)	Y1	32.2	\$ 5,000.00
	Trainer trainee DSA	30	100	(I)	Y1	31.2	\$ 3,000.00
Activity 6.4: Initiation of integration of training on timber processing in the curricula of forest/technical colleges	PM and training consultant carry out						\$ -
Subtotal Output 6							\$ 47,000.00

Outputs and Activities	Inputs		Unit Costs	Source (I or E)	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 7: National industry/trade associations are capable of advocacy and providing adequate services to members							
Activity 7.1: Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support	PM carries out						\$ -
	Inception workshop (2 pilot associations), lump sum	2	1200	(I)	Y1	61	\$ 2,400.00
Activity 7.2: Delivery of support packages to pilot associations	Subcontract, lump sum	2	4000	(I)	Y1	22	\$ 8,000.00
Activity 7.3: Technical assistance to development of association services to members and advocacy (coaching)	PM carries out						\$ -
Subtotal Output 7							\$ 10,400.00

Outputs and Activities	Inputs		Unit Costs	Source (I or E)	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 9: Technology transfer and cross-cutting activities							
Activity 9.5: Project coordination	Project Manager (int. Consultant, salary, renting and benefits, per month)	12	10000	(I)	Y1	11.1	\$ 120,000.00
	DSA, lump sum	1	9000	(I)	Y1	31.2	\$ 9,000.00
	Air ticket, lump sum	1	12000	(I)	Y1	32.2	\$ 12,000.00
	Local transport costs, lump sum	1	3000	(I)	Y1	33.2	\$ 3,000.00
	Project Assistant (Nat. Consultant, salary and benefits, per month)	12	3500	(I)	Y1	12.1	\$ 42,000.00
	DSA, lump sum	1	2000	(I)	Y1	31.1	\$ 2,000.00
	Air ticket, lump sum	1	1000	(I)	Y1	32.1	\$ 1,000.00
	Local transp. costs, lump sum	1	1000	(I)	Y1	33.1	\$ 1,000.00
	Office rent (lump sum)	1	50000	(I)	Y1	41	\$ 50,000.00
	Office supplies and communication (lump sum)	1	12000	(I)	Y1	54	\$ 12,000.00
	Office equipment, lump sum	1	8000	(I)	Y1	44.1	\$ 8,000.00
	Other capital equip.	1	3000	(I)	Y1	44.3	\$ 3,000.00
	National Coordinator (mgt cost, lump sum)	3	10000	(I)	Y1	11.4	\$ 30,000.00
	Documents/Reports/Publications Translation	1	20000	(I)	Y1	61	\$ 20,000.00
Subtotal Output 9							\$ 313,000.00
Subtotal (Output 1 to 9)							\$ 1,096,000.00

Outputs and Activities	Inputs		Unit Costs	Source (I or E)	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 10: Project has been monitored and evaluated by ITTO							
Contingencies (10% on Output 1-9 above)		1	109600				\$ 109,600.00
ITTO monitoring and review	Monitoring and review, lump sum	2	11664				\$ 23,328.00
ITTO mid-term, ex-post evaluation	Evaluation, lump sum	1	10000				\$ 10,000.00
ITTO Programme Support Costs (15% on all outputs)		1	161061				\$ 161,061.00
Subtotal Output 10							\$ 303,989.00
Grand Total							\$ 1,3999,989.00

CONSOLIDATED YEARLY PROJECT BUDGET

(FEATURING INPUT AND UNIT COSTS)

Budget Components		Input	Unit Costs	TOTAL	YEAR 1
10	Project Personnel				
	11. National Experts (Long term)	0.0	\$ -	\$ -	\$ -
	11.1. Project Coordinator	12.0	\$ 10,000.00	\$ 120,000.00	\$ 120,000.00
	11.2. Forester 1	0.0	\$ -	\$ -	\$ -
	11.3. Forester 2, etc.	0.0	\$ -	\$ -	\$ -
	11.4. Administrator	3.0	\$ 10,000.00	\$ 30,000.00	\$ 30,000.00
	12. Other Personnel	0.0	\$ -	\$ -	\$ -
	12.1. Assistant 1	12.0	\$ 3,500.00	\$ 42,000.00	\$ 42,000.00
	12.2. Assistant 2	0.0	\$ -	\$ -	\$ -
	12.3. Other labour	0.0	\$ -	\$ -	\$ -
	13. National Consultants (Short term)	0.0	\$ -	\$ -	\$ -
	13.1. Consultant Forest Technology	9.0	\$ 3,000.00	\$ 27,000.00	\$ 27,000.00
	13.2. Consultant 2	0.0	\$ -	\$ -	\$ -
	13.3. Consultant 3	0.0	\$ -	\$ -	\$ -
	14. International Consultants	0.0	\$ -	\$ -	\$ -
	14.1. RIL Training Expert	0.0	\$ -	\$ -	\$ -
	14.2. Consultant 2	1.0	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
	15. Fellowships and Training	0.0	\$ -	\$ -	\$ -
	15.1. Training 1 (specify beneficiaries)	1.75	\$ 12,000.00	\$ 21,000.00	\$ 21,000.00
	15.2. Training 2	0.0	\$ -	\$ -	\$ -
	15.3. Training 3	0.0	\$ -	\$ -	\$ -
	19. Component Total	35.75	\$ 50,500.00	\$ 252,000.00	\$ 252,000.00
20	Sub-contracts				
	21. Sub-contract (Topic e.g. Mapping, etc.)	1.0	\$200,000.00	\$ 480,000.00	\$ 480,000.00
	22. Sub-contract (Topic 2)	1.0	\$ 98,000.00	\$ 98,000.00	\$ 98,000.00
	29. Component Total	2.0	\$298,000.00	\$ 578,000.00	\$ 578,000.00
30	Travel				
	31. Daily Subsistence Allowance	0.0	\$ -	\$ -	\$ -
	31.1. National Experts/Consultants	1.0	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
	31.2. International Consultants	1.0	\$ 19,000.00	\$ 19,000.00	\$ 19,000.00
	31.3. Others	0.0	\$ -	\$ -	\$ -
	32. International Travel	0.0	\$ -	\$ -	\$ -
	32.1. National Experts/Consultants	1.0	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
	32.2. International Consultants	1.0	\$ 32,600.00	\$ 32,600.00	\$ 32,600.00
	32.3. Others	0.0	\$ -	\$ -	\$ -
	33. Local Transport Costs	0.0	\$ -	\$ -	\$ -
	33.1. National Experts/Consultants	1.0	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
	33.2. International Consultants	1.0	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
	33.3. Others	0.0	\$ -	\$ -	\$ -
	39. Component Total	6.0	\$ 58,600.00	\$ 58,600.00	\$ 58,600.00

Budget Components		Input	Unit Costs	TOTAL	YEAR 1
40	Capital Items				
	41. Premises	1.0	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
	42. Land	0.0	\$ -	\$ -	\$ -
	43. Vehicles	0.0	\$ -	\$ -	\$ -
	44. Capital Equipment	0.0	\$ -	\$ -	\$ -
	44.1. Computer Equipment (specify)	1.0	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
	44.2. Forestry Equipment (specify)	0.0	\$ -	\$ -	\$ -
	44.3. Others	1.0	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
	49. Component Total	3.0	\$ 61,000.00	\$ 61,000.00	\$ 61,000.00
50	Consumable Items				
	51. Raw materials	0.0	\$ -	\$ -	\$ -
	52. Spares	0.0	\$ -	\$ -	\$ -
	53. Utilities	0.0	\$ -	\$ -	\$ -
	54. Office Supplies	1.0	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
	59. Component Total	1.0	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
60	Miscellaneous				
	61. Sundry	1.0	\$ 134,400.00	\$ 134,400.00	\$ 134,400.00
	62. Auditing	0.0	\$ -	\$ -	\$ -
	63. Contingencies	1.0	\$ 109,600.00	\$ 109,600.00	\$ 109,600.00
	69. Component Total	2.0	\$ 244,000.00	\$ 244,000.00	\$ 244,000.00
70	National Management Costs				
	71. Executing Agency Management Costs			\$ -	
	72. Focal Point Monitoring			\$ -	
	79. Component Total			\$ -	\$ -
	SUBTOTAL			\$ 1,205,600.00	\$ 1,205,600.00
80	Project Monitoring and Administration				
	81. ITTO Monitoring and Review			\$ 23,328.00	\$ 23,328.00
	82. ITTO midterm, final, ex-post Evaluation Costs			\$ 10,000.00	\$ 10,000.00
	83. ITTO Programme Support Costs (13% on items 10 to 82 above)			\$ 161,061.00	\$ 161,061.00
	84. Donor Monitoring Costs			\$ -	
	89. Component Total			\$ 194,389.00	\$ 194,389.00
90	Refund of Pre-Project Costs (Pre-project budget)				
100	GRAND TOTAL			\$ 1,399,989.00	

Yearly Project Budget By Source - ITTO

Annual Disbursements	Total	Year 1
Budget Components		
10. Project personnel	\$ 252,000.00	\$ 252,000.00
20. Sub-contracts	\$ 578,000.00	\$ 578,000.00
30. Duty travel	\$ 58,600.00	\$ 58,600.00
40. Capital items	\$ 61,000.00	\$ 61,000.00
50. Consumable items	\$ 12,000.00	\$ 12,000.00
60. Miscellaneous	\$ 244,000.00	\$ 244,000.00
Subtotal 1	\$1,205,600.00	\$1,205,600.00
80. ITTO Monitor. Evaluation. Costs		
81. Monitoring and Review Costs (effective estimation)	\$ 23,328.00	
82. Evaluation Costs (effective estimation)	\$ 10,000.00	
Subtotal 2	\$ 33,328.00	
83. Program Support Costs (13% of Subtotals 1 and 2)	\$ 161,061.00	
84. Donor Monitoring Costs	\$ -	
90. Refund of Pre-Project Costs	\$ -	
ITTO TOTAL	\$1,399,989.00	

Yearly Project Budget By Source - E. Agency/Host Government

Annual Disbursements	Total	Year 1
Budget Components		
10. Project personnel	\$ -	\$ -
20. Sub-contracts	\$ -	\$ -
30. Duty travel	\$ -	\$ -
40. Capital items	\$ -	\$ -
50. Consumable items	\$ -	\$ -
60. Miscellaneous	\$ -	\$ -
70. Executing Agency Management Costs	\$ -	\$ -
EXECUTING AGENCY/HOST GOVT. TOTAL	\$ -	\$ -

Yearly Project Budget By Source - Others

Annual Disbursements	Total	Year 1
Budget Components		
10. Project personnel	\$ -	\$ -
20. Sub-contracts	\$ -	\$ -
30. Duty travel	\$ -	\$ -
40. Capital items	\$ -	\$ -
50. Consumable items	\$ -	\$ -
60. Miscellaneous	\$ -	\$ -
OTHERS TOTAL	\$ -	\$ -

ANNEX 4. TERMS-OF-REFERENCE FOR PERSONNEL AND CONSULTANTS

Position and qualifications	Man-months and responsibilities
Project Manager	12 months
<ul style="list-style-type: none"> • <i>University degree in wood technology, forestry or natural resources (minimum M.Sc. degree).</i> • <i>A minimum of 7 years of experience in tropical timber industry/trade/forest management and project management.</i> • <i>Practical experience in working in/with private sector organizations</i> • <i>Knowledge of institutional analysis and proven leadership and team work.</i> • <i>Bilingual in English and French preferred, minimum fluent in one and good working knowledge in the other</i> 	<ul style="list-style-type: none"> • Overall responsibility for project implementation. • Day-to-day project administration. • Works closely with project partners and project staff to ensure effective implementation. • Procurement of consultancy and subcontracting services and equipment. • Prepare progress reports and work plans as required by the ITTO and PSC. • Present results to the PSC. • Monitor the progress of project activities and provide advice to project beneficiaries and participants • Coordinate with related initiatives in the region • Participate in training and analytical work in her/his area of specialty (industry and trade development) • Organize workshops and training events
Project Assistant	12 months
<ul style="list-style-type: none"> • <i>University degree</i> • <i>A minimum of 2 years of experience in timber industry/forest organizations.</i> • <i>Experience in travel logistics and meeting arrangements.</i> • <i>Good understanding of institutions.</i> • <i>Proven ability to project administrative tasks.</i> • <i>Fluency in English/French and minimum working knowledge in French/English</i> 	<ul style="list-style-type: none"> • Assist the PM in day-to-day project administration. • Collaborate with consultants and contractors to ensure effective project implementation. • Assist the PM in arranging meetings and workshops. • Overall responsibility for travel and other project logistics. • Gather information on the progress of project activities and report to the PM. • Compile reports and documentation on project accounts
Timber Sector Industrial Planning Specialist (International consultant)	1 month
<ul style="list-style-type: none"> • <i>University degree in forest industry/forest economics</i> • <i>A minimum of 10 years of experience in industrial and sectoral planning</i> • <i>Analytical skills to assess policy options</i> • <i>Experience on national industrial and trade development strategy preparation</i> • <i>Fluency/good working knowledge in English and French</i> 	<ul style="list-style-type: none"> • Develop a process and methodological approach for the elaboration of national industrial and trade development strategies on national level • Facilitate the planning process in consultations with decision makers and stakeholders including in workshops • Provide on-the-job training to the national coordinator of the planning process • Carry out analytical work related to assessment of policy options • Review drafts of working papers and plan documents and assist in their finalization • Advise and facilitate the implementation of the national strategies • Prepare a synthetic final report on lessons learned and recommendations for follow-up action

Position and qualifications	Man-months and responsibilities
Timber Sector Industrial Planning Specialist (National consultant/National Coordinator)	8 months
<ul style="list-style-type: none"> • <i>University degree in forest industry/forest economics</i> • <i>A minimum of 5 years of experience in industrial and sectoral planning</i> • <i>Analytical skills</i> • <i>Experience on national programme preparation in the forestry sector</i> • <i>Good facilitation and writing skills</i> • <i>Fluency in English or French</i> 	<ul style="list-style-type: none"> • Be responsible for the elaboration process of national timber industry and trade development strategy assisted by the International Consultant, including • organize workshops and meetings and acting as the focal point of the planning process • ensure broad participation in the planning process • organize and participate in data collection and analysis • arrange a website for the planning process • prepare plan documentation • prepare progress reports and final report of the plan process and implementation
Market Information Specialist (International consultant/subcontractor)	8 months
<ul style="list-style-type: none"> • <i>University degree in Forest Economics/Marketing, Forest Industry or Business Administration</i> • <i>A minimum of 5 years of experience in timber products market information service</i> • <i>Analytical and writing skills</i> • <i>Knowledge on data sources and networking techniques for data collection</i> • <i>Fluency/good working knowledge in English and French</i> 	<ul style="list-style-type: none"> • Review the operational arrangements of the ITTO Market Information Service (MIS) and distribution and data collection network in Africa • Design and test with users the MIS for Africa product • Identify necessary sources of information and contract persons providing updates on market situation in their countries • In cooperation with national industry associations and their member companies, establish a web-based data base on African producers of TTPs • Establish and update the distribution list of MIS users • Prepare and disseminate the periodical bilingual MIS products • Prepare analytical short reports on the use and users of the MIS for Africa service • Liaise with national industry and trade associations
In-house Enterprise Level Training Specialist (International consultant)	2 months
<ul style="list-style-type: none"> • <i>University or technical college degree in wood technology/ industrial processing</i> • <i>Minimum 7 years of experience in the wood industry enterprises in technical and managerial positions</i> • <i>Practical experience on in-house training of factory staff on vocational and technical levels</i> • <i>Fluency in English or French</i> 	<ul style="list-style-type: none"> • Identify the available training packages and materials on timber industry and marketing with relevance to African enterprises and compile a thematic listing with summary information on the contents and access to these • Implementation of specialist technical and management training in selected enterprises with a national assistant including <ul style="list-style-type: none"> ○ meetings with management ○ review of operations in the log yard, processing, maintenance, products, waste, storage and logistics ○ group training on practical measures to improve efficiency, product quality and productivity ○ preparation of a report on main findings and recommendations to the management

ANNEX 5. TERMS-OF-REFERENCE FOR BASELINE STUDIES ON DOMESTIC MARKETS, CROSS-BORDER TRADE AND THE ROLE OF THE INFORMAL SECTOR IN THREE PILOT COUNTRIES

1. Objectives and scope

The objective is to prepare baseline studies on the domestic market situation, cross-border trade and the role of the informal sector to serve as a basis for (i) policy design for promoting domestic and intra-regional trade of timber and timber products, (ii) improving legal compliance of production and trade, (iii) integrating of the informal timber sector in the formal activities, and (iv) design of future support to production and trade from legal and sustainable sources.

Based on the baseline studies national strategies for trade and industry development can be elaborated in Stage 2 of the Project. The studies will build on and complement the available analytical work already carried out in the region.¹

The studies focus on three pilot countries, one in West Africa and two in the Congo Basin.. Côte d'Ivoire has been identified as the pilot country to be studied in West Africa. Cameroon has been identified as one of the pilot countries in the Congo Basin and for the second one the Democratic Republic of Congo and the Republic of Congo have been identified as options.

2. Activities to be carried out

2.1 West Africa pilot country (Côte d'Ivoire)

The following activities are carried out:

1. Preparation of an inception report with study design and organization of an inception meeting/ workshop
2. Design and testing of surveys for downstream operations (timber markets in urban areas)
3. Design and testing of surveys for upstream operations (timber harvesting, processing sites and chainsaw operators)
4. Data collection in 4-5 cities
5. Data collection in 30 timber harvesting, processing sites and chainsaw operators
6. Data entry, cleaning and analysis
7. Preparation of a draft report
8. Organization of validation workshop
9. Finalization of the report

About 20 data collectors are used in 4-5 cities and trade entry/exit points for collecting data on downstream operations (trader. Each data collector would work 1 day a week for 32 weeks which totals to 640 days. Parallel to this, 6-7 field missions of 10 days are carried out for collection of data on upstream operations (timber harvesting, processing sites and chainsaw operators) 60-70 working days.

2.2 Congo Basin pilot country 1 (Cameroon)

1. Scoping missions for surveys in cross-border posts, recruitment of data collectors, testing of the surveys and launching of the weekly data collection
2. Inception workshop with participants
3. Data collection in cross-border posts and other observation points
4. Data entry, cleaning and analysis
5. Preparation of draft report
6. Organization of validation workshop
7. Finalization of the report

¹ Similar studies have already been carried out by CIFOR in three Congo Basin countries.

2.3 Congo Basin pilot country 2 (Democratic Republic of Congo/Republic of Congo)

1. Scoping mission for surveys in chosen markets and cross-border posts, recruitment of data collectors, testing of the surveys and launching of the weekly data collection (downstream)
2. Surveys in chosen harvesting sites, recruitment of data collectors, testing of the surveys (upstream)
3. Data collectors (downstream + cross-border)
4. Data collection in 2 cities, 10 markets, 50 depots, 2 border posts
5. Data collection (upstream), 5 missions to collect detailed data on harvesting/selling operations
6. Data entry, cleaning and analysis
7. Preparation of draft report
8. Restitution meeting with traders, harvesters, government officials
9. Organization of validation workshop
10. Finalization of the report

3. Time-schedule

The draft reports are completed within 10 months and the final reports are submitted within 12 months.

4. Inputs

The work is carried out through a subcontract to the Centre for International Forest Research (CIFOR).

ANNEX 7 PRESENTATION OF THE CENTER FOR INTERNATIONAL FORESTRY RESEARCH (CIFOR)

1. Objectives and scope of activities

CIFOR is one of the 15 centers of the CGIAR consortium. The CGIAR Consortium is an international organization that, together with the CGIAR Fund, advances international agricultural research for a food secure future by integrating and coordinating the efforts of those who fund research and those who do research.

As a member of the CGIAR Consortium, CIFOR shares the mission of reducing poverty and hunger, improving human health and nutrition, and enhancing ecosystem resilience through high quality international agricultural research, partnership and leadership. CIFOR's work contributes to CGIAR's system-level outcomes that are:

- Reduced Rural poverty
- Improved food security
- Improved nutrition and Health
- Sustainably managed natural resources.

CIFOR's research into tropical forests addresses some of the most pressing global issues of the day. Projects in local, national and transnational contexts examine the role of forests in people's lives across the themes of environment, governance, livelihoods and gender, while building capacity and partnerships

2. Governing body and organization

The main decision-making of the CIFOR is the Board of Trustees. The current Board of Trustees consists of 12 members from Canada, the UK, the US, China, Indonesia, the Philippines, Cota Rica and Kenya. The executive branch of CFOR is led by a Director General (DG). The current DG is Dr Peter Holmgren who assumes this position since September 2013. The DG is assisted by a Deputy Director General (DDG), three research portfolio directors, a Human resources Director, a Finance and Administration Director and a Director for Communications. The DG, the DDG and all he Directors form the Management Group.

The Headquarters (HQ) of CIFOR are located in Bogor, Indonesia. Out of the HQ, CIFOR has three main Hubs in Nairobi (Kenya), Yaoundé (Cameroon) and Lima (Peru). Additionally, CIFOR has staff hosted by partner organizations in Kisangani (Democratic Republic of Congo) Ouagadougou (Burkina Faso), Lusaka (Zambia) and Addis Ababa (Ethiopia).

3. Earlier Work in Africa

The Centre for International Forestry Research (CIFOR) is an important stakeholder in the domain of forestry research in Africa. During the 1990's CIFOR worked with partner such as the Tropenbos Foundation and the African Timber Organization (ATO) to develop Principles, Criteria and Indicators for the sustainable management of forest in Africa.

From its Central African Regional Office based in Yaoundé, CIFOR conducts and coordinates research activities in core research areas notably: forest carbon assessment (estimation of forest carbon stock and fluxes), forest governance, non-timber forest products, livelihood of forest dependent people, as well as the monitoring and analysis of national timber consumption from the informal forest sector.

CIFOR holds the most reliable data as well indicators for monitoring the informal forest sector in Central Africa. Its expertise on national and international forestry markets has been a valuable asset to COMIFAC member countries such as Cameroon and the republic of Congo for negotiations on the Voluntary Partnership Agreement with the European Union within the framework of the FLEGT process.

CIFOR is also the scientific partner of OFAC- the forest observatory organ of COMIFAC, and plays a leadership role in the elaboration of the various themes in the Congo Basin state of the forest reports, which is a two yearly publication on the state of the Congo Basin forest.

CIFOR has also been working in West Africa for more than 12 years. Its work has focused on forest and livelihoods, non-timber forest products and Climate change adaption. CIFOR and its partners have established a Sentinel Landscape (SL) in West Africa. SLs are established for long term research involving socio-economic as well as biophysical aspects. CIFOR's SL of West Africa cover three countries that are: Ghana, Mali and Burkina Faso.

4. Earlier work on domestic market and chainsaw timber processing

From 2010 to 2013, CIFOR studied the domestic timber markets in many countries within the framework of the "Pro-Formal" project funded by the EU. The projects involved research on informal regional and domestic timber markets in Congo Basin and other countries in Latin America and SE Asia (<http://www.cifor.org/pro-formal/publications.html>). In the Congo Basin, the study covered, Cameroon, Gabon and partially DRC. Additional funding from various partners allowed to also cover the Republic of Congo and the Central African Republic (CAR). More recently CIFOR, CIFOR has agreed to conduct a small seed project on the characterization of the artisanal timber sector in Côte d'Ivoire. The study in Côte d'Ivoire focuses only on the legal and institutional framework without quantitative data collection to have a better idea on the size of the sector.

Project findings from central Africa highlighted that official statistics are poor indicators of resource flows and fail to adequately capture the types of products/species used domestically and passing borders, thereby illustrating the need for more reliable data. The earlier work allowed CIFOR to establish extensive networks with smallholders, chainsaw millers, traders and brokers to provide a better understanding not only of the value chains' functioning, but also of the critical relations of power that exist and shape the chain itself. CIFOR also established relations with government officials and agencies (e.g. relating to forest, environment, customs, finance, and district administration), to take advantage of officially produced data and help the public administration fill knowledge gaps, especially outside country boundaries. Pro-Formal also provided very detailed assessments of the largely positive impacts that such trade provides to rural economies in producing countries.

ANNEX 6

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT PROPOSAL

TITLE:	DEVELOPMENT OF INTRA-AFRICAN TRADE AND FURTHER PROCESSING IN TROPICAL TIMBER AND TIMBER PRODUCTS – PHASE I
SERIAL NUMBER:	<u>PD 700/13 Rev.1 (I)</u>
COMMITTEE:	FOREST INDUSTRY
SUBMITTED BY:	ITTO
ORIGINAL LANGUAGE:	ENGLISH

SUMMARY:

The project is aimed at removing the main identified constraints in the expansion of further processing of tropical timber into value added products and trade development, particularly through intra-African trade through nine areas of action: facilitation of trade; elaboration and implementation of national strategies for industrial and trade development; business development in pilot enterprises; improvement of market transparency; trade promotion measures; training; strengthening of national industry and trade associations; innovative financing; and technology transfer. Implementation involves effective engagement of stakeholders and close cooperation with the identified international, regional and national partners in the private and public sectors. The activities are implemented in a logical sequence divided between two three-year phases to ensure mainstreaming and sustainability of impacts.

EXECUTING AGENCY:	ITTO
DURATION:	36 MONTHS
APPROXIMATE STARTING DATE:	2014

BUDGET AND PROPOSED SOURCES OF FINANCE:

Source	Contribution (US\$)
ITTO	<u>5,159,245</u>
Participating governments	<u>297,000</u>
Private sector	<u>818,300</u>
TOTAL	<u>6,274,545</u>

PROJECT BRIEF

PROJECT CONTEXT

The Project is a follow-up of the ITTO international conference, held in Accra, Ghana in 2009, which adopted the ITTO Accra Action Plan for the Development of Intra-African Trade in Tropical Timber and Timber Products, including actions for the private sector, governments, ITTO and other international and regional organizations. ITTO was called to act as the coordinating monitoring body. The Project is also a contribution to the implementation of the IFIA/ITTO/FAO/PRO-INVEST development strategy of wood-processing industry in the Congo Basin developed in 2011. The Project supports practical priority actions identified in the ITTO Accra Plan and the Congo Basin strategy while complementing the other related on-going initiatives.

The Project contributes to the achievement of 14 objectives of the ITTA and 4 strategic priorities of the ITTO Strategic Action Plan 2013-2018. Direct support is also provided to four of the ITTO Thematic Programmes (TMT, IDE, TFLET and CFME). The Project supports all the ITTO African producing Member countries and their stakeholders. It is fully in line with national forest policies and legislations.

The expected outcomes are (i) increased employment and income generated by (ii) significant expansion of the industries and trade in timber and timber products (TTP). (iii) A critical mass of trained technicians and workers in the industry has been established. (iv) Five pilot countries are in the process of adjusting their policies and regulations to have enabling conditions for investment. (v) The process of integrating the informal sector with the operations of the organized private sector has been started. (vi) Increased awareness among the industry and buyers on trade possibilities has been established in the region. (vii) A process is in place for facilitation of trade in the region. (viii) Expansion in investment in new capacity and retooling in the TTP sector has occurred, and (ix) the transfer of technology has been enhanced. In short, the TTP suppliers have become significantly more competitive in the domestic, intra-regional and international markets for their products.

PROJECT RATIONALE

There is no other body than ITTO that can bring together African producers of tropical timber to develop trade and further processing. Only ITTO is capable for implementing the activities of the Project that are fully aligned with the political and economic priorities of its member governments in the region.

The core problem is weak competitiveness of the producers in the ITTO producing Member countries. Causes vary between countries and enterprises. Based on the various studies, consultations, and the results of the stakeholder survey carried out, a number of common direct and underlying causes have been identified. Direct causes include (i) significant tariff and non-tariff barriers to trade in TTPs, (ii) inappropriate national policies and weak institutions supporting the industry, (iii) weak industrial and managerial capacity, (iv) lack of trained workforce in the industry, (v) inadequate market transparency, (vi) lack of awareness on African TTPs and their suppliers in importing countries, (vii) weak organization of the private sector, as well as (viii) lack of access to financing and (ix) to improved technology.

The complex problem situation results in major negative socio-economic and environmental effects, including (i) loss of economic growth and social benefits and increased marginalization of forest communities, (ii) continued degradation of forests resulting in increasing CO₂ emissions and loss of biodiversity, (iii) reduced wood supply and high cost of raw material for the industry, (iv) high production costs, and (v) continued high transaction costs.

PROJECT OBJECTIVES

The development objective of the Project is *to promote socio-economic development and sustainable management of African forests through value creation by expanded further processing and intra-African trade in tropical timber and timber products.*

The specific objective is *to initiate consolidated efforts with the establishment of key elements in capacity to strengthen competitiveness of ITTO African producers in timber and timber products*

markets. These key elements include (i) awareness of development opportunities among enterprises, entrepreneurs, investors, decision-makers and stakeholders; (ii) enabling conditions on regional and national levels; (iii) technical and managerial knowledge and skills in the private sector, (iv) strengthened organizations of the private sector, (v) facilitated access to financing, and (v) improved information and knowledge on the markets and technology.

PROJECT INTERVENTIONS

The project outputs include (i) a process to facilitate trade for TTP exports in the region; (ii) national strategies for development of further processing and TTP exports in pilot countries; (iii) business development in pilot enterprises; (iv) measures to improve market transparency; (v) trade promotion measures; (vi) **four hundred trained persons using the acquired skills in further processing and trade development**; (vii) national industry/trade associations strengthened for advocacy and providing adequate services to members; (viii) innovative financing mechanisms have been developed and investment promotion events organized; and (ix) technology transfer in specific priority areas.

The project strategy builds on common interests of the ITTO African producing Member countries to work together in developing their further processing and expanding intra-regional trade. This is clearly expressed in the ITTO Accra Action Plan to which both governments and the private sector have committed themselves. The strategy relies on ITTO's competitive advantage in providing support to issues that require strong interface with the public and private sectors and proven record of accomplishment in policy work and capacity building.

The overall strategy consists of interventions at regional, national and enterprise/entrepreneur levels. The Project is catalytic in promoting policy adjustment, building up trained human resources, and generating and effectively sharing new information and knowledge. The entire Project is divided into two phases of which the proposal covers Phase I including the initiation of trade facilitation and development, capacity building, piloting at enterprise and country levels, as well as technology transfer and investment promotion. Phase II will be designed after two-years of the start-up targeted at mainstreaming of improved practices in the timber industry and trade, and expanding the activities to cover all the ITTO producing Member countries in Africa.

The project strategy at national level relies on a logical sequence of activities in establishing the main building blocks of necessary capacity at national and enterprise levels for developing further processing and trade in TTPs. Direct support to enterprises focuses on those owned by African nationals. On the enterprise level, the Project provides support to improvement of management and technology in pilot enterprises. These are selected based on predetermined criteria.

Selected activities related to the development of further processing and intra-African trade are carried out at the regional level to support country and enterprise-level activities. Individual countries are incorporated into the program gradually, taking into account their current constraints. At the end of the Phase II, all the ITTO African producing Member countries are fully engaged in the project.

The Project makes full use of the existing experience and knowledge within the African countries and in other regions, particularly through South-South cooperation. The strategy draws on the complementarities and broad participation of the private sector and other stakeholder groups to avoid situations in which micro and small-scale enterprises would be put at a disadvantage. The strategy is also aimed at harnessing synergies with other organizations working in the same field.

BUDGET

The total budget of the three-year Project is US\$ 6.27 million of which ITTO finances 82.2%, national governments 4.7%, and the private sector 13.0%. The breakdown of the budget by outputs is as follows: (i) facilitation of trade 4.7%, (ii) national strategies for industrial and trade development 7.8%, (iii) business development at enterprise level including in-house training 18.6%, (iv) market transparency 5.0%, (v) trade promotion 7.6%, (vi) technical and managerial training and education 24.0%, (vii) strengthening of national associations 5.5%, (viii) financing mechanisms and investment promotion 5.6%, and (ix) transfer of technology 6.0%. Project management and coordination accounts for 14.9% of the total.

ASSUMPTIONS, RISKS AND SUSTAINABILITY

The main assumptions and risks are related to lack of political will to implement necessary adjustments in trade barriers and to strengthen national policy and legislative frameworks for industrial and trade development. Another major risk is willingness of TTP enterprises to implement the proposed improvements and lack of true commitment to strengthen their own associations.

The Project's sustainability hinges on the impact on capacity of stakeholders and their awareness on potential benefits to continue with industrial and trade development. In view of the experience, national policy and institutional adjustment processes always take time and proceed at different speeds. Adoption of improved practices and implementation of new investments in enterprises also takes time due to different priorities and capacities of enterprises/entrepreneurs. As the main exit strategy, the Project therefore provides support measures through Phase II to pursue and mainstream improvements in all the ITTO producing Member countries in the region. In addition, several specific elements are included in the project design to ensure sustainability of individual interventions.

IMPLEMENTATION ARRANGEMENTS

A Project Steering Committee supervises project activities and approves management guidelines. ITTO is the Executing Agency. The organization includes a Project Manager and a Project Assistant in the Project Office to be located in the region. Consultants and subcontractors work under the Project Manager. Partners include (i) national forest agencies, (ii) private sector organizations, (iii) relevant international organizations such as ATIBT, FAO, IFC, AfDB, etc., (iii) regional economic development and forestry organizations, (iv) forestry/industry training institutes in the region, and (v) international and national research organizations.

Stakeholder involvement mechanisms include specific common guidelines for open and transparent active participation of interested stakeholders to be applied in (i) ensuring access to all non-confidential information on the Project activities and outputs, and (ii) participation in policy processes related to the national industrial and trade development.

The Project includes specific arrangements for dissemination and mainstreaming of project learning as well as coordination with related activities by other actors in the region.

List of Abbreviations and Acronyms

ACP	African, Caribbean and Pacific
AFD	Agence Française du Développement
AfDB	African Development Bank
ATIBT	Association Technique Internationale des Bois Tropicaux
ATO	African Timber Organization
CAR	Central African Republic
CEEAC	Communauté Economique des Etats de l'Afrique Centrale/Economic Community of Central African States
CEMAC	Central African Economic and Monetary Commission
CFME	Community Forest Management and Enterprise
CIFOR	Center for International Forestry Research
CIRAD	Centre de coopération internationale en recherche agronomique pour le développement
COMIFAC	Central African Forestry Commission
DB	Database
DRC	Democratic Republic of Congo
ECOWAS/ CEDEAO	Economic Commission of Western African States/Communauté Economique des Etats de l'Afrique de l'Ouest
EU	European Union
FAO	Food and Agriculture Organization
FAWAG	Furniture and Wood Products Association of Ghana
FGEF	French Global Environment Facility
FLEGT	Forest Law Enforcement Governance and Trade
FMU	Forest Management Unit
FORAF	Observatoire des Forêts d'Afrique
FTE	Full Time Employment
GDP	Gross Domestic Product
GFTN	Global Forest & Trade Network
GTMO	Ghana Timber Millers' Organization
IDE	Industry Development and Efficiency
IFC	International Finance Corporation
IFIA	Intra-African Forest Industry Association
ITTA	International Tropical Timber Agreement
ITC	International Trade Centre
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
IUCN	World Conservation Union
KfW	Kreditanstalt für Wiederaufbau
LAS	Legality Assurance System
LUS	Lesser-used species
OAB	Organisation Africaine du Bois/African Timber Organization
OECD	Organization for Economic Cooperation and Development
ONFI	ONF (Office National des Forêts) International
n.a.	not available
NC	National Coordinator
PM	Project Manager
PNAE	Plan National d'Action pour l'Environnement
PPP	Purchasing Power Parity
PSC	Project Steering Committee
r	roundwood
R&D	Research & Development
REM	Resource Extraction Monitoring
RIFFEAC	Réseau des Institutions de Formation Forestière et Environnementale d'Afrique Centrale/Network of Forestry and Environmental Training Institutes in Central Africa
s	finished product
SADC	South African Development Commission
SATA	African and South American Timber (Grading Rules)
SFM	Sustainable Forest Management
SME	small and medium-sized enterprise

SPWP	secondary processed wood product
TFLET	Tropical Forest Law Enforcement, Governance and Trade
TFT	Tropical Forest Trust
TMT	Trade and Market Transparency
TTP	Timber and timber product
UDEAC	Union Douanière et Economique de l'Afrique Centrale/ Central African Customs and Economic Union
UEMOA	Union Economique et Monétaire Ouest Africaine / West African Economic and Monetary Union
US\$	US dollar
WWF	World Wide Fund for Nature

Table of Contents

PROJECT BRIEF	i
List of Abbreviations and Acronyms	iv
PART 1 PROJECT CONTEXT	1
1.1 Origin	1
1.2 Relevance	2
1.2.1 Conformity with ITTO's objectives and priorities	2
1.2.2 Relevance to the submitting country's policies	3
1.3 Target area	4
1.3.1 Geographic location	4
1.3.2 Social, cultural, economic and environmental aspects	4
1.4 Expected outcomes at project completion	5
PART 2 PROJECT RATIONALE AND OBJECTIVES	6
2.1 Rationale	6
2.1.1 Institutional set-up and organizational issues	6
2.1.2 Stakeholder analysis	6
2.1.3 Problem analysis	8
2.1.4 Logical framework matrix	15
2.2 Objectives	21
2.2.1 Development objective and impact indicators	21
2.2.2 Specific objective and outcome indicators	21
PART 3 DESCRIPTION OF PROJECT INTERVENTIONS	22
Outputs and activities	22
3.1.1 Outputs	22
3.1.2 Activities	22
3.2 Implementation approaches and methods	23
3.3 Work plan	31
3.4 Project budget	33
3.4.1 Master budget schedule	33
3.4.2 Consolidated budget by component and activity	42
3.4.3 ITTO budget by budget component	49
3.4.3 Other sources budget by budget component	51
3.5.1 Assumptions and risks	52
3.5.2 Sustainability	53
PART 4 IMPLEMENTATION ARRANGEMENTS	55
4.1 Organization structure and stakeholder involvement mechanisms	55

4.1.1	Executing agency and partners.....	55
4.1.2	Project management team.....	56
4.1.3	Project Steering Committee.....	56
4.1.4	Stakeholder involvement mechanisms.....	57
4.2.	Reporting, review, monitoring and evaluation.....	57
4.3.	Dissemination and mainstreaming of project learning.....	57
4.3.1	Dissemination of project results.....	57
4.3.2	Mainstreaming project learning.....	58

List of Tables

Table 1	Stakeholders of the Project.....	8
Table 2	The logical framework matrix.....	16
Table 3	Project phasing.....	24
Table 4	Work plan.....	31
Table 5	Master budget.....	33
Table 6	Consolidated yearly project budget by budget component.....	42
Table 7	Consolidated project budget by output, activity and budget component.....	45
Table 8	Yearly project budget by source- ITTO.....	49
Table 9	Yearly project budget by source- Government.....	51
Table 10	Yearly project budget by source - Private Sector.....	51

List of Figures

Figure 1	Map of target area.....	4
Figure 2	Problem tree.....	11
Figure 3	Objective tree.....	12
Figure 4	Project strategy.....	26
Figure 5	Project organization chart.....	56

List of Boxes

Box 1	In-house enterprise training strategy.....	29
-------	--	----

List of Annexes

ANNEX 1	ITTO ACCRA ACTION PLAN FOR THE DEVELOPMENT OF INTRA-AFRICAN TRADE IN TROPICAL TIMBER AND TIMBER PRODUCTS
ANNEX 2	LIST OF PROJECTS FINANCED BY THE ITTO FOR AFRICA SINCE 41ST SESSION OF ITTC
ANNEX 3	STATISTICAL DATA ON PRODUCTION AND EXPORTS OF TROPICAL TIMBER AND TIMBER PRODUCTS IN AFRICA
ANNEX 4	SUMMARY OF NATIONAL SECTORAL POLICIES AND LEGISLATION IN THE ITTO AFRICAN PRODUCING MEMBER COUNTRIES

ANNEX 5 SOCIO-ECONOMIC AND ENVIRONMENTAL INDICATORS OF THE ITTO AFRICAN PRODUCING MEMBER COUNTRIES

ANNEX 6 SOCIO-ECONOMIC SITUATION IN THE ITTO AFRICAN PRODUCING MEMBER COUNTRIES

ANNEX 7 STAKEHOLDER SURVEY

ANNEX 8 CHARACTERIZATION OF VALUE ADDED PROCESSING ENTERPRISES (JOINERY AND FURNITURE)

ANNEX 9 RECENT AND ON-GOING RELATED PROJECTS AND INITIATIVES IN SELECTED AFRICAN PRODUCING MEMBER COUNTRIES

ANNEX 10 TERMS OF REFERENCE FOR PERSONNEL AND CONSULTANTS AND SUB-CONTRACTS FUNDED BY ITTO

ANNEX 11 PROFILES OF THE EXECUTING AGENCY AND KEY PARTNERS

ANNEX 12 SUMMARY RESPONSES TO THE RECOMMENDATIONS OF THE 45TH EXPERT PANEL.

PART 1 PROJECT CONTEXT

1.1 Origin

In view of the limited progress in further processing and associated trade in Africa, the International Tropical Timber Organization (ITTO), in cooperation with the African Timber Organization (ATO) organized a technical conference on the subject in 2001 and a ministerial conference in 2003. A strategic plan was approved (OAB 2004) which called for (i) development of sustainable resource base, (ii) promotion of incentives through policies and regulations, (iii) strengthening of institutional capacities, (iv) development of African and international markets, as well as (v) promotion of further processing and development of small and medium-sized enterprises (SME). Several actions have been taken since then in these areas both at regional and national level but they have not led to desired results on the ground.

In the framework of ITTO Biennial Work Programme 2008-2009, ITTO conducted a study on the promotion of intra-African trade in timber and timber products, which was followed by an international conference, held in Accra, Ghana from 30 June to 2 July 2009.¹ The conference adopted the ITTO Accra Action Plan for the Development of Intra-African Trade in Tropical Timber and Timber Products, including actions for the private sector, governments, ITTO and other international and regional organizations (Annex 1). ITTO was called to act as the coordinating monitoring body to pursue the implementation of the Action Plan. The present proposal is targeted at supporting the private sector, governments and other stakeholders in the implementation of the Plan through concerted efforts.

This proposal also draws on relevant past and on-going projects and studies carried out by ITTO and other international partners.² Two specific ITTO studies on the competitiveness of tropical hardwood in relation to substitute products³ have addressed global issues of improving competitiveness of tropical timber producers. Since the Forty-first Session of the International Tropical Timber Council (ITTC) in 2006, the ITTO has financed 32 projects in ITTO African producing Member countries (Annex 2). **These efforts include, among others, promotion of wood-based bioenergy using wood residues and wastes (PP A/43 231), an investment forum organized in Brazzaville in 2009, and collaboration between ITTO, FAO and IFIA towards a strategy to promote the forest industry development in the Congo Basin.**⁴ The proposal builds on the lessons learned in these projects and the results of the recent ITTO meta-evaluation of previously ex-post evaluated projects (ITTO 2012). The related efforts carried out by other international partners⁵ have also been important.

In 2010, in cooperation with the Intra-African Forest Industry Association (IFIA)⁶ and the National Forest Programme Facility housed in FAO, ITTO decided to develop strategies for forest industrial development in four countries of the Congo Basin (Cameroon, the Democratic Republic of Congo, the Republic of Congo and Gabon). At the national level four stakeholder workshops were conducted which identified the priority needs of the private sector and needs for further action in the White Paper.⁷ Parallel on-going efforts in promoting legality and certification of sustainable forest management (SFM) are supported through the process of negotiating and implementing EU FLEGT Voluntary

¹ ITTO. 2010. Good Neighbors: Promoting intra-African markets for timber and timber products, Technical Series # 35. Yokohama

² Bolton, J. and Cooper, R. (2001). The Competitiveness of Tropical Timber and Timber Products vis-à-vis Timber and Non-timber Substitutes. ITTO Document PPD 26/99 (M). ITTO, Yokohama, Japan; Oliver, R. and Donkor, B. (2010). Leveling the Playing Field: Options for boosting the competitiveness of tropical hardwoods against substitute products. ITTO Technical Series # 36.

³ Especially studies done on promotion of SFM of African forests, bioenergy utilization, development of marketing chain, innovations for tropical timber, operational supportive systems for promoting further processing, and development and implementation of a species identification and timber tracking system.

4 Four meetings were organized in 2010-2011 in Cameroon, the Republic of Congo, the Democratic Republic of Congo and Gabon with the objective of developing both national and regional strategies for the development of the wood processing industry in the Congo Basin countries. These were followed by the Racewood meeting in Pointe Noir, Republic of Congo in September 2011. Fifty percent of the participants of these meetings were from the private sector. Other participants were from governments, NGOs, and various local institutions. The outcome of the work carried out was a white paper on the strategy to promote the forest industry development in the Congo Basin, including the challenges related to the development of the forestry industry.

⁵ ATIBT, IFIA, CIFOR, FAO, the European Union and other bilateral donors.

⁶ With the EU support (Recap Wood Invest)

⁷ IFIA et al., 2012. Vers une stratégie de développement de l'industrie de transformation du bois dans le Bassin du Congo. Livre Blanc.

Partnership Agreements (VPA)⁸ focusing on meeting the EU market requirements. Investment promotion between the African timber industry and European investors has been undertaken through RACEWOOD⁹ in the region, and more broadly on national level by the ITTO Investment Forum in the Republic of Congo (2009).

In spite of this support through various channels, practical efforts in developing intra-African timber trade and further processing in the ITTO Member countries in the region have been grossly inadequate. Africa imports timber and timber products (TTP) at the rate of about US\$ 4 billion per year but less than 10 percent originates from the region.¹⁰ The market is growing fast because of population growth, expanding economic activity, and increasing urbanization. The timber sector is not equipped to meet the region's future demand for TTPs. In the ITTO African producing Member countries the share of industrial roundwood in the total TTP exports (valued at US\$ 2.9 billion) in 2010 was still as high as 36% while that of sawnwood and wood-based panels was 64%¹¹. Only 2.2% of the total export revenue was generated by secondary processed wood products (SPWP) which are imported on a large scale to the region¹²

Based on this background, the Project has been crafted to support practical priority actions identified in the ITTO Accra Plan and the Congo Basin industrialization strategy while complementing the other related on-going initiatives.

1.2 Relevance

1.2.1 Conformity with ITTO's objectives and priorities

Generally, the project conforms to the objectives of the International Tropical Timber Agreement (ITTA), 2006 as identified in Article 1:

- (a) *Providing an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy:* The Project includes several conferences, workshops and forums for consultation at regional and national levels, including with participation of trading partners.
- (b) *Providing a forum for consultation to promote non-discriminatory timber trade practices:* The project establishes a process for reduction of tariff and non-tariff trade barriers with a consultative mechanism.
- (c) *Contributing to sustainable development and to poverty alleviation:* The resulting expanded value added industry and trade in TTP will generate income and employment for workers and surrounding communities.
- (d) *Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources:* The project develops national strategies for industrialization and trade development and provides training in these areas. The Project takes measures to integrate the informal sector with the mainstream timber industry.
- (e) *Promoting improved understanding of the structural conditions in international markets, including long-term trends in consumption and production, factors affecting market access, consumer preferences and prices, and conditions leading to prices which reflect the costs of sustainable forest management:* The Project establishes a process to reduce tariff and non-tariff barriers to trade and generates improved knowledge in these areas through market studies and a periodic market information service.
- (f) *Promoting and supporting research and development with a view to improving forest management and efficiency of wood utilization and the competitiveness of wood products relative to other materials, as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests:* The Project carries out specific technology

⁸ In Congo, Ghana, Central Africa Republic (CAR), Gabon, Cameroon, Liberia

⁹ RACEWOOD is an event organized by ATIBT to foster cooperation between Africa and Europe in the timber industry sector. It has arranged 4 RACEWOOD events: Gabon (Libreville, 2004), Ghana (Accra, 2006), Cameroon (Doula, 2010, and Republic of Congo (Point Noire, 2011).

¹⁰ ITTO (2010) op. cit.

¹¹ There is wide variation in national situations; e.g. Côte d'Ivoire and Cameroon process most of their log production locally while e.g. in the Republic of Congo the share has oscillated between 51 and 65%.

¹² See Annex 3 for statistical tables.

transfer activities in the utilization of plantation wood, wood residues for bioenergy, and R&D activities on the promotion of lesser-used species (LUS) and other priority areas.

- (g) *Developing and contributing towards mechanisms for the provision of new and additional financial resources with a view to promoting the adequacy and predictability of funding and expertise needed to enhance the capacity of producer members:* The Project-generated national strategies for trade and industrial development are targeted at creating enabling conditions for investment in the timber sector and specific measures are carried out for investment promotion in pilot countries.
- (h) *Improving market intelligence and encouraging information sharing on the international timber market with a view to ensuring greater transparency and better information on markets and market trends, including the gathering, compilation and dissemination of trade related data, including data related to species being traded:* The Project generates improved knowledge in these areas through market studies and a periodic market information service.
- (i) *Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings:* The second main thrust of the Project is to promote increased and further processing through concerted efforts.
- (k) *Improving marketing and distribution of tropical timber and timber product exports from sustainably managed and legally harvested sources and which are legally traded, including promoting consumer awareness:* The Project supports improved marketing and distribution through its activities with pilot enterprises and consumer awareness through trade development.
- (l) *Strengthening the capacity of members for the collection, processing and dissemination of statistics on their trade in timber and information on the sustainable management of their tropical forests:* The Project provides technical assistance and training to improvement on statistical information on production and trade.
- (m) *Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade:* The Project supports development of national policies and their implementation for sustainable utilization of timber production forests.
- (n) *Strengthening the capacity of members to improve forest law enforcement and governance and address illegal logging and related trade in tropical timber:* The Project strengthens the capacity of timber industries in developing adequate management systems to control their timber supplies. The Project promotes integration of the informal sector operating largely outside the regulatory framework with the organized private sector to reduce incentives for illicit activities in tropical forests.
- (p) *Promoting access to, and transfer of, technologies and technical cooperation, including on concessional and preferential terms and conditions, as mutually agreed:* The Project includes specific activities to promote technology transfer, including through South-South cooperation.

The project directly contributes to four strategic priorities of the ITTO Strategic Action Plan 2013-2018 (1, 2, 5 and 6). The Project relates to Decision 2(XLVII) Biennial Work Programme 2012-2013 in Activities (26)-(30), (33), (37), and (38).

The Project directly contributes to the implementation of the Thematic Programmes “Trade and Market Transparency” (TMT)¹³ and “Industry Development and Efficiency” (IDE). The Project also contributes to the implementation of ITTO Thematic Programmes on “Tropical Forest Law Enforcement, Governance and Trade” (TFLET), and “Community Forest Management and Enterprises” (CFME).

1.2.2 Relevance to the submitting country’s policies

This proposal is fully consistent with the national forest sector development policies of the ITTO African producing Member countries as reflected or implied in national forest policies and legislations as summarized in ITTO’s *Status of Tropical Forest Management 2011* (Annex 4).

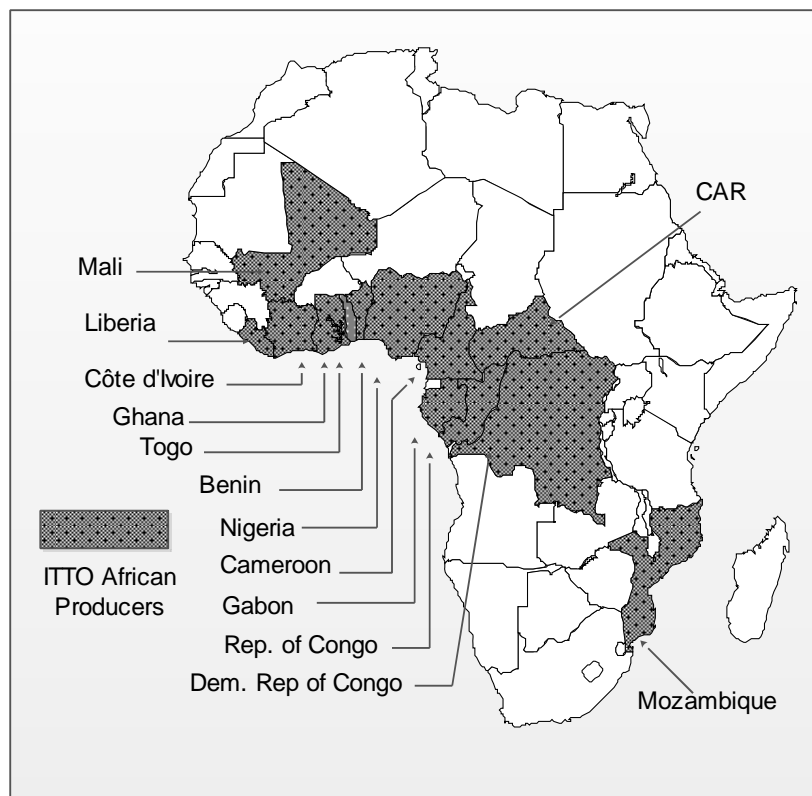
¹³ Specific objective 1 outcome (1) and (3); Specific objective 2 outcome (1) and (2).

1.3 Target area

1.3.1 Geographic location

The Project covers all the countries of Africa in activities targeted at the promotion of intra-regional trade in TTPs. The other main intervention area, promotion of increased and further processing is focused on the ITTO African producing Member countries to strengthen their competitiveness in regional and international timber markets for TTPs (Figure 1).

Figure 1 Map of target area



In this first phase of the project, target countries which are the focus of pilot activities are selected after consultations during the inception phase among the following: Cameroon, Central African Republic, Côte d'Ivoire, DRC, the Republic of Congo, Gabon, Ghana, Liberia, and Mozambique. Trade facilitation activities focus on Nigeria.¹⁴ All the other member countries of the region benefit from the regional level activities of the project.i

1.3.2 Social, cultural, economic and environmental aspects

Africa has a land area of 2,964.4 million ha and a total population of 987.3 million, with annual growth rate of 2.3% (2008). The average GDP per capita (2008) was US\$ 2,789 with an annual real growth rate of 5.2%. The total forest area in Africa is 674.4 mill. ha (23% of the total land area). In 2008, the continent consumed 615.6 mill. m³ of wood fuel, 12.9 mill. m³ of industrial roundwood and 1.2 mill. m³ of sawnwood. The African forest sector contributes 0.1% to total employment and 1.3% to GDP (2006)¹⁵. In spite of its vast timber resources, Africa has been net importer of TTPs.¹⁶ Deforestation, driven mainly by agricultural expansion, and forest degradation, driven mainly by unsustainable forest utilization, are major problems affecting the environment. According to the FAO (2011a), the annual loss of forests has slightly declined from 0.6% in 1990-2000 to 0.5% 2000-2010. The annual loss of

¹⁴ **See Section 3.2 for details on grouping and selection of countries**

¹⁵ FAO. 2011. State of the World's Forests 2011. Rome.

¹⁶ ITTO (2010) op. cit.

forests rate is highest in Western Africa. Some countries in this sub-region (Ghana and Côte d'Ivoire) are experiencing problems in the availability of wood raw materials.

Annex 5 contains socio-economic and environmental indicators for the ITTO African producing Member countries and Annex 6 summarizes the situation in individual countries. **These countries account for 34.6% of the total African population, 48.4% of forest area, 34.9% of the recorded forestry sector employment, and 36% of the gross value added in the region. Benin, the Central African Republic (CAR), the Democratic Republic of Congo (DRC), Liberia, Mali, Mozambique and Togo are classified as least developed countries,** Cameroon, Congo, Côte d'Ivoire, Ghana and Nigeria as lower middle-income countries and Gabon as upper middle-income country (OECD 2012).

1.4 Expected outcomes at project completion

At the completion of the Phase I of the Project, the following outcomes are expected:

- **Employment and income generated by the TTP industries have increased in the five pilot countries.**
- **Further processing of TTPs has significantly increased in pilot countries; selected medium sized companies selected for pilot enterprises are in the process of becoming large and several small-sized pilot enterprises are growing to become medium sized.**
- **There is a critical mass of trained managers and technicians (400 people) to ensure sustainability of project interventions.**
- Five pilot countries are in the process of adjusting their policies and regulations to have enabling conditions for investment in further processing and trade development.
- **The process of integrating the informal sector with the operations of the organized private sector has been started in selected locations in the pilot countries where preconditions exist for a cluster-based development.**
- **There is an increased awareness (i) among the entire industry on export possibilities of TTPs to the African and international markets, and (ii) among potential buyers in three export markets in Africa on the availability of TTPs and their suppliers in West and Central Africa.**
- There is a process in place for trade facilitation and for implementing facilitative mechanisms among participating TTP enterprises for reduction of the transaction costs in cross-border trade on a pilot basis implemented **between a large importing country and its suppliers in neighboring countries.**
- **There is expansion in investment in new capacity and retooling in the TTP sector, new financing mechanisms are under development/in place and the process has been started to educate the banking sector on their business opportunities and risks in the TTPS sector.**
- **There is increased knowledge on improved technologies particularly among pilot enterprises and more broadly in the industry, including on the utilization of new LUS.**

In short, significantly improved competitiveness of the TTP suppliers in the domestic, intra-regional and international markets has been achieved for their products. **In the second phase of the project, all the supplier countries will be covered by focused support mainstreaming the project's sustainable impact.**

PART 2 PROJECT RATIONALE AND OBJECTIVES

2.1 Rationale

2.1.1 Institutional set-up and organizational issues

Since the discontinuation of operational activities of the ATO, there is no other body than ITTO that can bring together West and Central African producers of tropical timber. Only ITTO is capable for implementing the activities of the Project that are fully aligned with the political and economic priorities of its member governments in the region (Annex 4). However, in order to successfully implement the Project, close cooperation is needed with the regional economic cooperation bodies (notably ECOWAS and CEMAC) as well as the Central African Forestry Commission (COMIFAC) to whose Plan of Convergence the Project provides a direct contribution¹⁷. In particular, the regional process to reduce trade barriers of the Project builds on full engagement of these bodies.

The willingness of the ITTO Member country governments to the Project is demonstrated by their commitment to the implementation of the ITTO Accra Action Plan. Their full participation is necessary which is ensured by aligning the national strategies of industrialization and trade development with macro-level objectives of sustainable development and poverty reduction. However, implementation of earlier plans and proposals indicates that special measures are needed to provide follow-up support as planning is only the first step. Such a support can be tied to progress in implementing the strategic recommendations of these plans.

The private sector has no common regional organizations that could serve as a platform for exchange of information, lessons learnt and cooperation in strategic issues like trade facilitation, education and training, as well as research.¹⁸ This is partly due to the fact that many countries are still lacking respective national associations and even those existing are in need for support. Such a support and networking between national bodies is included in the Project to address this lacuna. Close cooperation is established with the private sector organizations (national associations and ATIBT) for the implementation of the Project, including their participation in the Project Steering Committee.

There is no training institute specializing in timber industries in the region and the cooperation between forestry training institutions is limited to RIFFEAC in the Congo Basin.¹⁹ The Project needs therefore to identify 1-2 training institutes in the region, which could include wood industrial technology and business management in their curricula. Teachers from forestry and technical schools are trained and contracted to work as trainers in the Project in order to make use of their acquired knowledge in other contexts later on.

Cooperation with national research organizations as well as private sector knowledge providers is part of the Project's institutional arrangements through their participation as contractors in individual work packages of the Project and participation of their staff in project training activities. A Project Manager and a Project Assistant are needed for the planning, coordination and implementation (cf. section 4).

2.1.2 Stakeholder analysis

There is a general consensus for the need for the Project as evidenced by (i) high participation of stakeholders (Table 1) during the International Conference of the Promotion of Intra-African trade in TTPs in 2009; (ii) the outcomes of the four consultative workshops for the preparation of the White Paper in the Congo Basin in 2010-2011; and (iii) other relevant events in the region. For the purposes of the Project, a survey was conducted with primary stakeholders in the private sector in order to get further insights into priority of their specific needs of support (see Annex 6).

The timber enterprises, trade and industry associations, and logging companies are the Project's primary beneficiaries. Pilot enterprises, entrepreneurs and trade associations benefit from capacity building and provide necessary information. Other enterprises, including micro and small enterprises

¹⁷ In particular to the following strategic axis of the Plan of Convergence: 5. Sustainable valorization of forest resources, 7. Capacity building, participation of actors, information and training, 8. Research and development, and 9. Development of financing mechanisms.

¹⁸ It is, however, recognized that ATIBT is carrying out valuable work in these areas

¹⁹ ITTO has a recently started on-going project to strengthen forestry schools which are members of the RIFFEAC network.

in the informal sector, benefit from the Project's training, market information as well as trade facilitation and development activities.

Primary beneficiaries also include training institutions which participate in the organization of training events and whose staff are trained. In selected institutions specialized training on wood technology and marketing is integrated in the curricula.

National service providers benefit from improved knowledge and enhancement of their own services to the industry. Technology suppliers provide information and benefit from the Project's training and follow-up investment in retooling and expansion of the industry. Investors finance investments that are made possible by creation of enabling country conditions and transparency of opportunities and risks.

Government agencies benefit from capacity building and facilitate the Project's implementation by providing information about the forest sector benefiting from strategic proposals for adjustment of policies and regulations as well as improvement of statistical and other information on the sector.

International organizations in the private sector (notably ATIBT), forest research organizations and others participate in joint implementation of the Project.

Within their mandates, regional economic cooperation organizations assist countries in reducing barriers to trade through the Project. African consumers benefit from improved access to competitively priced timber products.

Table 1 Stakeholders of the Project

Stakeholder group	Characteristics	Problems, needs or interests	Potential	Involvement in the project
PRIMARY STAKEHOLDERS				
Timber industry companies	Have wood processing equipment	Weak profitability and lack of competitiveness	Improved skills and knowledge	Primary beneficiary
Trade and industry associations	Provide promotional and services and technical services to their members	Lack the means to serves members	Advocacy and support activities	Primary beneficiary; Intermediary to reach members
Micro entrepreneurs in the informal sector	Have basic manual woodworking equipment, serve local markets	Limited skills and knowledge	Integration with industrial operations and growth to formal enterprise	Primary beneficiary of training
<u>Technical training institutions</u>	<u>Have general capacity for technical or forestry training</u>	<u>Lack of curricula in timber industry and markets</u>	<u>Integration of specialized wood technology and marketing training in the curricula</u>	<u>Primary beneficiaries, participation in organizing training; selected institutions to continue training in these areas</u>
SECONDARY STAKEHOLDERS				
National forest agencies	Custodian of the sectoral policy, enforcement	Fiscal and control procedures, inadequate services to private sector	Knowledge of the forest sector, reduction of transaction costs	Facilitator in project implementation, recipient of training, provision of incentives
National service providers to the industry	Support services	Lack of knowledge of specifics of timber industry	Transfer of skills and knowledge Generation of new business	Recipients of training, participation in activity implementation
Investors and financing institutions	Provide equity and loan funding	Limited sectoral understanding, lack of enabling conditions	Liquidity, portfolio diversification	Recipient of information and participant in promotional events
Forest research organizations	Have research and technical assistance mission	Limited knowledge on development of the timber industry	Knowledge and experience of the forest sector, analytical skills	Can be partner in project implementation in training and R&D
TERTIARY STAKEHOLDERS				
Regional economic development organizations	Have regional development policy making mission	Inadequate operational cooperation and implementation among countries	Can facilitate common trade and economic policy	Facilitate the process to remove trade barriers
Ministries and agencies with forest sector linkages	Custodians of related sector policies	Cross-sectoral conflicts/incoherence, lack of integrated planning	Intersectoral coordination in socio-economic development	Provision of incentives, reduction of transaction costs
Suppliers of technology	Provide hard and soft technology	Limited investor capacity and low level skills among potential clients	Improvement of productivity and profitability	Provision of information and learning from investor needs

2.1.3 Problem analysis

The core problem in the development of intra-African trade in TTPs and value added processing is weak competitiveness of the producers in the ITTO producing Member countries. Causes for this situation vary between countries and enterprises but based on the various studies,²⁰ consultations,²¹ and the results of the stakeholder survey²² carried out during the preparation of this proposal, a

²⁰ Rupert O. R. , Donkor, B. (2010), op cit. ; ITTO (2010) op.cit.

²¹ Four workshops⁴ carried out in connection with the preparation of the White Paper (Livre Blanc by IFIA/ITTO/ATIBT/PRO-INVEST)

²² See Annex 7

number of common direct and underlying causes have been identified (Figure 2). Direct causes include (i) significant tariff and non-tariff barriers to trade in TTPs; (ii) inappropriate national policies and weak institutions supporting the industry; (iii) weak industrial and managerial capacity; (iv) lack of trained workforce in the industry; (v) inadequate market transparency and trade promotion; (vi) lack of awareness on African TTPs and their suppliers in importing countries; (vii) weak organization of the private sector; as well as (viii) lack of access to financing and (ix) to improved technology. There are also constraints in other areas such as lack of forest management, destructive logging techniques, and illegal forest activities. They have an impact on competitiveness but they are not included in the following analysis being outside the scope of the Project as several other initiatives are on-going in these areas in the region.²³ The objective tree of the Project is given in Figure 3.

As regards trade barriers, the *tariff rates* in TTPs in Africa are high. There is also an element of tariff escalation that represents an additional burden for trade in value added products. Intra-regional economic integration is not advanced to the desired extent and some of the rules of ECOWAS and CEMAC on the liberty of movement of persons and goods are not respected in practice resulting in parallel fiscal costs. Another issue is constraints in market access by the ITTO African exporters to the other economic cooperation sub-regions (SADC, East African Community, Arab Maghreb Union) which are not justified, as there are strong complementarities in production structures with Western and Central Africa in the timber sector. Deeper integration would result in important economic benefits for governments, participating companies and their employees alike. The largest potential is where the markets are complementary and the logistical infrastructure is developed. A particularly promising area meeting these criteria is the Western African region where national resource endowments and production structures are largely complementary. In addition, Central African countries would be well placed to complement efficient trade in Western Africa. High tariffs increase the cost of TTPs to consumers, particularly in countries largely depending on imports in meeting their domestic demand in Northern Africa, the Sahel and the SADC sub-region.

Even more important may be various *non-tariff barriers* preventing making use of the potential offered by the forestry sector for sustainable development. These include export procedures in producing countries, import procedures in importing countries, unnecessary government charges, inefficient border control resulting in significant loss of time and thereby higher logistic costs, as well as associated corruption. Coupled with high costs of trade financing in the region, the transaction costs of the TTP trade in Africa are very high and penalize regional producers more than exporters from outside the region. Stakeholders perceive that this area needs urgent action by governments through simplification of procedures, reduction of administrative charges, and improvement of government agency services. Innovative modern customs procedures have also great potential to improve the situation.²⁴ However, the process of change is not easy due to vested interests of those parties who are benefiting from the current status quo.

Government policies have not been supportive of the development of further processing industry in spite of many conferences, workshops and meetings in which positive political declarations have been made. The regulatory framework in most countries is characterized by multiplicity of taxes and charges and the systems are perceived by the industry as unjust, difficult to understand and inappropriate for the objectives pursued.²⁵ Reduction of transaction costs is needed together with fiscal and other incentives and coordinated action with the related ministries. **Public policies do not exist to promote procurement of TTPs from legal and sustainable sources.**

²³ See Annex 9 for the list of projects.

²⁴ The current World Customs Organization's (WCO) rules make provisions for "customer strategies". The key is to extensively apply intelligent risk analysis and segment companies in accordance with their risk profiles. Consequently companies with low risk can be given special status allowing them to optimize their logistics without practically no interference from the customs side. This policy is often incorporated into a special "customer strategy". Companies with special status are audited by the customs beforehand to ensure that they know the customs legislation and are capable to apply it. To implement this new approach, a good cooperation between customs administrations in the area is necessary. Also other relevant authorities must be involved to achieve full facilitation. More broadly, there are far-reaching plans at the level of WCO to apply the concept of "Authorised Economic Operators" to whom special benefits are given for their logistics purposes. This concept can also be applied in the forestry sector which may be taken up in Phase II of the Project.

²⁵ E.g. the tax on roundwood entering processing plants in Cameroon. See also IFIA/et al.. (2012).

National strategies for industrialization of the timber sector and trade development do not generally exist which would cover actions needed also from other related sectors (transportation, energy, communication, etc.). Power cuts are common and many processing operations have no access to the national electricity grid, which significantly increases their production costs due to use of diesel generators.²⁶ Energy is a critical production factor for further processing which requires kiln dried raw material and involves several mechanized processing stages. There is a need to link energy development plans with the needs of the TTP sector, in particular in rural areas that have no access to electricity.

In spite of the demonstrated political will in principle, enabling conditions for the industrial and trade development in the region do not yet exist and coherent structural measures are needed. Both local and foreign investors do not have trust in the consistency of the policies and continued government support and cannot count on regional opaque markets in which competition from illegal operators is significant. The issue can be addressed through implementation of coherent national industry and trade development strategies.

²⁶ This is a critical constraint for many mills operating in isolated areas (e.g. in CAR, Liberia, Cameroon, DRC, the Republic of Congo and Gabon). ATIBT is promoting co-generation based on wood residues but the work is still in its initial stages.

Figure 2

Problem tree

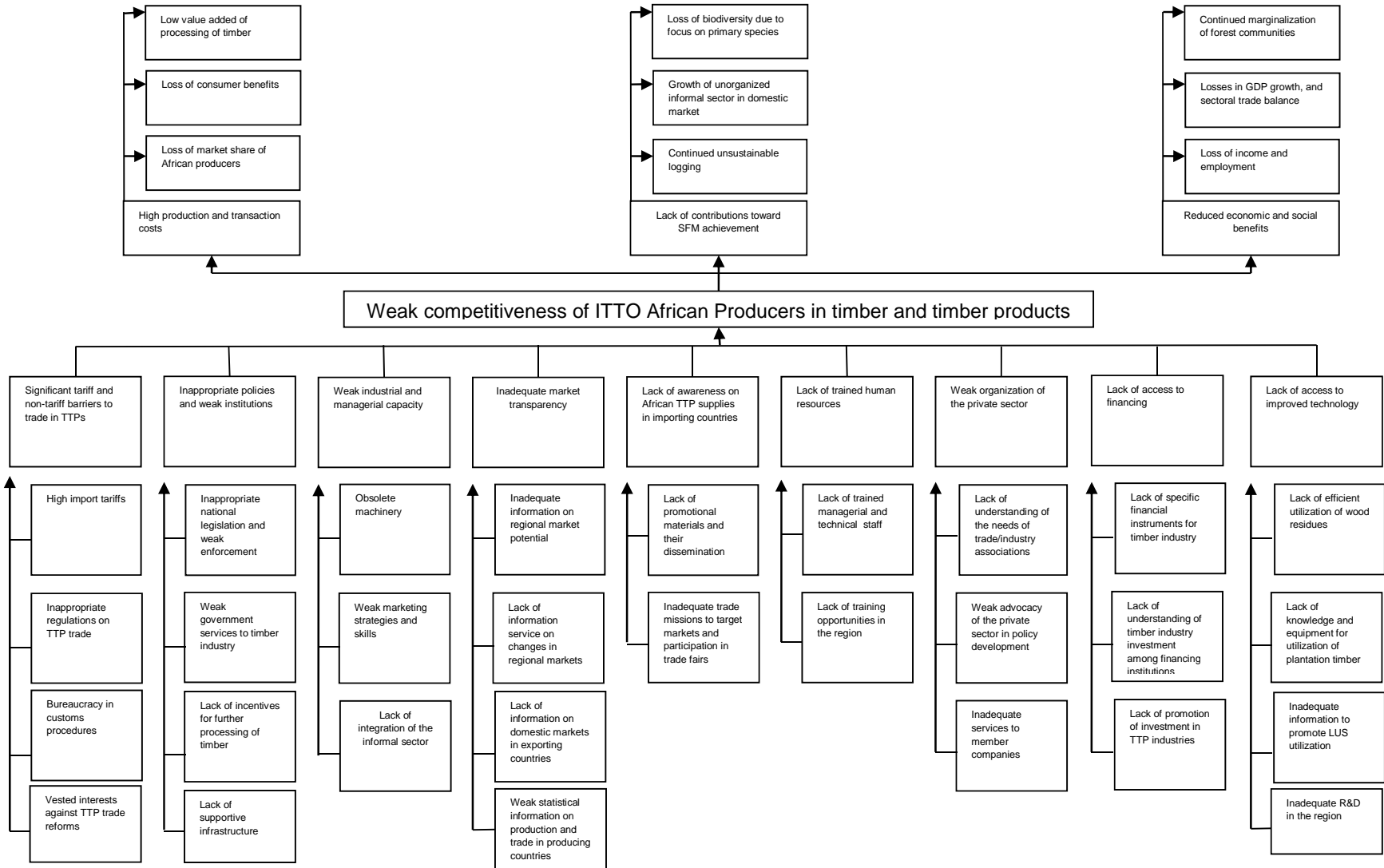
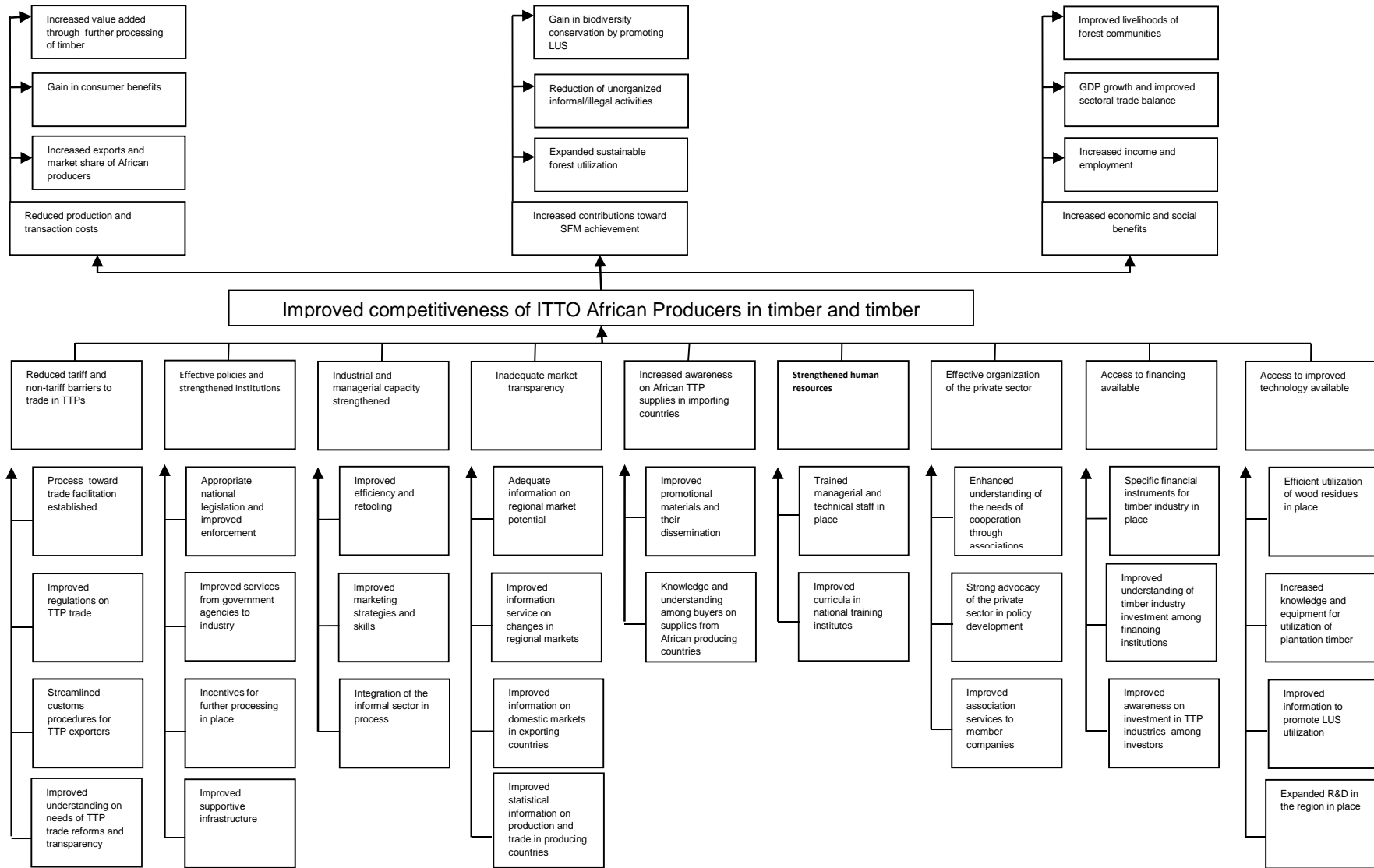


Figure 3

Objective tree



Another constraint for trade development is inadequate facilities in most coastal ports (with the exception of Pointe Noire) and very high handling charges, not least due to monopolistic situation in the port services in the region. Poor road connections between neighboring countries are also adding to the transportation costs and reducing the reliability of delivery of finished products.

The *weak capacity of the timber industry* needs restructuring for a number of reasons: (i) The dwindling supply of main commercial species needs to be substituted/complemented by plantation wood and lesser-used species. The existing plantation resource in the ITTO producing Member countries could produce 15 to 20 million m³ of wood per year for which there is practically no suitable processing capacity as the existing mills are not equipped to make use of new type of raw materials. They also need major retooling also due to obsolete machinery. The lack of further processing is also resulting in high rates of waste that is not efficiently utilized, largely going for household fuel. (ii) The organized private sector and the informal sector operate in parallel without clear national strategy for their integration and development. (iii) The industry cannot become competitive without value added processing and trade development.

Several currently SFM certified operations in the Congo Basin (covering about 5 million ha)²⁷ are experiencing profitability problems due to competition from lower-cost non-certified companies. Together with strengthened enforcement, value added processing would be a useful strategy to address the issue (including integration of the informal sector) provided that enabling conditions for the respective investment can be created.

In further processed products (doors, windows, joinery, furniture) the *informal sector* dominates the domestic market with low quality products sold at low prices at which the domestic organized enterprises cannot compete. On the other hand, without domestic market it is difficult to develop further processing for exports. The informal sector does not need to demonstrate sustainability and legal compliance being therefore well placed to compete for its wood raw material. Nevertheless, the informal sector plays a major role in generating income and employment in many producing countries. It is also partly faced with similar problems to the organized private sector (administrative procedures and harassment, limited access to good quality raw material, inadequate logging and sawing techniques resulting in high waste, lack of financial resources, electricity breakdowns, labor relations, etc.).²⁸

Lack of trained *human resources* is a major constraint in the timber industry. There are no training institutions in the region that are specialized in timber processing industries in spite of the sector's importance to many national and local economies. Vocational training is carried out mainly on-the-job by companies. The problem is less pronounced in sawmilling and veneer/plywood production in countries that have long traditions and established basic competences. Also in logging, forest management, and logistics, the companies are largely self-sufficient in their specialized services such as maintenance and equipment repair. Costs in micro and small-sized enterprises could be reduced were there centralized technical services available in focal production areas but these are lacking.

Expansion in value added processing would require *new skills* (production planning, product design, drying, machining, gluing, finishing, wood-working, maintenance, quality control, logistics, marketing, etc.) which are different from those of primary processing and largely lacking in the region. In addition, industry managers have no or limited technical and management training, which explains rudimentary management systems, often found inadequate even for allowing certification of the chain-of-custody of raw material and finished products produced. Specialist skills on product design for furniture and joinery are also lacking in the region.

The existing *information on the African markets* for TTPs is patchy and mostly unreliable.²⁹ It is not just information on markets that is lacking, in many cases there is poor or no information on official, legal production and trade of TTPs, let alone the flows of products through the informal sector and illegal production/trade. There is no information service that would keep exporters aware on short-term changes in regional market conditions making marketing and pricing haphazard resulting in loss of potential revenue.³⁰ Current export channels in the region are characterized by a small number of specialized intermediaries in each country and exporters have little knowledge on the end users, their

²⁷ Cf. IFIA/at al. 2012

²⁸ Cerutti, P.O. Lescuyer, G., Nguieburi, J., Essiane, e., Ondua, J.P. 2009. The domestic timber sector in the Congo Basin. 14th Illegal Logging Update and stakeholder consultation. Chatham House. 23 June 2009. London.

²⁹ See Favada, I.M. 2010. Intra-African Trade in Timber and Timber Products. In ITTO. (2010).

³⁰ The situation has become even more difficult than in the past due to the discontinuation of the ITTO Market Information Service in 2011.

requirements or pricing potential. On the other hand, potential buyers in export markets are unaware of opportunities to import quality tropical timber products from Western and Central Africa.

Domestic markets are not developed as locally made end products are mainly supplied by micro entrepreneurs with low quality but relatively highly priced products. In the absence of alternative supplies, consumers are obliged to purchase imported furniture and joinery on a large scale. Due to supply problems, the TTP consumption in Africa is relatively low and could be substantially increased if standardized, good quality products could be made available in sufficient quantities at affordable prices drawing on the same economies of scale as currently employed by producers in Asia and Latin America. Public sector support to market development is practically inexistent and there are no public procurement policies for timber products in African countries³¹ that could promote consumption of TTPs from sustainable and legal sources as environmentally friendly building materials.

The *enterprise culture* in the region is largely based on opportunistic, individual company efforts. This has resulted in disintegration of the supply chains (particularly the informal sector operating in parallel) and lack of strong advocacy by the private sector to pursue coherent policies, and to promote cooperation in trade development and other fields such as training and education, R&D, and development of specific financing mechanisms for the industry. Only few countries have operational *industry associations* and even those existing are still weak.³²

Intra-African trade development cannot only rely on individual enterprise initiatives as the current situation indicates. Concerted efforts towards mobilizing the sector broadly requires joint efforts with international and government support to *trade development* through organization of trade missions, participation in trade fairs in target markets, improved market communication and organizing trade fairs in the producing countries with participation of potential buyers. None of these activities is currently being carried out in a systematic way in the ITTO producing Member countries.

Lack of access to financing is a key constraint for the development of further processing and trade in TTPs. Interest rates are prohibitively high for enterprises in this sector which needs long and medium-term financing but has a notoriously bad image among financing institutions. The banking sector has inadequate understanding of the timber processing sector being frequently confused with logging. This is why micro and small-scale enterprises have practically no access to financing even in situations in which loan pay-back periods of small investments are only a few months. TTP enterprises are not generally capable for preparing bankable loan applications. Another major constraint is the lack of collateral which could be addressed by innovative arrangements. Making the timber processing sector bankable means reliable accounts, better organization of enterprises and capacity building at all levels. On the other hand, new mechanisms are needed to ensure targeted funding for the timber sector and to bridge the gap between the external funding sources and retail banks.

There are also constraints in accessing improved *technologies* in the industry. High levels of waste in processing lead to loss of potential revenue as residues could be utilized as raw material or bioenergy but information on feasibility of technical options is deficient. The industry will have to rely increasingly on the utilization of plantation timbers requiring different equipment from those used at present. Respective technologies are poorly known in the African countries.³³ In harvesting of natural forests there is a need to move towards increased utilization of lesser-used species but there is insufficient information on their technical characteristics for industrial processing and product development. In general, there is not enough R&D activity to support industrial and trade development in the region.

The complex problem situation addressed by the Project results in major negative socio-economic and environmental effects that are summarized below (Figure 2):

loss of economic growth and social benefits and increased marginalization of forest communities due to lack of industrial and trade development in value added products, and loss of consumer benefits because of limited availability, poor quality and high prices of African TTPs in national and regional markets

continued degradation of forests due lack of value created for the forest resources resulting in increasing CO₂ emissions and loss of biodiversity

³¹ About 10 developed countries are in the process of implementing such policies to promote wood from sustainable and legal sources (Simula, M. 2010 The Pros and Cons of Procurement. ITTO Technical Series 34. Yokohama). The Accra Action Plan called for the establishment of public timber procurement policies to promote domestic consumption of TTPs (Annex 1).

³² Cameroon, DRC, Gabon and Ghana

³³ Apart from South Africa

reduced wood supply and high cost of raw material for the industry due to dwindling sources of main commercial species, lack of progress in utilization of lesser-used and plantation species, and continued illegal activities
high production costs due to lack of investment in retooling and continued high rates of waste
continued high transaction costs increasing total costs of delivered products

As stated earlier, national situations vary extensively with regard to their constraints and opportunities in the industrial and trade development in TTPs and therefore the problem analysis needs to be refined at country level during the Project. Specific problem analyses are carried out for each pilot country as part of the process to develop national industrial development strategies.

2.1.4 Logical framework matrix

Table 2 presents the logical framework matrix of the Project. When the Project assumptions hold, needed inputs provided and activities implemented, the outputs are produced by the planned activities, which lead to the achievement of project outcomes contributing to the socio-economic development objective.

Table 2 The logical framework matrix

Strategy of intervention	Measurable indicators	Means of verification	Key assumptions
<p>Development objective:</p> <p>Promote socio-economic development and sustainable management of African forests through value creation by expanded further processing and intra-African trade in tropical timber and timber products.</p>	<p>By 2020 further processing has increased by 30%</p> <p>By 2020, African ITTO producers' share of SPWPs in total TTP exports has increased from the current level of 1%³⁴ in 2009 to 10%.</p> <p>By 2020, intra-African imports of the total trade in TTPs have increased from the current less than 10% per year to 30%.</p>	<p>National statistics on sectoral GDP, sectoral employment, salaries and wages paid by the industry</p> <p>ITTO online Trade database and Annual Review and Assessment of the World Timber Situation.</p> <p>Calculation of market share of total imports of TTPs by source of imports. The sources of information are ITC TradeMap, FAO ForesSTAT and ITTO Trade Databases.</p>	<p><u>National development policies remain conducive for growth in further processing and trade in TTPs.</u></p> <p>Trade liberalization in the region continues</p> <p><u>Infrastructure investment considers the needs of the TTP sector</u></p> <p><u>Increased frequency of shipping services on the African coasts</u></p> <p><u>Exchange rates do not undermine the competitiveness of the regional TTP sector</u></p>
<p>Specific objective:</p> <p>To initiate consolidated efforts with the establishment of key elements in capacity to strengthen competitiveness of ITTO African producers in timber and timber products markets.</p>	<p>By the end of 1st year, the process for trade facilitation in place and upon the completion facilitation mechanisms are in operation in key markets</p> <p>National industrialization strategies prepared and under implementation upon the completion of the project</p> <p>By the end of the 1st year, trade promotion has been strengthened and upon the completion, increased exports to target markets achieved</p> <p>At the completion of the Project, 400 persons making effective use of improved skills and knowledge in the industry</p> <p>By the end of the project, 50 enterprises/entrepreneurs have improved profitability and expanded production</p> <p>Increased investment in further processing and improved knowledge on investment opportunities among investors</p> <p>Improved knowledge on new technologies among enterprises</p>	<p>Workshop and meeting reports; records on regulatory changes and records on the number of enterprises participating benefiting from facilitated procedures</p> <p>National strategy plan documents, approval decisions, records on policy implementation</p> <p>Trade mission reports, national export statistics to target markets</p> <p>Training evaluation reports</p> <p>Company balance sheets and production records</p> <p>Reports on investment projects realized/planned in the region</p> <p>Conference/workshop reports, R&D reports, dissemination records</p>	<p><u>Political will exists to reduce trade barriers in exporting and importing countries in the region</u></p> <p><u>Effective cooperation of customs authorities</u></p> <p><u>Political will exists to implement necessary national-level policy adjustments for the development of industry and trade in TTPs.</u></p> <p><u>Participating enterprises are willing to adopt new technologies and send staff for training and co-finance costs.</u></p> <p><u>Timber industry training programmes can be integrated in the curricula of national institutions</u></p> <p><u>The informal sector can be effectively engaged in the project</u></p>

³⁴ ITTO 2010. Annual Review and Assessment of the World Timber Situation

Strategy of intervention	Measurable indicators	Means of verification	Key assumptions
<p>Output 1: Process to facilitate trade is in place and facilitated arrangements in operation for TTP exports in the region on a pilot basis have been made</p>	<p>Five months after the start of the Project, a report on existing tariff and non-tariff barriers produced Seven months after the start, a regional workshop organized By the end of year 1 customer strategies defined for pilot countries By the end of year 2, customer strategies approved and in operation by national authorities in pilot countries By the end of year 3, an evaluation and a regional workshop organized for mainstreaming</p>	<p>Study report document Workshop report Document describing the customer strategy and its implementation procedures Approval decisions documentation Evaluation report, and workshop report document; report on recommendations for mainstreaming facilitated procedures.</p>	<p>Willingness of ministries of finance and trade and customs authorities to participate in the project Local customs authorities are fully informed on the implementation of the pilot arrangements Vested interests do not prohibit practical implementation of pilot customer strategies in border control Effective support is received from WCO and regional economic development organizations Adequate quality of policy analysis and effective dissemination of results</p>
<p>Output 2: National strategies for development of further processing and TTP exports in pilot countries have been implemented</p>	<p>By the end of year 1, one pilot country, by year 2 two other and by year 3 another two countries each have completed their strategic plan and started its implementation In each country: Minimum three stakeholder workshops have been organized Diagnostic studies have been completed on policy options <u>Government policy adjustment decisions</u> A mechanism for implementation, monitoring and evaluation has been put in place in pilot countries</p>	<p><u>Approved strategic plan documents</u> Workshop reports with participation records Diagnostic study reports Reports of monitoring and evaluation</p>	<p>Government willingness to co-finance the planning process and implement policy recommendations Related ministries can be effectively engaged in the process to ensure their support to implementation All relevant stakeholders, particularly the private sector, have adequate opportunities to participate in the process Integration of the informal sector in the strategy is successful Adequate quality of policy analysis and effective dissemination of results Logistic needs of the timber industry and trade are considered in macro-level infrastructure development. Implementation mechanism of national strategies can be made effective.</p>
<p>Output 3: Business development in pilot enterprises has been undertaken</p>	<p>By six months from the start, pilot enterprise selection and enterprise-level consultations with agreements with 10 enterprises in the process by the end of year 1 By the end of year 2 20 more enterprises and year 3 another 20 engaged in the project.</p>	<p>Support agreements signed with pilot enterprises Business plan/development project documents produced Consultants' advisory/monitoring reports on implementation</p>	<p>Suitable enterprises can be identified for pilot efforts Willingness of enterprise owners/managers to participate on proposed terms Confidence and good cooperation</p>

Strategy of intervention	Measurable indicators	Means of verification	Key assumptions
	<p>Number of business plans/development projects prepared and under implementation</p> <p>Staff members trained in-house in improved practices</p> <p>National workshop report on sharing of lessons learnt by the end of year 3</p>	<p>Training records of participating companies</p> <p><u>Company reports on business development</u></p> <p>National workshop report</p>	<p>established between managers and consultants to avoid unrealistic plans and projects</p> <p>Integration of the informal sector activities is acceptable to pilot enterprises</p> <p>Training can be tailored to the company needs</p> <p>A critical mass of staff can be trained</p>
<p>Output 4: Measures to improve market transparency have been undertaken</p>	<p>Three studies on selected target export markets and another three domestic markets effectively disseminated (1 of each in year 1, 2 and 3)</p> <p>Market information service on Africa in operation, with ready access to beneficiaries and established information collection system (end of year 1)</p> <p>By the end of 1st year, timber producers and traders are aware of African TTP market opportunities</p> <p>Improved data on production, trade and consumption of TTPs in Africa</p> <p>Establishment of periodically updated web-based data base on African TTP producers</p>	<p>Market study reports and dissemination records</p> <p>Quarterly/monthly market information newsletters and disseminations records</p> <p>Consultancy reports and training records on statistical information in ITTO producer countries</p> <p>Website in operation with visitor records</p>	<p>Language barrier in dissemination can be overcome</p> <p>Network of information providers in key markets can be identified</p> <p>Dissemination can reach all the potential users in the private sector</p> <p>Impact of statistical training can be ensured in staff changes</p> <p>Website becomes a useful source of information for potential buyers and enterprises actively update their information</p> <p>Beneficiary enterprises have access to internet</p>
<p>Output 5: Trade promotion measures have been undertaken</p>	<p>Trade missions organized to target markets incl. participation in trade fairs for companies with validated export capacity (1, 2 and 2 missions in year 1, 2 and 3, respectively)</p> <p>Organization of regional trade fair in cooperation with RACEWOOD/ATIBT (year 3)</p> <p>National trade promotion events</p> <p>Public timber procurement policies are established in pilot producing Member countries (by end year 3)</p>	<p>Trade promotion materials produced and disseminated through internet and targeted mailing</p> <p><u>Trade mission reports and dissemination records</u></p> <p>Implementation report on the regional trade fair and business roundtable</p> <p>Records on national trade promotion events</p> <p>Public timber procurement policy documents with implementation instructions</p>	<p>Promotional materials are actively used by TTP buyers and producers</p> <p>Trade missions can be effectively followed up by participating enterprises</p> <p>Foreign buyers can be attracted to the regional trade fair</p> <p>National trade promotion events have adequate relevant participation</p> <p>Public procurement policies are implementable and do not become obstacles to trade</p>

Strategy of intervention	Measurable indicators	Means of verification	Key assumptions
<p>Output 6 400 trained persons are using the acquired skills in further processing and trade development</p>	<p>Compilation of available training materials on further processing and posting on the web Regional level training courses for trainers and service providers (2 courses: English/French) (year 1) Specialized thematic training courses organized in pilot countries Integration of training on timber processing in the curricula of forest/technical colleges (year 3) 5 scholarship students completed post-graduate studies in wood technology and industry management</p>	<p>Compendium of training materials accessible through internet Training event reports Thematic training packages used in specialized training Document on the timber processing curricula adopted by relevant training institution(s) <u>Records on website use</u> Evaluation reports on training Reports on scholarships</p>	<p>Competent training providers and trainers can be identified and contracted with understanding on African conditions Participant selection is relevant Acquired skills are applicable by participants Suitable training institution(s) can be identified to ensure continued availability of training services South-South cooperation can be involved in training</p>
<p>Output 7: National industry/trade associations are capable for advocacy and providing adequate services to members</p>	<p>Assessment of development needs and technical and financial support to existing four associations and (starting year 1 onwards) and another two (starting year 2 onwards) Establishment of national associations in countries with potential (year 2) All supported associations providing advocacy and member services</p>	<p>Assessment reports on support needs in each association Support agreements with associations Financial records and advisory mission reports Membership and activity reports of associations <u>Press releases and other media reports</u> Adopted constitutions of new associations <u>Records on associations' website use</u></p>	<p>Members fully understand the need and benefits to have joint organizations Accountability of the supported associations Conflict of interest between members can be avoided Associations are not politicized</p>
<p>Output 8: Innovative financing mechanisms have been developed and investment promotion events have been organized</p>	<p>1. Review of the existing financing mechanisms for timber industry in the region and elsewhere and identification of suitable models for African producers (year 1) 2. Regional workshop with the private sector, financing institutions and governments on industry financing mechanisms (year 1) 3. Organization of thematic/national investment forums in pilot countries (year 2 and 3)</p>	<p>Study report on applicable financing mechanisms and their suitability for the African TTP industry Regional workshop report Reports on consultations with financing institutions Reports on national investment forums and follow-up activities <u>Dissemination records</u></p>	<p>Financing institutions can be effectively engaged in the development of suitable instruments for TTP industry Enabling conditions for investment can be created in countries Information on investment promotion is effectively disseminated Parties follow up investment forum recommendations and opportunities identified</p>

Strategy of intervention	Measurable indicators	Means of verification	Key assumptions
<p>Output 9: Technology transfer in specific priority areas has been achieved</p>	<p>Regional conference on wood-based bioenergy organized (year 2) Regional workshop on plantation wood utilization organized (year 1) Laboratory tests of LUS (year 1) R&D project reports produced on priority themes (year 3)</p>	<p>Workshop reports Laboratory test reports and technical species sheets for dissemination R&D project reports Dissemination records</p>	<p>Ministries of energy and technology suppliers can be engaged in the follow-up measures of the bioenergy conference outcomes South-South cooperation can be arranged for plantation wood utilization workshop Species tests meet relevant technical standards R&D outputs are taken up by pilot and other enterprises Information on technology transfer is effectively disseminated</p>

2.2 Objectives

2.2.1 Development objective and impact indicators

To promote socio-economic development and sustainable management of African forests through value creation by expanded further processing and intra-African trade in tropical timber and timber products.

The contribution of the Project to the achievement of the development objective can be assessed after the completion of Phase II by the indicators below:

By 2020, intra-African market share of total African imports of TTPs has increased from the current less than 10% per year to 30-50%.

By 2020, African ITTO producers are net exporters of major SPWPs.

By 2020, forest sector's contribution to GDP of major African ITTO producers has increased from the average level of 5.6%³⁵ in 2006 to 10 to 15%.

By 2020, African ITTO producers' share of total exports of SPWPs has increased from the current level of 1%³⁶ in 2009 to 5 to 10%.

2.2.2 Specific objective and outcome indicators

To initiate consolidated efforts with the establishment of key elements in capacity to strengthen competitiveness of ITTO African producers in timber and timber products markets.

These key elements include (i) awareness of development opportunities among enterprises, entrepreneurs, investors, decision-makers and stakeholders; (ii) enabling conditions on regional and national levels; (iii) technical and managerial knowledge and skills in the private sector, (iv) strengthened organizations of the private sector, (v) facilitated access to financing, and (v) improved information and knowledge on the markets and technology.

Outcome indicators (upon the end of the project (Phase I)) include:

A process for facilitation of trade is in place and facilitation mechanisms in operation in key markets;

National industrial and trade development strategies prepared and under implementation in five pilot countries upon the completion of the project ;

Improved information on 6 national markets generated and exporters continuously updated on changes in the international and regional markets;

Trade promotion activities have been strengthened, and upon the completion, increased exports to target markets achieved;

Pilot enterprises have business plans developed and being implemented;

Four hundred persons are making effective use of improved skills and knowledge in the industry;

Specific mechanisms for financing in TTP industry adopted and accessible by potential beneficiaries;

Technologies on bioenergy and plantation wood utilization effectively communicated to potential beneficiaries in the region; and

Technical information on five lesser used species produced and disseminated to producers and buyers.

³⁵ FAO. 2009. State of the World's Forests 2009. The current average level has been calculated based on relative forest sector's contribution to GDP in Cameroon, Central African Republic, Congo, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Ghana, Liberia, and Togo.

³⁶ ITTO. 2010. Annual Review and Assessment of the World Timber Situation

PART 3 DESCRIPTION OF PROJECT INTERVENTIONS

Outputs and activities

3.1.1 Outputs

The project outputs are as follows:

- Output 1.* Process to facilitate trade is in place and facilitated arrangements in operation for TTP exports in the region on a pilot basis have been made;
- Output 2.* National strategies for development of further processing and TTP exports in pilot countries have been implemented;
- Output 3.* Business development in pilot enterprises has been undertaken;
- Output 4.* Measures to improve market transparency have been undertaken;
- Output 5.* Trade promotion measures have been undertaken;
- Output 6.* Four hundred trained persons are using the acquired skills in further processing and trade development;
- Output 7.* National industry/trade associations are capable for advocacy and providing adequate services to members;
- Output 8.* Innovative financing mechanisms have been developed and investment promotion events have been organized; and
- Output 9.* Technology transfer in specific priority areas has taken place.

3.1.2 Activities

Outputs/Activities	Descriptions
<i>Output 1</i>	<i>Process to facilitate trade is in place and facilitated arrangements in operation for TTP exports in the region on a pilot basis have been made</i>
A1.1	Study on costs and benefits of tariff and non-tariff barriers of trade in selected ITTO member countries
A1.2	Two high-level workshops on intra-regional trade in target markets to develop proposals for facilitated trade procedures
A1.3	Advisory services to follow up implementation of proposals
<i>Output 2</i>	<i>National strategies for development of further processing and TTP exports in pilot countries have been implemented</i>
A2.1	Stakeholder workshops on potentials and constraints of industry and trade development
A2.2	Analytical work to support elaboration of draft national strategies
A2.3	Validation workshops of the strategic conclusions and recommendations
A2.4	Advisory service to implementation of policy proposals (including regulations, enforcement, incentives, public procurement policies, etc.)
A2.5	Advisory service to strategic priority actions (integration of the informal sector, development of local clusters, etc.)
A2.6	Thematic workshops for mobilizing stakeholder participation in strategy implementation
A2.7	Technical assistance to monitoring and evaluation of strategy implementation
<u>A.2.8</u>	<u>Regional workshop to exchange experience</u>
<i>Output 3</i>	<i>Business development in pilot enterprises has been undertaken</i>
A3.1	Pre-selection of pilot candidates and enterprise level consultations on participation
A3.2	Technical and business diagnosis of pilot enterprise operations
A3.3	Elaboration of business development plans for pilot enterprises
A3.4	Advisory services to implementation of business plans
A3.5	In-house training of technical and management staff
A3.6	National workshops to share experiences

Outputs/Activities	Descriptions
Output 4	<i>Measures to improve market transparency have been undertaken</i>
A4.1	Studies on selected target markets (3 export and 3 domestic)
A4.2	Establishment of quarterly/monthly market news service on developments in the markets for African timber and timber products
A4.3	Advisory service and training to improve data on production, trade and consumption
A4.4	Establishment of web-based data base on African producers of tropical timber and timber producers and their products
A4.5	Other dissemination activities of market information
Output 5	<i>Trade promotion measures have been undertaken</i>
A5.1	Trade promotion materials produced and disseminated through internet and targeted mailing
A5.2	Trade missions organized to target markets incl. participation in trade fairs for companies with validated export capacity
A5.3	Regional trade fair organized in cooperation with RACEWOOD/ATIBT
A5.4	National trade promotion events
Output 6	<i>Four hundred trained persons are using the acquired skills in further processing and trade development</i>
A6.1	Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)
A6.2	Regional level training courses of trainers and service providers (2 courses)
A6.3	Specialized thematic training courses organized in pilot countries
A6.4	Integration of training on timber processing in the curricula of forest/technical colleges
A6.5	Ten post-graduate scholarships on wood technology and industry management implemented
Output 7	<i>National industry/trade associations are capable for advocacy and providing adequate services to members</i>
A7.1	Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support
A7.2	Delivery of support packages
A7.3	Technical assistance to development of association services to members and advocacy (coaching)
Output 8	<i>Innovative financing mechanisms have been developed and investment promotion events have been organized</i>
A8.1	Review of the existing financing mechanisms for timber industry in the region and elsewhere and identification of suitable models for African producers
A8.2	Regional workshop with the private sector, financing institutions and governments on industry financing mechanisms
A8.3	Organization of thematic/national investment forums in pilot countries (e.g. plantations)
Output 9	<i>Technology transfer in specific priority areas has taken place</i>
A9.1	Organization of a regional bioenergy conference
A9.2	Organization of a regional workshop on utilization of plantation species
A9.3	Laboratory tests of lesser-used species
A9.4	Implementation of R&D projects

3.2 Implementation approaches and methods

The project strategy builds on common interests of the ITTO African producing Member Countries to work together in developing their further processing and expanding intra-regional trade.³⁷ The strategy builds on ITTO's competitive advantage in providing support to issues that require strong interface with the public and private sectors and proven record of accomplishment in policy work and capacity building.

The overall strategy consists of interventions at regional, national and enterprise/entrepreneur levels. The Project is catalytic in promoting policy adjustment, building up trained human resources, and generating and effectively sharing new information and knowledge.

³⁷ This has been manifested in the Accra Action Plan (Annex 1) and the White Paper (IFIA/ et al. 2012).

The Project is divided into two phases as follows (Table 3):

Phase I: Capacity building at regional, national and enterprise levels in selected pilot countries and enterprises focusing on developing, piloting and validation of intervention tools

Phase II: Expansion of capacity building at national and enterprise levels in the other producing Member countries and mainstreaming improvements in the industry and trade. Phase II also includes some regional-level support to participating countries.

Table 3 Project phasing

Phase I	Phase II
Trade barrier reviews and initiation of trade facilitation processes	Support to expansion of trade facilitation processes in the region
Strategic planning on national level in pilot countries	Strategic planning on national level in the other countries and support to implementation of the strategic plans in all countries
Regional and domestic market studies and establishment of the market information service	Studies on new markets and upgrading of the information service
Regional trade fair, preparation of promotional material, participation in export market fairs, trade missions in the region	Support to regional/national trade fairs, trade missions and other trade promotion measures to new countries in the region
Training of trainers, regional thematic courses and in-house training of pilot enterprise staff	National level training and in-house training in new pilot enterprises
Support to strengthening of national associations in pilot countries	Support to strengthening of national associations in all countries
Development of financing mechanisms and investment promotion measures in pilot countries	National investment promotion and other support to implementation of financing mechanisms in all the countries
Technology transfer activities in utilization of plantation wood and bioenergy; R&D on lesser used species utilization and other priority areas	Technology transfer activities and R&D in other priority areas

This project proposal details the outputs and activities of Phase I that can be successfully implemented independently from financing of Phase II. However, it is recognized that creating an internationally competitive, sustainable further processing industry and efficient intra-African trade requires a longer term impact than the three years of Phase I. The Project's Phase II is designed two years from the start of Phase I based on the results of a mid-term evaluation.

The project strategy at national level relies on a logical sequence of activities in establishing the main building blocks of necessary capacity at national and enterprise levels for developing further processing and trade in TTPs.³⁸ Direct support to enterprises focuses on those owned by African nationals. It is recognized that each country that is a significant tropical timber producer has to work out its own regulatory and promotional instruments but effective use can be made of regional tools, such as improved market information, training materials, lessons learnt from pilot efforts, etc.

The logical sequence of the project strategy is illustrated in Figure 4. In some countries (Cameroon, Ghana), the initial stages are already well advanced but assistance and cooperation would be beneficial/needed in the development stage. In the other countries, work has to be started with preparatory phases in which learning from the others' experience is valuable.

In order to address diversity in national situations, countries are tentatively divided into three groups³⁹:

³⁸ Cf. section 2.2.2 for definition of capacity.

³⁹ Note that the Central African Republic and Nigeria had signed the ITTA 2006 by November 2012 but they had not yet ratified the Agreement.

Countries which have some experience in further processing and intra-regional trade (Cameroon, Ghana, Gabon, Côte d'Ivoire)

Countries with short and medium-term potential to develop export-oriented further processing and associated trade (Republic of Congo, DRC, Liberia, Mozambique and Central African Republic)

Countries with no or limited long-term potential to develop export-oriented further processing (Benin, Mali, Nigeria, Togo)

Pilot countries for creating enabling environment for trade development and expanded investment in further processing and forest resources are selected among Groups A and B but support to human resource development, transfer of technology, market information and other national level capacity building cover all the countries.⁴⁰ Pilot enterprises are also selected in Groups A and B. Reduction of trade barriers focuses on countries in Group C but the process covers all the other countries as well.

In Group C countries, the priority themes would be improving existing industry efficiency and utilization of the plantation forests.⁴¹ In Group A and B countries, the activities will cover utilization of timber from both natural and planted forests.⁴²

Selected activities related to the development of further processing and intra-African trade are carried out at the regional level to support country and enterprise-level activities. Individual countries are incorporated into the program gradually taking into account their current constraints with regard to the macro-economic and political situation. At the end of the Phase II, all the ITTO African producing Member countries are fully engaged in the project.

At the enterprise level, the Project provides support to improvement of management and technology in pilot enterprises. These are selected based on predetermined criteria.⁴³

Pilot enterprises are selected among (a) African owned medium-sized companies that have potential to develop into large operations, (b) small-sized companies with potential to become medium-sized companies. Pilots can also include (c) a few large enterprises that have potential to build up operational linkages with micro and small/medium-sized enterprises.⁴⁴

Industrial development seeks creation of effective clusters in which existing processing industry in the same geographical area has a need and potential to develop locally available support services (e.g. saw doctoring, kiln drying, machinery and spare parts supply, accounting and business management services, etc.).

⁴⁰ Tentative criteria for the selection of pilot countries include short term export potential in TTPs, size of domestic market, adequate infrastructure for intra-African trade, level of organization of the private sector, policy and regulatory environment, demonstrated commitment to develop and implement a national industrialization strategy (including government co-financing).

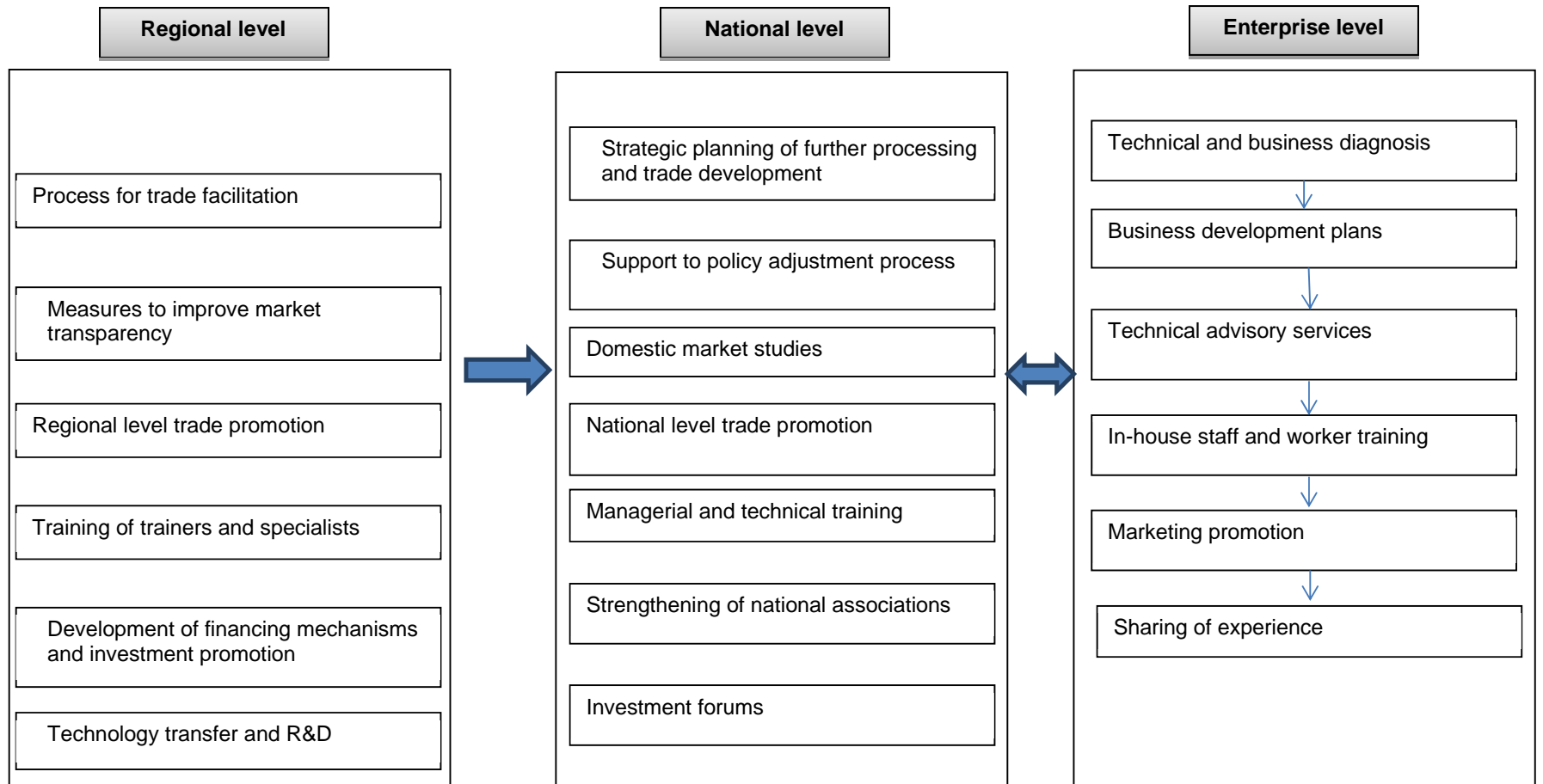
⁴¹ Nigeria has 382 000 ha and Togo 42 000 ha of planted forests (FAO 2011).

⁴² Côte d'Ivoire has 337 000 ha, Ghana 260 000 ha, the Republic of Congo 75 000 ha, DRC 59 000 ha and CAR 30 000 ha of planted forests (FAO 2011).

⁴³ Tentative selection criteria include size of the enterprise, ownership, potential for export trade, identified support needs, demonstrated willingness to participate and share lessons learnt, as well as commitment to co-financing.

⁴⁴ See Annex 8 for description of enterprise categories.

Figure 4 Project strategy



The Project makes full use of the existing experience and knowledge within the African countries and in other regions, particularly through South-South cooperation. The strategy draws on the complementarities and broad participation of the private sector and other stakeholder groups to avoid situations in which micro and small-scale enterprises are put at a disadvantage. The strategy is also aimed at harnessing synergies with other organizations working in the same field such as FAO, ATIBT, CIFOR, bilateral donors, IFC, African Development Bank and other international financing institutions. In view of the other on-going activities (Annex 9), the Project does not directly address certification of sustainability of forest management, verification of legality, forest management planning, and REDD+. However, the Project contributes to these areas with complementary support by addressing key constraints in enabling conditions, sustainable forest management, industry accountability, integration of the informal sector, and human resource development.

An *alternative project strategy* for ITTO support at regional level would be to respond to project proposals from individual private enterprises or government agencies, which might cover parts of the elements proposed above. However, it would be difficult to establish a coordinated comprehensive approach to capacity building under those circumstances. Another alternative project strategy would be to focus the support to private sector enterprises only. In this case, several caveats in capacity building would be left out, enabling conditions would not be created, and benefits would mainly be reaped by large-scale (often foreign-owned) enterprises.

There are a number of other projects funded by ITTO (Annex 2) and other bodies (Annex 9) going on or at an advanced stage in the pipeline in the region, which have synergies with the Project. Close contacts are established with these other actions to ensure that the Project outputs are internalized in their activities and vice versa. Thus, potential synergies are enhanced and any duplication of activities avoided.

For the establishment of the *trade facilitation process*, identification of relevant stakeholders and a comparative analysis of tariff and non-tariff barriers (notably administrative procedures and regulatory requirements) are first carried out. **Differences in the horizontal and vertical structures of production and trade as well as the costs and benefits of the current situation for exporting and importing countries are analyzed.** The results are presented to a regional workshop with the invited participation of ministries of finance and trade, customs authorities, forest sector authorities, the private sector, trade development bodies, and regional economic development organizations. The workshop is targeted at (i) clarifying the magnitude and economic costs of the trade barrier problems and their root causes, and (ii) discussing solutions for trade facilitation within the current macro-level rules, including options for implementing risk analysis-based customer strategies on pilot arrangements for the forestry sector. Such customer strategies can be implemented on a pilot basis nationally, bilaterally or sub-regionally in the context of the ITTO producing Member countries. The Project provides advisory and monitoring services to the implementation process of the recommendations made in the workshop. A second regional workshop is arranged during the third year of the project to review the progress and make recommendations for broad application of the customer strategy and other measures to reduce non-tariff barriers to trade.

The elaboration of *national strategies for industrialization and trade development* in pilot countries involves (i) an inception workshop for stakeholders to identify needs and opportunities, (ii) diagnostic studies on the existing industry, policy instruments, regulations, raw material supply, markets, human resources, R&D, gender and other relevant issues. (iii) Policy options, including their costs and benefits and impacts on stakeholders, are analyzed to be vetted in the second stakeholder workshop with broad participation. (iv) The draft plan is prepared and discussed in a validation workshop to be approved by the government and endorsed by stakeholder groups. The strategy includes a costed implementation plan for which a monitoring and evaluation mechanism is put in place. (v) The Project provides further inputs to the implementation process as identified during monitoring. During the first year, the strategy is completed for one pilot country, followed by two countries each subsequent year.

In the *development of value added processing on enterprise level*, the Project activities are targeted at (i) supporting SMEs that have potential for growth and export trade, and (ii) integrating small and micro enterprises in the operations of medium and large-scale companies through various partnership arrangements, including subcontracting, coordinated raw material supply, marketing cooperation, etc. The support is provided to pilot enterprises, which are selected based on pre-determined criteria.⁴⁵ Enterprise engagement in the process includes invited participation in national level inception workshops, consultations with interested companies, as well as signing a cooperation agreement with

⁴⁵ See section 3.2.

the selected enterprises, including definition of mutual obligations, activities to be carried out, and support to be delivered by the Project. The support services of the Project are flexible and can be provided to implementation of specific identified needs by enterprises rather than covering a comprehensive business planning and implementation process. During the first year, 10 pilot enterprises are included in the Project, followed by 20 new enterprises/entrepreneurs during the second and third year each.⁴⁶ **Thematic groups are established for the participating pilot enterprises facing similar problems for sharing of experiences.** National and regional level workshops for the private sector are arranged to share experience more broadly and lessons learnt are taken into account in the elaboration of training materials.

Market transparency is improved by (i) carrying out studies on domestic and targeted export markets which are not adequately known (5 specific studies during the first phase of the Project); (b) setting up and running a bi-lingual market information service to periodically monitor changes in market conditions in Africa and other key export markets⁴⁷; and (c) reviewing and analyzing of existing statistics on production and trade followed by advisory service and on-the-job training to implement necessary improvements in Member countries.⁴⁸

Trade promotion activities involve co-financing based support to (i) organization of trade missions for private sector representatives with export potential, (ii) their participation in trade fairs in export countries, (iii) preparation of national and enterprise level trade promotion materials, and (iv) other relevant activities. These activities are carried out in close cooperation with the national industry and trade associations and national trade development bodies, as appropriate. On the regional level, support is provided to organization of a regional trade fair with a business roundtable in a producing Member country⁴⁹ on a pilot basis (2015) and, if it proves to be a success, it can be repeated at two-three year intervals.

Implementation of the Project's technical and managerial training includes support to (i) participation in training for trainers by industry representatives, specialists, professional trainers employed by training institutions and selected service providers interested in becoming trainers in industrial processing in regional training courses on strategic topics, (ii) organization of national level training courses on identified priority topics,⁵⁰ and (iii) in-house staff and worker training in pilot enterprises (Box 1), and (iv) grants for formal education in timber processing abroad and participation in further training. In addition to technical training on various aspects of timber processing and value added production, management training is arranged through thematic courses and on-the-job training in pilot enterprises. Existing training materials in Africa and other regions are used as appropriate. **Selected training courses are subcontracted to competent bodies such as e.g. ATIBT⁵¹ or national training institutes. In order to address the shortage of trained timber industry professionals in the region, the Project provides ten 2-year scholarships for suitable candidates for post-graduate studies in wood technology and industry management elsewhere.**

Strengthening of national industry and trade associations is implemented through joint agreements including their specified monitoring and reporting obligations with the Project. The activities to be supported are those that (i) broaden the membership and improve records on their activities, (ii) improve association services to members, (iii) strengthen the industry's advocacy and trade promotion role, and (iv) improve market communication. A ceiling for support per association is set at USD 60 000 which is spread over 2-3 years. During the first year, support agreements are concluded with the national association in four countries⁵² and expanded during the second year to cover two more countries.⁵³

⁴⁶ The experience (ITTO Meta-evaluation 2012) showed that it is preferable to work intensively on a limited number of pilot enterprises to have a significant impact on them rather than superficial support to a larger group of enterprises.

⁴⁷ This activity will build on the experience of ITTO's Market Information Service which is currently discontinued. **As the Service was restarted in January 2013, this component can be integrated into it with expansion of its coverage in Africa.**

⁴⁸ Lessons learnt on ITTO's extensive training projects in this field as well as national-level project to improve forest information systems are considered as guidance in elaborating the detailed work plans in this area (cf. ITTO Meta-evaluation of previously ex post evaluated projects, Annex II).

⁴⁹ In cooperation and coordination of ATIBT and the RACEWOOD project.

⁵⁰ E.g. kiln drying, tropical timber grading according to SATA rules.

⁵¹ See www.atibt.org for existing courses offered by the organization.

⁵² Including DRC, Cameroon, Ghana and Côte d'Ivoire

⁵³ Gabon and Nigeria

As the other producing Member countries⁵⁴ do not have effective industry/trade associations yet, the Project supports their establishment through organizing initial awareness raising meetings among companies, helping identify initial leaders, and providing support for the inception phase. As the process of building up of effective national associations takes time, the Project support to these emerging bodies is incremental subject to performance during the establishment process. **During the first year, the Project organizes initial meetings in two such countries followed by two more countries during the second year.** The Project does not provide financial support to administrative and regular operational costs apart from during the first year(s) of the emerging new associations. In order to improve networking between national associations, the Project organizes network meetings in connection with other regional project events.

Box 1 In-house enterprise training strategy

Phases of the enterprise level training process:

1. Briefing meeting between the training specialist and the training assistant and the executive (s) and manager (s) of the mill to discuss the purpose, scope and expected outcomes of the training in view of available resources as well as receive initial information on the process layout and other characteristics.
2. Initial mill visit of the training team to familiarize with the log yard, end products and waste areas which normally provide clues for detecting performance of the process chain. The quantity and characteristics of wood waste helps identify areas of process improvements.
3. Detailed visited to the various sections of the production chain with practical demonstration to staff and workers by the trainer on occurring technical problems and measures for how to overcome these. Photos are taken on each object needing improvement. The sections in a typical sawmill/plywood plant cover, as appropriate:
 - Log handling at logyard
 - Sawmilling (log carriage, breakdown and re-sawing)
 - Drying of sawnwood (air drying, kiln-drying)
 - Further processing (planing, molding, gluing, sanding)
 - Saw doctoring (saw doctoring room, maintenance of band saw blades and saw teeth, grinding and sharpening of knives, installing satellite, grinding stone wheels, maintenance and storage of band saws and circular saws)
 - Plywood mill (peeling, drying, splicing, jointing, glue kitchen and gluing, pressing, delamination repair, sawing, sanding)
 - Packaging and warehouse
 - Mill management
4. Debriefing meeting with the mill management, supervisors and operators to present findings using photographs from the mill and in other similar factories with discussion on the findings with the participants.
5. Preparation of detailed written recommendations for the management with identification of follow-up actions (further training and other support to business development)

The training is best carried out by an experienced specialist on timber industry assisted by a local junior expert who acts as interpreter if necessary (in micro and small enterprises) and who keeps records and prepares follow-up reports under the supervise of the training specialist.

Source: Based on ITTO (2011a) and the ITTO training course feedback in Ghana 2012

The Project addresses the issue of financing as the most critical perceived constraint through (i) analytical work on optional financing mechanisms (including micro-financing for small enterprises and the informal sector) which would be applicable in African conditions (during the first year), (ii) facilitation of the industry and individual enterprises to available sources of financing through consultations with relevant financing institutions and funding sources as a continuous activity, and (iii) organization of four national/thematic investment forums to educate the banking community and potential investors on opportunities in the tropical timber processing.⁵⁵ The project component has a direct link with support to national industrialization strategies that are targeted at creating enabling conditions for private sector investment. **Organization of investment forums is justified in**

⁵⁴ Republic of Congo, Central African Republic, Liberia, Togo and Mozambique

⁵⁵ The experience on the ITTO investment forum in the Republic of Congo (2009) is drawn on.

countries that have explicitly committed to put in place enabling conditions through adjustment of policies and regulations and strengthening of governance.

In the *transfer of technology and R&D*, the Project provides support to specific targeted activities for which priority needs have been identified: (i) organization of a regional conference/high-level workshop on wood-based bioenergy which is targeted at representatives of (a) the private sector, (b) ministries of energy, (c) technology suppliers, and (d) financing institutions; (ii) organization of a regional workshop on industrial utilization of plantation wood through South-South cooperation for representatives of (a) the private sector, (b) forest authorities in countries with significant short-term potential for plantation wood utilization), as well as (c) technology suppliers, (iii) contracting laboratory studies on wood properties of new Lesser-Used Species (LUS) for which there is sufficient supply to justify the R&D investment, and (iv) carrying out other R&D work on priority themes which are identified during the course of the Project.

The Project is in principle *gender* neutral as participation to project activities is equally open to women and men. Records are kept on the gender aspect to monitor participation in project events and specific action is taken to promote the participation of women if problems are identified. As women represent a significant share of workforce in veneer and plywood industry and value added processing, the gender aspect is explicitly included in the elaboration of national industrialization strategies and the Project's training activities.

3.3 Work plan

Table 4 Work plan

Outputs and Activities	Responsible party	Year 1				Year 2				Year 3			
		Quarter				Quarter				Quarter			
		1	2	3	4	5	6	7	8	9	10	11	12
Output 1: Process to facilitate trade in place and facilitated arrangements in operation for TTP exports in the region on a pilot basis													
1.1. Study on costs and benefits of tariff and non-tariff barriers of trade in selected ITTO member countries	Consultant												
1.2. High-level workshops on intra-regional trade in target markets to develop proposals for facilitated trade procedures	Project Manager (PM)												
1.3. Advisory services to follow up implementation of proposals	Consultant												
Output 2: National strategies for development of further processing and TTP exports in pilot countries													
2.1. Stakeholder workshop on potential and constraints of industry and export development	National Coordinator (NC)												
2.2. Analytical work to elaborate draft strategy	Consultant												
2.3. Validation workshop of the strategic conclusions and recommendations	NC												
2.4. Advisory service to implementation of policy proposals (including regulations, enforcement, incentives, public procurement policies, etc.)	Consultant												
2.5. Advisory service to strategic priority actions (e.g. integration of the informal sector, development of local clusters)	Consultant												
2.6. Thematic workshops for mobilizing stakeholder participation in strategy implementation	NC												
2.7. Technical assistance to monitoring and evaluation of strategy implementation	Consultant												
Activities 2.1 -2.7 for 4 pilot countries	NC & Consultant												
2.8 Regional workshop to share experience	PM & Consultant												
Output 3: Business development in pilot enterprises													
3.1. Pre-selection of pilot candidates and enterprise level consultations on participation	PM												
3.2. Technical and business diagnosis of operations of 10 enterprises	Consultant												
3.3. Elaboration of business development plans	Consultant												
3.4. Advisory services to implementation	Consultant												
3.5. In-house training of technical and management staff	Consultant												
3.6. National workshop to share experiences	PM, Consultant & NC												
3.7. Activities 3.1 – 3.6 for 40 pilot enterprises													
Output 4: Measures to improve market transparency have been undertaken													
4.1. Studies on selected target markets (6)	Consultant												
4.2. Establishment of quarterly/monthly market news service on developments in the markets for African timber and timber products	Consultant												
4.3. Advisory service and training to improve data on production, trade and consumption	NC and Consultant												

Outputs and Activities	Responsible party	Year 1				Year 2				Year 3			
		Quarter				Quarter				Quarter			
		1	2	3	4	5	6	7	8	9	10	11	12
4.4. Establishment of web-based database on African producers of tropical timber and timber producers and <i>their</i> products	Consultant												
4.5. Other dissemination activities of market information	Industry association												
Output 5: Trade promotion measures have been undertaken													
5.1. Trade promotion materials produced and disseminated through internet and targeted mailing	Industry association & Consultant												
5.2. Trade missions organized to target markets incl. participation in trade fairs for companies with validated export capacity	Industry association & Consultant												
5.3. Regional trade fair organized in cooperation with RACEWOOD/ATIBT	ITTO & ATIBT												
5.4. National trade promotion events	Industry association												
Output 6: 400 trained persons are using the acquired skills in further processing and trade development													
6.1. Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)	Consultant & PM												
6.2. Regional level training course of trainers and service providers (2 courses)	<u>PM & Consultant & training institutions</u>												
6.3. Specialized thematic training courses organized in pilot countries	<u>Consultant & training institutions</u>												
6.4. Integration of training on timber processing in the curricula of forest/technical colleges	<u>Training institutions & Consultant</u>												
6.5: Post graduate grants	PM/students												
Output 7: National industry/trade associations are capable for advocacy and providing adequate services to members													
7.1. Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support	Industry association & Consultant												
7.2. Delivery of support packages	PM & industry association												
7.3. Technical assistance to development of association services to members and advocacy (coaching)	Consultant												
Output 8: Innovative financing mechanisms have been developed and investment promotion events have been organized													
8.1. Review of the existing financing mechanisms for timber industry in the region and elsewhere and identification of suitable models for African producers	Consultant												
8.2. Regional workshop with the private sector, financing institutions and governments on industry financing mechanisms	PM & partners												
8.3. Organization of thematic/national investment forums in pilot countries (e.g. plantations,	PM & NC & Consultant												
Output 9: Technology transfer in specific priority areas has been achieved													
9.1. Regional bioenergy conference	PM												
9.2. Regional workshop of utilization of plantation species	PM												
9.3. Lesser-used species utilization	Wood technology laboratory												
9.4. Other R&D studies	Research institute												

3.4 Project budget
3.4.1 Master budget schedule
Table 5 Master budget

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 1: Process to reduce barriers to trade is in place and facilitated arrangements in operation for TTP exports in the region on a pilot basis have been made							
Activity 1.1: Study on costs and benefits of tariff and non-tariff barriers to trade in selected ITTO member countries (target markets – Nigeria)	Trade barrier studies, lump sum, year 1	1	30,000.00	ITTO	Y1	14.1	30,000.00
Activity 1.2: High-level workshops on intra-regional trade in target markets to develop proposals for facilitated trade procedures	Regional workshops, lump sum, Year 1	1	80,000.00	ITTO	Y1	61	80,000.00
	Regional workshops, lump sum, year 3	1	80,000.00	ITTO	Y3	61	80,000.00
Activity 1.3: Advisory services to follow up implementation of proposals	Advisory services, man-month, Year 1	2	15,000.00	ITTO	Y1	14.1	30,000.00
	Advisory services, man-month, year 2	1	15,000.00	ITTO	Y2	14.1	15,000.00
	Advisory services, man-month, year 3	1	15,000.00	ITTO	Y3	14.1	15,000.00
	DSA, int., 10 days, year 1	10	200.00	ITTO	Y1	31.2	2,000.00
	Air ticket, int., year 1	1	2,500.00	ITTO	Y1	32.2	2,500.00
	Local transp. costs, int. Consult., year 1	1	300.00	ITTO	Y1	33.2	300.00
	DSA, int., 6 days, year 2	6	200.00	ITTO	Y2	31.2	1,200.00
	Air ticket, int., year 2	1	2,500.00	ITTO	Y2	32.2	2,500.00
	Local transp. costs, int. Consult., year 2	1	300.00	ITTO	Y2	33.2	300.00
	DSA, int. 6 days, year 3	6	200.00	ITTO	Y3	31.2	1,200.00
	Air ticket, int., year 3	1	2,500.00	ITTO	Y3	32.2	2,500.00
	Local transp. costs, int. Consult., year 3	1	300.00	ITTO	Y3	33.2	300.00
Output 2: National strategies for development of further processing and TTP exports in pilot countries have been implemented							
Activity 2.1: Stakeholder workshop on potential and constraints of industry and export development	Stakeholder workshop, lump sum	1	8,000.00	ITTO	Y1	61	8,000.00
	Stakeholder workshop, lump sum, cof. Gov't	1	2,000.00	Government	Y1	61	2,000.00
	2 pilot countries in year 2	2	8,000.00	ITTO	Y2	61	16,000.00
	2 pilot countries in year 2, cof. Gov't	2	2,000.00	Government	Y2	61	4,000.00
	2 Pilot countries in Year 3	2	8,000.00	ITTO	Y3	61	16,000.00
	2 pilot countries in year 3, cof. Gov't	2	2,000.00	Government	Y3	61	4,000.00
Activity 2.2: Analytical work to elaborate draft strategy	Drafting strategy, man-month, nat., year 1	4	3,000.00	ITTO	Y1	13.1	12,000.00
	2 pilot countries in year 2	8	3,000.00	ITTO	Y2	13.1	24,000.00
	2 Pilot countries in Year 3	8	3,000.00	ITTO	Y3	13.1	24,000.00
	Drafting strategy, man-month, Int.	1	15,000.00	ITTO	Y1	14.2	15,000.00
	2 pilot countries in year 2	2	15,000.00	ITTO	Y2	14.2	30,000.00
	2 Pilot countries in Year 3	2	15,000.00	ITTO	Y3	14.2	30,000.00

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL
	Units and Quality	No.					
Activity 2.3: Validation workshop of the strategic conclusions and recommendations	Validation workshop, lump sum	1	10,000.00	Government	Y1	61	10,000.00
	2 pilot countries in year 2	2	10,000.00	Government	Y2	61	20,000.00
	2 Pilot countries in Year 3	2	10,000.00	Government	Y3	61	20,000.00
Activity 2.4: Advisory service to planning and implementation of policy proposals (including regulations, enforcement, incentives, public procurement policies, etc.)	Policy implementation (1 pilot countries in year 2), man-month	1	15,000.00	ITTO	Y2	14.2	15,000.00
	Policy implementation (3 pilot countries in year 3), man-month	1	15,000.00	ITTO	Y3	14.2	15,000.00
Activity 2.5: Advisory service to strategic priority actions (e.g. integration of the informal sector, development of local clusters)	Strategic priority areas (3 pilot countries in year 2), man-month, nat.	1	3,000.00	Government	Y2	13.1	3,000.00
	Strategic priority areas (2 pilot countries in year 3), man-month, nat.	4	3,000.00	Government	Y3	13.1	12,000.00
Activity 2.6: Thematic workshops for mobilizing stakeholder participation in strategy implementation	Thematic workshop (2 pilot countries in year 2), lump sum	1	5,000.00	ITTO	Y2	61	5,000.00
	Co-financing, Gov't, year 2	1	5,000.00	Government	Y2	61	5,000.00
	Thematic workshop (3 pilot countries in year 3), lump sum	3	5,000.00	ITTO	Y3	61	15,000.00
	Co-financing, Gov't, year 3	3	5,000.00	Government	Y3	61	15,000.00
Activity 2.7: Technical assistance to monitoring and evaluation of strategy implementation	Technical assistance (1 pilot country in year 2, man-month	1	3,000.00	Government	Y2	13.1	3,000.00
	Technical assistance (3 pilot countries in year 3, man-month	3	3,000.00	Government	Y3	13.1	9,000.00
	DSA, int., day, year 1	15	200.00	ITTO	Y1	31.2	3,000.00
	DSA, int., day, year 2	15	200.00	ITTO	Y2	31.2	3,000.00
	DSA, int., day, year 3	15	200.00	ITTO	Y3	31.2	3,000.00
	Air ticket, int., year 1	2	2,500.00	ITTO	Y1	32.2	5,000.00
	Air ticket, int., year 2	2	2,500.00	ITTO	Y2	32.2	5,000.00
	Air ticket, int., year 3	2	2,500.00	ITTO	Y3	32.2	5,000.00
	Local transp. costs, int. Consult., year 1	3	400.00	ITTO	Y1	33.2	1,200.00
	Local transp. costs, int. Consult., year 2	6	400.00	ITTO	Y2	33.2	2,400.00
	Local transp. costs, int. Consult., year 3	8	400.00	ITTO	Y3	33.2	3,200.00
	DSA, nat., day, year 1	5	200.00	ITTO	Y1	31.1	1,000.00
	DSA, nat., day, year 2	10	200.00	ITTO	Y2	31.1	2,000.00
	DSA, nat., day, year 3	16	200.00	ITTO	Y3	31.1	3,200.00
	Local transp. Costs, year 1	2	400.00	ITTO	Y1	33.1	800.00
	Local transp. Costs, year 2	2	400.00	ITTO	Y2	33.1	800.00
Local transp. Costs, year 3	2	400.00	ITTO	Y3	33.1	800.00	
Activity 2.8: Regional workshop to share experiences	Regional workshop, lump sum	1	60,000.00	ITTO	Y3	61	60,000.00

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 3: Business development in pilot enterprises has been undertaken							
Activity 3.1: Pre-selection of pilot candidates and enterprise level consultations on participation	Pre-selection of enterprises, man-month, year 1	0.5	4,000.00	ITTO	Y1	13.2	2,000.00
	Pre-selection of enterprises, man-month, year 2	0.5	4,000.00	ITTO	Y2	13.2	2,000.00
	Pre-selection of enterprises, man-month, year 3	0.5	4,000.00	ITTO	Y3	13.2	2,000.00
Activity 3.2: Technical and business diagnosis of enterprise operations	Diagnosis of enterprises, man-month, year 1	10	4,000.00	ITTO	Y1	13.2	40,000.00
	Diagnosis of enterprises, man-month, year 1	10	4,000.00	Private Sector	Y1	13.2	40,000.00
	Diagnosis of enterprises, man-month, year 2	20	4,000.00	ITTO	Y2	13.2	80,000.00
	Diagnosis of enterprises, man-month, year 2	20	4,000.00	Private Sector	Y2	13.2	80,000.00
	Diagnosis of enterprises, man-month, year 3	20	4,000.00	ITTO	Y3	13.2	80,000.00
	Diagnosis of enterprises, man-month, year 3	20	4,000.00	Private Sector	Y3	13.2	80,000.00
Activity 3.3: Elaboration of business development plans	Business plan, man-month, year 1	2	15,000.00	ITTO	Y1	14.2	30,000.00
	Business plan, man-month, year 1	10	4,000.00	Private Sector	Y1	13.2	40,000.00
	Business plan, man-month, year 2	4	15,000.00	ITTO	Y2	14.2	60,000.00
	Business plan, man-month, year 2	20	4,000.00	Private Sector	Y2	13.2	80,000.00
	Business plan, man-month, year 3	4	15,000.00	ITTO	Y3	14.2	60,000.00
	Business plan, man-month, year 3	20	4,000.00	Private Sector	Y3	13.2	80,000.00
Activity 3.4: Advisory services for implementation	Advisory service (implementation), man-month, year 1	0.5	4,000.00	ITTO	Y1	13.2	2,000.00
	Co-financing, private sector, year 1	1	4,000.00	Private Sector	Y1	13.2	4,000.00
	Advisory service (implementation), man-month, year 2	1	4,000.00	ITTO	Y2	13.2	4,000.00
	Co-financing, private sector, year 2	2	4,000.00	Private Sector	Y2	13.2	8,000.00
	Advisory service (implementation), man-month, year 3	1	4,000.00	ITTO	Y3	13.2	4,000.00
	Co-financing, private sector, year 3	2	4,000.00	Private Sector	Y3	13.2	8,000.00
Activity 3.5: In-house training of technical and management staff	In-house training, man-month, year 1	2	10,000.00	ITTO	Y1	14.2	20,000.00
	Co-financing, private sector, year 1	2	2,500.00	Private Sector	Y1	13.2	5,000.00
	In-house training, man-month, year 2	4	10,000.00	ITTO	Y2	14.2	40,000.00
	Co-financing, private sector, year 2	4	2,500.00	Private Sector	Y2	13.2	10,000.00
	In-house training, man-month, year 3	4	10,000.00	ITTO	Y3	14.2	40,000.00
	Co-financing, private sector, year 3	4	2,500.00	Private Sector	Y3	13.2	10,000.00
	DSA, int., day, year 1	40	200.00	ITTO	Y1	31.2	8,000.00

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL
	Units and Quality	No.					
	DSA, int., day, year 2	80	200.00	ITTO	Y2	31.2	16,000.00
	DSA, int., day, year 3	80	200.00	ITTO	Y3	31.2	16,000.00
	Air ticket, year 1	3	2,500.00	ITTO	Y1	32.2	7,500.00
	Air ticket, year 2	4	2,500.00	ITTO	Y2	32.2	10,000.00
	Air ticket, year 3	4	2,500.00	ITTO	Y3	32.2	10,000.00
	Local transp. costs, year 1	3	300.00	Private Sector	Y1	33.1	900.00
	Local transp. costs, year 2	4	300.00	Private Sector	Y2	33.1	1,200.00
	Local transp. costs, year 3	4	300.00	Private Sector	Y3	33.1	1,200.00
Activity 3.6: National workshop to share experiences	Experience sharing workshop, lump sum	2	5,000.00	ITTO	Y2	61	10,000.00
	Experience sharing workshop, lump sum, private sector	2	5,000.00	Private Sector	Y2	61	10,000.00
	Experience sharing workshop, lump sum	3	5,000.00	ITTO	Y3	61	15,000.00
	Experience sharing workshop, lump sum, private sector	3	5,000.00	Private Sector	Y3	61	15,000.00
Output 4: Measures to improve market transparency have been undertaken							
Activity 4.1: Studies on selected target markets (Nigeria, Morocco, etc.)	Domestic markets, lump sum, year 1	1	8,000.00	ITTO	Y1	13.3	8,000.00
-	Domestic markets, lump sum, year 2	2	8,000.00	ITTO	Y2	13.3	16,000.00
-	Domestic markets, lump sum, year 3	2	8,000.00	ITTO	Y3	13.3	16,000.00
-	Export markets, lump sum, year 1	1	12,000.00	ITTO	Y1	14.2	12,000.00
-	Export markets, lump sum, year 2	1	12,000.00	ITTO	Y2	14.2	12,000.00
-	Export markets, lump sum, year 3	1	12,000.00	ITTO	Y3	14.2	12,000.00
-	DSA, int., day, year 1	10	200.00	ITTO	Y1	31.2	2,000.00
-	DSA, int., day, year 2	10	200.00	ITTO	Y2	31.2	2,000.00
-	DSA, int., day, year 3	10	200.00	ITTO	Y3	31.2	2,000.00
-	Air ticket, year 1	1	2,500.00	ITTO	Y1	32.2	2,500.00
-	Air ticket, year 2	1	2,500.00	ITTO	Y2	32.2	2,500.00
-	Air ticket, year 3	1	2,500.00	ITTO	Y3	32.2	2,500.00
-	Local transp. costs, year 1	1	300.00	ITTO	Y1	33.2	300.00
-	Local transp. costs, year 2	1	300.00	ITTO	Y2	33.2	300.00
-	Local transp. costs, year 3	1	300.00	ITTO	Y3	33.2	300.00
Activity 4.2: Establishment of quarterly/monthly market news service on developments in the markets for African timber and timber products	Market news service, lump sum, year 1	1	60,000.00	ITTO	Y1	14.2	60,000.00
	Market news service, lump sum, year 2	1	20,000.00	ITTO	Y2	14.2	20,000.00
	Market news service, lump sum, year 3	1	20,000.00	ITTO	Y3	14.2	20,000.00

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL
	Units and Quality	No.					
<u>Activity 4.3: Advisory service and training to improve data on production, trade and consumption</u>	Advisory service (data), man-month, year 1	1	12,000.00	ITTO	Y1	14.2	12,000.00
	Advisory service (data), man-month, year 2	1	12,000.00	ITTO	Y2	14.2	12,000.00
	Advisory service (data), man-month, year 3	1	12,000.00	ITTO	Y3	14.2	12,000.00
	DSA, 10 days per trip in 2 countries	20	200.00	ITTO	Y1	31.2	4,000.00
	Airt ticket, per trip in 2 countries	2	3,000.00	ITTO	Y1	32.2	6,000.00
	Local transp. cost, per trip in 2 countries	2	500.00	ITTO	Y1	33.2	1,000.00
Activity 4.4: Establishment of web-based database of African producers of tropical timber and timber producers and their products	<u>Web-based DB devt., lump sum, year 1</u>	1	25,000.00	ITTO	Y1	14.2	25,000.00
	<u>Web-based DB maintenance, lump sum, year 2</u>	1	3,000.00	ITTO	Y2	14.2	3,000.00
	<u>Web-based DB maintenance, lump sum, year 3</u>	1	3,000.00	ITTO	Y3	14.2	3,000.00
Activity 4.5: Other dissemination activities of market information	Dissemination activities, lump sum, year 2	1	4,000.00	ITTO	Y2	61	4,000.00
	Dissemination activities, lump sum, year 3	1	4,000.00	ITTO	Y3	61	4,000.00
Output 5: Trade promotion measures have been undertaken							
Activity 5.1: Trade promotion materials produced and disseminated through the internet and targeted mailing	<u>Material design and printing, lump sum</u>	1	5,000.00	ITTO	Y1	51	5,000.00
	Co-financing, private sector, year 1	1	1,000.00	Private Sector	Y1	51	1,000.00
	<u>Material design and printing, lump sum</u>	2	5,000.00	ITTO	Y2	51	10,000.00
	Co-financing, private sector, year 2	2	1,000.00	Private Sector	Y2	51	2,000.00
	<u>Material design and printing, lump sum</u>	2	5,000.00	ITTO	Y3	51	10,000.00
	Co-financing, private sector, year 3	2	1,000.00	Private Sector	Y3	51	2,000.00
Activity 5.2: Trade missions organized to target markets incl. participation in trade fairs for companies with validated export capacity	<u>Trade mission, lump sum, year 1</u>	1	13,000.00	ITTO	Y1	61	13,000.00
	Co-financing, private sector, year 1	15	500.00	Private Sector	Y1	61	7,500.00
	<u>Trade mission, lump sum, year 2</u>	2	10,000.00	ITTO	Y2	61	20,000.00
	Co-financing, private sector, year 2	30	500.00	Private Sector	Y2	61	15,000.00
	<u>Trade mission, lump sum, year 3</u>	2	10,000.00	ITTO	Y3	61	20,000.00
	Co-financing, private sector, year 3	30	500.00	Private Sector	Y3	61	15,000.00
Activity 5.3: Regional trade fair organized in cooperation with RACEWOOD/ATIBT	Trade fair, lump sum	1	100,000.00	ITTO	Y3	61	100,000.00
	Co-financing, private sector	1	150,000.00	Private Sector	Y3	61	150,000.00

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL	
	Units and Quality	No.						
Activity 5.4: National trade promotion events	Promotion events, lump sum, year 2	2	5,000.00	ITTO	Y2	61	10,000.00	
	Co-financing, private sector	2	5,000.00	Private Sector	Y2	61	10,000.00	
	Promotion events, lump sum, year 3	3	5,000.00	ITTO	Y3	61	15,000.00	
	Co-financing, private sector	3	5,000.00	Private Sector	Y3	61	15,000.00	
Output 6: 400 trained persons are using the acquired skills in further processing and trade development								
Activity 6.1: Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers) Activity 6.2: Regional level training course of trainers and service providers (2 courses)	Training materials, man-month, year 1	2	10,000.00	ITTO	Y1	15.1	20,000.00	
	Training course trainers, lump sum, year 2	1	60,000.00	ITTO	Y1	15.1	60,000.00	
	Training course trainers, lump sum, year 3	1	60,000.00	ITTO	Y2	15.1	60,000.00	
Activity 6.3: Specialized thematic training courses organized in pilot countries	Thematic training courses, lump sum, year 1	2	40,000.00	ITTO	Y1	15.1	80,000.00	
	Co-financing, private sector, year 1	40	200.00	Private Sector	Y1	15.1	8,000.00	
	Thematic training courses, lump sum, year 2	5	40,000.00	ITTO	Y2	15.1	200,000.00	
	Co-financing, private sector, year 2	120	200.00	Private Sector	Y2	15.1	24,000.00	
	Thematic training courses, lump sum, year 3	5	40,000.00	ITTO	Y3	15.1	200,000.00	
	Co-financing, private sector, year 3	120	200.00	Private Sector	Y3	15.1	24,000.00	
	Training Specialist	4	12,000.00	ITTO	Y1	14.2	48,000.00	
	Training Specialist	2	12,000.00	ITTO	Y2	14.2	24,000.00	
	Training Specialist	2	12,000.00	ITTO	Y3	14.2	24,000.00	
	DSA, int., day, year 1	30	200.00	ITTO	Y1	31.2	6,000.00	
	DSA, int., day, year 2	30	200.00	ITTO	Y2	31.2	6,000.00	
	DSA, int., day, year 3	30	200.00	ITTO	Y3	31.2	6,000.00	
	Air ticket, int., year 1	3	2,500.00	ITTO	Y1	32.2	7,500.00	
	Air ticket, int., year 2	3	2,500.00	ITTO	Y2	32.2	7,500.00	
	Air ticket, int., year 3	3	2,500.00	ITTO	Y3	32.2	7,500.00	
	Local transp. Costs, int. Consult., year 1	3	400.00	ITTO	Y1	33.2	1,200.00	
	Local transp. Costs, int. Consult., year 2	3	400.00	ITTO	Y2	33.2	1,200.00	
	Local transp. Costs, int. Consult., year 3	3	400.00	ITTO	Y3	33.2	1,200.00	
	Activity 6.4: Integration of training in timber processing in the curricula of forest/technical colleges	Integration of training to curricula, man-month	3	5,000.00	ITTO	Y3	15.1	15,000.00
	Activity 6.5: Post graduate grants	10 students x 2 yrs., year 1	10	20,000.00	ITTO	Y1	15.2	200,000.00
Co-financing, Gov't, year 1		10	5,000.00	Government	Y1	15.2	50,000.00	
10 students x 2 yrs., year 2		10	20,000.00	ITTO	Y2	15.2	200,000.00	
Co-financing, Gov't, year 2		10	5,000.00	Government	Y2	15.2	50,000.00	

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL
	Units and Quality	No.					
Output 7: National industry/trade associations are capable of advocacy and providing adequate services to members							
Activity 7.1: Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support	Needs assessment (2 pilot associations year 1), lump sum	2	2,000.00	ITTO	Y1	13.3	4,000.00
	Needs assessment (2 pilot associations in year 2), lump sum	3	2,000.00	ITTO	Y2	13.3	6,000.00
	Needs assessment (2 pilot associations, lump sum	3	2,000.00	ITTO	Y3	13.3	6,000.00
	Inception workshop (2 pilot associations year 1), lump sum	2	1,200.00	ITTO	Y1	61	2,400.00
	Inception workshop (2 pilot associations in year 2), lump sum	3	1,200.00	ITTO	Y2	61	3,600.00
	Inception workshop (2 pilot associations),lump sum	3	1,200.00	ITTO	Y3	61	3,600.00
	Inception workshop (2 pilot associations),lump sum			Private Sector	Y3	61	0.00
	Activity 7.2: Support packages	Support packages (2 associations in year 1), lump sum	2	20,000.00	ITTO	Y1	61
	Co-financing, private sector	2	2,000.00	Private Sector	Y1	61	4,000.00
	Support packages (3 associations), lump sum	3	20,000.00	ITTO	Y2	61	60,000.00
	Co-financing, private sector	3	2,000.00	Private Sector	Y2	61	6,000.00
	Support packages (5 associations), lump sum	5	20,000.00	ITTO	Y3	61	100,000.00
	Co-financing, private sector	5	2,000.00	Private Sector	Y3	61	10,000.00
Activity 7.3: Technical assistance to development of association services to members and advocacy (coaching)	Technical assistance (2 associations), man-month, year 1	1	12,000.00	ITTO	Y1	14.2	12,000.00
	Technical assistance (5 associations), man-month, year 2	1	12,000.00	ITTO	Y2	14.2	12,000.00
	Technical assistance (5 associations), man-month, year 3	1	12,000.00	ITTO	Y3	14.2	12,000.00
	DSA, int., day, year 1	10	200.00	ITTO	Y1	31.2	2,000.00
	DSA, int., day, year 2	10	200.00	ITTO	Y2	31.2	2,000.00
	DSA, int., day, year 3	10	200.00	ITTO	Y3	31.2	2,000.00
	Air ticket , year 1	2	2,500.00	ITTO	Y1	32.2	5,000.00
	Air ticket, year 2	2	2,500.00	ITTO	Y2	32.2	5,000.00
	Air ticket, year 3	2	2,500.00	ITTO	Y3	32.2	5,000.00
	Local transport costs, year 1	1	500.00	Private Sector	Y1	33.2	500.00
	Local transport costs, year 2	1	500.00	Private Sector	Y2	33.2	500.00
Local transport costs, year 3	1	500.00	Private Sector	Y3	33.2	500.00	
Output 8: Innovative financing mechanisms have been developed and investment promotion events have been organized							
Activity 8.1: Review of the existing financing mechanisms for timber industry in the region and elsewhere and identification of suitable models for African producers	Financing mechanisms, man-month	1.5	15,000.00	ITTO	Y1	14.2	22,500.00

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL
	Units and Quality	No.					
Activity 8.2: Regional workshop with the private sector, financing institutions and governments on industry financing mechanisms	Regional workshop, lump sum	1	80,000.00	ITTO	Y1	61	80,000.00
	Co-financing, private sector	1	10,000.00	Private Sector	Y1	61	10,000.00
Activity 8.3: Organization of thematic/national investment forums in pilot countries (e.g. plantations,	Investment forum, year 2	2	40,000.00	ITTO	Y2	61	80,000.00
	Co-financing, Gov't, year 2	2	10,000.00	Government	Y2	61	20,000.00
	Investment forum, year 3	2	40,000.00	ITTO	Y3	61	80,000.00
	Co-financing, Gov't, year 3	2	10,000.00	Government	Y3	61	20,000.00
Output 9: Technology transfer in specific priority areas has been achieved							
Activity 9.1: Bioenergy conference	Bioenergy conference, lump sum	1	100,000.00	ITTO	Y3	61	100,000.00
	Co-financing, private sector	1	10,000.00	Private Sector	Y3	61	10,000.00
Activity 9.2: Utilization of plantation species workshop	Plantation species, lump sum	1	100,000.00	ITTO	Y2	61	100,000.00
	Co-finance, private sector	1	10,000.00	Private Sector	Y2	61	10,000.00
Activity 9.3: Lesser-used species	Laboratory tests, lump sum	10	2,500.00	ITTO	Y2	21	25,000.00
Activity 9.4: Other R&D studies	R&D, lump sum, year 2	2	20,000.00	ITTO	Y2	61	40,000.00
	R&D, lump sum, Private sector	2	5,000.00	Private Sector	Y2	61	10,000.00
	R&D, lump sum, year 3	2	20,000.00	ITTO	Y3	61	40,000.00
	R&D, lump sum, Private sector	2	5,000.00	Private Sector	Y3	61	10,000.00
Activity 9.5: Project coordination	Project Manager (int. Consultant, salary, renting and benefits, per month, Year 1)	12	10,000.00	ITTO	Y1	11.1	120,000.00
	Project Manager (int. Consultant, salary, renting and benefits, per month, Year 2)	12	10,000.00	ITTO	Y2	11.1	120,000.00
	Project Manager (Int. Consultant, salary, renting and benefits, per month, year 3)	12	10,000.00	ITTO	Y3	11.1	120,000.00
	DSA, lump sum year 1	1	9,000.00	ITTO	Y1	31.2	9,000.00
	DSA, lump sum year 2	1	8,000.00	ITTO	Y2	31.2	8,000.00
	DSA, lump sum year 3	1	8,000.00	ITTO	Y3	31.2	8,000.00
	Air ticket, lump sum, year 1	1	12,000.00	ITTO	Y1	32.2	12,000.00
	Air ticket, lump sum, year 2	1	9,000.00	ITTO	Y2	32.2	9,000.00
	Air ticket, lump sum, year 3	1	9,000.00	ITTO	Y3	32.2	9,000.00
	Local transport costs, lump sum, year 1	1	3,000.00	ITTO	Y1	33.2	3,000.00
	Local transport costs, lump sum, year 2	1	3,000.00	ITTO	Y2	33.2	3,000.00
	Local transport costs, lump sum, year 3	1	3,000.00	ITTO	Y3	33.2	3,000.00
	Project Assistant (Nat. Consultant, salary and benefits, per month, year 1)	12	3,500.00	ITTO	Y1	12.1	42,000.00
	Project Assistant (Nat. Consultant, salary and benefit, per month, year	12	3,500.00	ITTO	Y2	12.1	42,000.00

Outputs and Activities	Inputs		Unit Costs	Source	Year	Budget Component	TOTAL
	Units and Quality	No.					
	2)						
	Project Assistant (Nat. Consultant, salary and benefit, per month, year 3)	12	3,500.00	ITTO	Y3	12.1	42,000.00
	DSA, lump sum year 1	1	1,800.00	ITTO	Y1	31.1	1,800.00
	DSA, lump sum year 2	1	1,800.00	ITTO	Y2	31.1	1,800.00
	DSA, lump sum year 3	1	1,800.00	ITTO	Y3	31.1	1,800.00
	Air ticket, lump sum, year 1	1	1,200.00	ITTO	Y1	32.1	1,200.00
	Air ticket, lump sum, year 2	1	1,200.00	ITTO	Y2	32.1	1,200.00
	Air ticket, lump sum, year 3	1	1,200.00	ITTO	Y3	32.1	1,200.00
	Local transp. costs, lump sum, year 1	1	1,000.00	ITTO	Y1	33.1	1,000.00
	Local transp. costs, lump sum, year 2	1	1,000.00	ITTO	Y2	33.1	1,000.00
	Local transp. costs, lump sum, year 3	1	1,000.00	ITTO	Y3	33.1	1,000.00
	Office rent (lump sum, year 1)	1	54,000.00	ITTO	Y1	41	54,000.00
	Office rent (lump sum, year 2)	1	54,000.00	ITTO	Y2	41	54,000.00
	Office rent (lump sum, year 3)	1	54,000.00	ITTO	Y3	41	54,000.00
	Office supplies and communication (lump sum, year 1)	1	12,000.00	ITTO	Y1	54	12,000.00
	Office supplies and communication (lump sum, year 2)	1	12,000.00	ITTO	Y2	54	12,000.00
	Office supplies and communication (lump sum, year 3)	1	12,000.00	ITTO	Y3	54	12,000.00
	Office equipment, lump sum	1	8,000.00	ITTO	Y1	44.1	8,000.00
	Other capital equip.	1	3,000.00	ITTO	Y1	44.3	3,000.00
	Other capital equip.	1	3,000.00	ITTO	Y2	44.3	3,000.00
	Other capital equip.	1	2,000.00	ITTO	Y3	44.3	2,000.00
	National Coordinator (mgt cost, lump sum, year 1)	1	10,000.00	Government	Y1	11.4	10,000.00
	National Coordinator (mgt cost, lump sum, year 2)	2	10,000.00	Government	Y2	11.4	20,000.00
	National Coordinator (mgt cost, lump sum, year 3)	2	10,000.00	Government	Y3	11.4	20,000.00

3.4.2 Consolidated budget by component and activity

Table 6 Consolidated yearly project budget by budget component

Budget Components		Input	Unit Costs	TOTAL	YEAR 1	YEAR 2	YEAR 3
10	Project Personnel						
	11. National Experts (Long term)						
	11.1. Project Coordinator	36	10,000	360,000	120,000	120,000	120,000
	11.4. National Coordinator	5	10,000	50,000	10,000	20,000	20,000
	12. Other Personnel						
	12.1. Project Assistant	36	3,500	126,000	42,000	42,000	42,000
	13. National Consultants (Short term)						
	13.1. Industry Planning Specialist	29	3,000	87,000	12,000	30,000	45,000
	13.2. Industry Business Dvt Specialist	169	3,911	661,000	133,000	264,000	264,000
	13.3 Marketing Specialist	13	4,308	56,000	12,000	22,000	22,000
	14. International Consultants						
	14.1 Int'l consultants (Trade, business planning, financing, and market)	56.5	31,835	802,500	316,500	243,000	243,000
	15. Fellowships and Training						
	15.1. Training 1 (companies and their associations)	299	2,311	691,000	168,000	284,000	239,000
	15.2. Training 2 (post -graduate students)	40	12,500	500,000	250,000	250,000	
	19. Component Total	683.5	81,365	3,333,500	1,063,500	1,275,000	995,000
20	Sub-contracts						
	21. Sub-contract (Topic e.g. Mapping, etc.)	10	2,500	25,000		25,000	
	29. Component Total	10	2,500	25,000		25,000	

Budget Components		Input	Unit Costs	TOTAL	YEAR 1	YEAR 2	YEAR 3
30	Travel						
	31. Daily Subsistence Allowance						
	31.1. National Experts/Consultants	34	<u>341</u>	<u>11,600</u>	<u>2,800</u>	<u>3,800</u>	<u>5,000</u>
	31.2. International Consultants	440	<u>255</u>	<u>112,400</u>	<u>36,000</u>	<u>38,200</u>	<u>38,200</u>
	32. International Travel		-	-	-	-	-
	32.1. National Experts/Consultants	3	<u>1,200</u>	<u>3,600</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
	32.2. International Consultants	43	<u>3,047</u>	<u>131,000</u>	<u>48,000</u>	<u>41,500</u>	<u>41,500</u>
	33. Local Transport Costs		-	-	-	-	-
	33.1. National Experts/Consultants	20	<u>435</u>	<u>8,700</u>	<u>2,700</u>	<u>3,000</u>	<u>3,000</u>
	33.2. International Consultants	40	<u>593</u>	<u>23,700</u>	<u>7,500</u>	<u>7,700</u>	<u>8,500</u>
			-	-	-	-	-
	39. Component Total	580	<u>5,871</u>	<u>291,000</u>	<u>98,200</u>	<u>95,400</u>	<u>97,400</u>
40	Capital Items						
	41. Premises (Office rent)	3	54,000	162,000	54,000	54,000	54,000
	44. Capital Equipment						
	44.1 Computer Equipment (2 laptops, 1 desktop, 3 LCD monitors 19", 1 big printer)	1	8,000	8,000	8,000		
	44.3. Others	3	2,667	8,000	3,000	3,000	2,000
	49. Component Total	7	64,667	178,000	65,000	57,000	56,000
50	Consumable Items						
	51 Trade promotion materials	10	3,000	30,000	6,000	12,000	12,000
	54. Office Supplies	3	12,000	36,000	12,000	12,000	12,000
	59. Component Total	13	15,000	66,000	18,000	24,000	24,000

Budget Components		Input	Unit Costs	TOTAL	YEAR 1	YEAR 2	YEAR 3
60	Miscellaneous						
	61. Sundry						
	61.1 Regional workshop on timber trade			<u>160,000</u>	<u>80,000</u>		<u>80,000</u>
	61.2 Stakeholder workshop			<u>50,000</u>	<u>10,000</u>	<u>20,000</u>	<u>20,000</u>
	61.3 Validation workshop			<u>50,000</u>	<u>10,000</u>	<u>20,000</u>	<u>20,000</u>
	61.4 Thematic workshop stakeholder			<u>40,000</u>		<u>10,000</u>	<u>30,000</u>
	61.5 Regional workshop to share experiences			<u>60,000</u>			<u>60,000</u>
	61.6 national workshops to share experiences			<u>50,000</u>		<u>20,000</u>	<u>30,000</u>
	61.7 Market information dissemination			<u>8,000</u>		<u>4,000</u>	<u>4,000</u>
	61.8 Trade mission to target markets			<u>90,500</u>	<u>20,500</u>	<u>35,000</u>	<u>35,000</u>
	61.9 Trade fair			<u>250,000</u>			<u>250,000</u>
	61.10 National trade promotion			<u>50,000</u>		<u>20,000</u>	<u>30,000</u>
	61.11 Inception workshop			<u>9,600</u>	<u>2,400</u>	<u>3,600</u>	<u>3,600</u>
	61.12 Support package			<u>220,000</u>	<u>44,000</u>	<u>66,000</u>	<u>110,000</u>
	61.13 Regional workshop on financing			<u>90,000</u>	<u>90,000</u>		
	61.14 Investment forum			<u>200,000</u>		<u>100,000</u>	<u>100,000</u>
	61.15 Bioenergy conference			<u>110,000</u>			<u>110,000</u>
	61.16 Plantation workshop			<u>110,000</u>		<u>110,000</u>	
	61.17 Other R&D			<u>100,000</u>		<u>50,000</u>	<u>50,000</u>
	69. Component Total	180	9,156	<u>1,648,100</u>	<u>256,900</u>	<u>458,600</u>	<u>932,600</u>
	SUBTOTAL			5,541,600	1,501,600	1,935,000	2,105,000
80	Project Monitoring and Administration						
	81. ITTO Monitoring and Review			<u>30,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	82. ITTO midterm, final, ex-post Evaluation Costs			<u>30,000</u>		<u>15,000</u>	<u>15,000</u>
	83. ITTO Programme Support Costs (15% on items 10 to 82 above)			<u>672,945</u>	<u>197,805</u>	<u>235,245</u>	<u>239,895</u>
	89. Component Total			<u>732,945</u>	<u>207,805</u>	<u>260,245</u>	<u>264,895</u>
100	GRAND TOTAL			<u>6,274,545</u>	-	-	-

Table 7 Consolidated project budget by output, activity and budget component

<u>U.S. Dollars</u>	<u>BUDGET COMPONENTS</u>										-	-
<u>OUTPUTS / ACTIVITIES</u>	<u>10. Project Personnel</u>	<u>20. Sub-Contracts</u>	<u>30. Duty Travel</u>		<u>40. Capital Items</u>	<u>50. Consumable Items</u>	<u>60. Miscellaneous</u>		<u>Year</u>	<u>GRAND TOTAL</u>		
<u>Non-Activity Based Expenses</u>												
<u>Output 1: Process to reduce barriers to trade is in place and facilitated arrangements in operation for TTP exports in the region on a pilot basis have been made</u>												
<u>Activity 1.1: Study on costs and benefits of tariff and non-tariff barriers of trade in selected ITTO member countries (target markets – Nigeria)</u>	<u>30,000</u>	!	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>Y1</u>	<u>30,000</u>
<u>Activity 1.2: High-level workshops on intra-regional trade in target markets to develop proposals for facilitated trade procedures</u>	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>160,000</u>	!	<u>Y1, Y3</u>	<u>160,000</u>
<u>Activity 1.3: Advisory services to follow up implementation of proposals</u>	<u>60,000</u>	!	<u>0</u>		<u>12,800</u>	!	<u>0</u>		<u>0</u>		<u>Y1, Y2, Y3</u>	<u>72,800</u>
<u>Subtotal 1</u>	<u>90,000</u>	!	<u>0</u>		<u>12,800</u>	!	<u>0</u>		<u>160,000</u>	!		<u>262,800</u>
<u>Output 2: National strategies for development of further processing and TTP exports in pilot countries have been implemented</u>												
<u>Activity 2.1: Stakeholder workshop on potential and constraints of industry and export development</u>	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>50,000</u>	IE	<u>Y1, Y2, Y3</u>	<u>50,000</u>
<u>Activity 2.2: Analytical work to elaborate draft strategy</u>	<u>135,000</u>	!	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>Y1, Y2, Y3</u>	<u>135,000</u>
<u>Activity 2.3: Validation workshop of the strategic conclusions and recommendations</u>	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>50,000</u>	E	<u>Y1, Y2, Y3</u>	<u>50,000</u>
<u>Activity 2.4: Advisory service to planning and implementation of policy proposals (including regulations, enforcement, incentives, public procurement policies, etc.)</u>	<u>30,000</u>	!	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>Y2, Y3</u>	<u>30,000</u>
<u>Activity 2.5: Advisory service to strategic priority actions (e.g. integration of the informal sector, development of local clusters)</u>	<u>15,000</u>	E	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>Y2, Y3</u>	<u>15,000</u>
<u>Activity 2.6: Thematic workshops for mobilizing stakeholder participation in strategy implementation</u>	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>40,000</u>	IE	<u>Y2, Y3</u>	<u>40,000</u>
<u>Activity 2.7: Technical assistance to monitoring and evaluation of strategy implementation</u>	<u>12,000</u>	E	<u>0</u>		<u>39,400</u>	!	<u>0</u>		<u>0</u>		<u>Y2, Y3, Y1</u>	<u>51,400</u>
<u>Activity 2.8: Regional workshop to share experience</u>	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>60,000</u>	!	<u>Y3</u>	<u>60,000</u>
<u>Subtotal 2</u>	<u>192,000</u>	IE	<u>0</u>		<u>39,400</u>	!	<u>0</u>		<u>200,000</u>	IE		<u>431,400</u>

Output 3: Business development in pilot enterprises has been undertaken												
Activity 3.1: Preselection of pilot candidates and enterprise level consultations on participation	6,000	!	0	0	0	0	0	0	0	0	Y1, Y2, Y3	6,000
Activity 3.2: Technical and business diagnosis of enterprise operations	400,000	IO	0	0	0	0	0	0	0	0	Y1, Y2, Y3	400,000
Activity 3.3: Elaboration of business development plans	350,000	IO	0	0	0	0	0	0	0	0	Y1, Y2, Y3	350,000
Activity 3.4: Advisory services for implementation	30,000	IO	0	0	0	0	0	0	0	0	Y1, Y2, Y3	30,000
Activity 3.5: In-house training of technical and management staff	125,000	IO	0	70,800	IO	0	0	0	0	0	Y1, Y2, Y3	195,800
Activity 3.6: National workshop to share experiences	0		0	0		0	0	50,000	IO		Y2, Y3	50,000
Subtotal 3	911,000	IO	0	70,800	IO	0	0	50,000	IO			1,031,800
Output 4: Measures to improve market transparency have been undertaken												
Activity 4.1: Studies on selected target markets (Nigeria, Morocco, etc.)	76,000	!	0	14,400	!	0	0	0	0	0	Y1, Y2, Y3	90,400
Activity 4.2: Establishment of quarterly/monthly market news service on developments in the markets for African timber and timber products	100,000	!	0	0		0	0	0	0	0	Y1, Y2, Y3	100,000
Activity 4.3: Advisory service and training to improve data on production, trade and consumption	36,000	!	0	11,000	!	0	0	0	0	0	Y1, Y2, Y3	47,000
Activity 4.4: Establishment of web-based data base on African producers of tropical timber and timber producers and their products	31,000	!	0	0		0	0	0	0	0	Y1, Y2, Y3	31,000
Activity 4.5: Other dissemination activities of market information	0		0	0		0	0	8,000	!		Y2, Y3	8,000
Subtotal 4	243,000	!	0	25,400	!	0	0	8,000	!			276,400
Output 5: Trade promotion measures have been undertaken												
Activity 5.1: Trade promotion materials produced and disseminated through internet and targeted mailing	0		0	0		0	30,000	IO	0		Y1, Y2, Y3	30,000
Activity 5.2: Trade missions organized to target markets incl. participation in trade fairs for companies with validated export capacity	0		0	0		0	0	90,500	IO		Y1, Y2, Y3	90,500
Activity 5.3: Regional trade fair organized in cooperation with RACEWOOD/ATIBT	0		0	0		0	0	250,000	IO		Y3	250,000
Activity 5.4: National trade promotion events	0		0	0		0	0	50,000	IO		Y2, Y3	50,000
Subtotal 5	0		0	0		0	30,000	IO	390,500	IO		420,500

Output 6: 400 trained persons are using the acquired skills in further processing and trade development											
Activity 6.1: Compilation of available training materials on further processing and posting on the web (natural forest timbers and plantation timbers)	<u>20,000</u>	!	0	0	0	0	0	0	0	Y1	<u>20,000</u>
Activity 6.2: Regional level training course of trainers and service providers (2 courses)	<u>120,000</u>	!	0	0	0	0	0	0	0	Y1, Y2	<u>120,000</u>
Activity 6.3: Specialized thematic training courses organized in pilot countries	<u>632,000</u>	IO	0	<u>44,100</u>	!	0	0	0	0	Y1, Y2, Y3	<u>676,100</u>
Activity 6.4: Integration of training on timber processing in the curricula of forest/technical colleges	<u>15,000</u>	!	0	0	0	0	0	0	0	Y3	<u>15,000</u>
Activity 6.5: Post graduate grants	<u>500,000</u>	IE	0	0	0	0	0	0	0	Y1, Y2	<u>500,000</u>
Subtotal 6	<u>1,287,000</u>	IE 0	0	<u>44,100</u>	!	0	0	0	0		<u>1,331,100</u>
Output 7: National industry/trade associations are capable of advocacy and providing adequate services to members											
Activity 7.1: Needs assessment, consultations and workshops of development needs in existing associations and selection of pilots for support	<u>16,000</u>	!	0	0	0	0	0	<u>9,600</u>	!	Y1, Y2, Y3	<u>25,600</u>
Activity 7.2: Support packages	0		0	0	0	0	0	<u>220,000</u>	IO	Y1, Y2, Y3	<u>220,000</u>
Activity 7.3: Technical assistance to development of association services to members and advocacy (coaching)	<u>36,000</u>	!	0	<u>22,500</u>	IO	0	0	0	0	Y1, Y2, Y3	<u>58,500</u>
Subtotal 7	<u>52,000</u>	!	0	<u>22,500</u>	IO	0	0	<u>229,600</u>	IO		<u>304,100</u>
Output 8: Innovative financing mechanisms have been developed and investment promotion events have been organized											
Activity 8.1: Review of the existing financing mechanisms for timber industry in the region and elsewhere and identification of suitable models for African producers	<u>22,500</u>	!	0	0	0	0	0	0	0	Y1	<u>22,500</u>
Activity 8.2: Regional workshop with the private sector, financing institutions and governments on industry financing mechanisms	0		0	0	0	0	0	<u>90,000</u>	IO	Y1	<u>90,000</u>
Activity 8.3: Organization of thematic/national investment forums in pilot countries (e.g. plantations)	0		0	0	0	0	0	<u>200,000</u>	IE	Y2, Y3	<u>200,000</u>
Subtotal 8	<u>22,500</u>	!	0	0	0	0	0	<u>290,000</u>	IEO		<u>312,500</u>

Output 9: Technology transfer in specific priority areas has been achieved														
Activity 9.1: Bioenergy conference	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>110,000</u>	<u>IO</u>	<u>Y3</u>	<u>110,000</u>
Activity 9.2: Utilization of plantation species workshop	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>110,000</u>	<u>IO</u>	<u>Y2</u>	<u>110,000</u>
Activity 9.3: Lesser-used species	<u>0</u>		<u>25,000</u>	<u>!</u>	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>Y2</u>	<u>25,000</u>
Activity 9.4: Other R&D studies	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>100,000</u>	<u>IO</u>	<u>Y2, Y3</u>	<u>100,000</u>
Activity 9.5: Project coordination	<u>536,000</u>	<u>IE</u>	<u>0</u>		<u>76,000</u>	<u>!</u>	<u>178,000</u>	<u>!</u>	<u>36,000</u>	<u>!</u>	<u>0</u>		<u>Y1, Y2, Y3</u>	<u>826,000</u>
Subtotal 9	<u>536,000</u>	<u>IE</u>	<u>25,000</u>	<u>!</u>	<u>76,000</u>	<u>!</u>	<u>178,000</u>	<u>!</u>	<u>36,000</u>	<u>!</u>	<u>320,000</u>	<u>IO</u>		<u>1,171,000</u>
Subtotal (ITTO)	<u>2,655,500</u>		<u>25,000</u>		<u>286,200</u>		<u>178,000</u>		<u>61,000</u>		<u>1,220,600</u>			<u>4,426,300</u>
Subtotal (E. Agency)	<u>177,000</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>120,000</u>			<u>297,000</u>
Subtotal (Others)	<u>501,000</u>		<u>0</u>		<u>4,800</u>		<u>0</u>		<u>5,000</u>		<u>307,500</u>			<u>818,300</u>
TOTAL	<u>3,333,500</u>		<u>25,000</u>		<u>291,000</u>		<u>178,000</u>		<u>66,000</u>		<u>1,648,100</u>			<u>5,541,600</u>

Key: I : ITTO; E: Governments; O: Private Sector (companies and their associations)

The breakdown of the budget by outputs is as follows: (i) facilitation of trade 4.7%, (ii) national strategies for industrial and trade development 7.8%, (iii) business development at enterprise level including in-house training 18.6%, (iv) market transparency 5.0%, (v) trade promotion 7.6%, (vi) technical and managerial training and education 24.0%, (vii) strengthening of national associations 5.5%, (viii) financing mechanisms and investment promotion 5.6%, and (ix) transfer of technology 6.0%. Project management and coordination accounts for 14.9% of the total.

3.4.3 ITTO budget by budget component

Table 8 Yearly project budget by source- ITTO

Budget Components	Annual Disbursements (USD)			
	Total	Year 1	Year 2	Year 3
10. Project personnel	2,655,500	906,500	997,000	752,000
11.1. Project Manager	360,000	120,000	120,000	120,000
12. Other Personnel	-	-	-	-
12.1. Project Assistant	126,000	42,000	42,000	42,000
13. National Consultants (Short term)	-	-	-	-
13.1. Industrial Specialist	60,000	12,000	24,000	24,000
13.2. Marketing Specialist	216,000	44,000	86,000	86,000
13.3 Industry Business Dvt Specialist	56,000	12,000	22,000	22,000
14. International Consultants	-	-	-	-
14.1 Int'l consultants (Trade, business planning, financing, and market)	802,500	316,500	243,000	243,000
15. Fellowships and Training	-	-	-	-
15.1. Training 1 (companies and their associations)	635,000	160,000	260,000	215,000
15.2. Training 2 (post -graduate students)	400,000	200,000	200,000	-
	-	-	-	-
20. Sub-contracts	25,000	-	25,000	-
21 Laboratory tests	25,000	-	25,000	-
	-	-	-	-
30. Duty travel	286,200	96,800	93,700	95,700
31. Daily Subsistence Allowance	-	-	-	-
31.1. National Experts/Consultants	2800	3800	5000	2800
31.2. International Consultants	36000	38200	38200	36000
32. International Travel	-	-	-	-
32.1. National Experts/Consultants	1200	1200	1200	1200
32.2. International Consultants	48000	41500	41500	48000
33. Local Transport Costs	-	-	-	-
33.1. National Experts/Consultants	1800	1800	1800	1800
33.2. International Consultants	7000	7200	8000	7000
	-	-	-	-
40. Capital items	178,000	65,000	57,000	56,000
41. Premises (Office rent)	162,000	54,000	54,000	54,000
44. Capital Equipment	-	-	-	-
44.1 Computer Equipment (2 laptops, 1 desktop, 3 LCD monitors 19", 1 big printer)	8,000	8,000	-	-
44.3. Others	8,000	3,000	3,000	2,000
	-	-	-	-

Budget Components	Annual Disbursements (USD)			
	Total	Year 1	Year 2	Year 3
50. Consumable items	<u>61,000</u>	<u>17,000</u>	<u>22,000</u>	<u>22,000</u>
51 Trade promotion materials	<u>25,000</u>	<u>5,000</u>	<u>10,000</u>	<u>10,000</u>
54. Office Supplies	<u>36,000</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>
	-	-	-	-
60. Miscellaneous	<u>1,220,600</u>	<u>223,400</u>	<u>348,600</u>	<u>648,600</u>
61.1 Regional workshop on timber trade	<u>160,000</u>	<u>80,000</u>		<u>80,000</u>
61.2 Stakeholder workshop	<u>40,000</u>	<u>8,000</u>	<u>16,000</u>	<u>16,000</u>
61.4 Thematic workshop stakeholder	<u>20,000</u>		<u>5,000</u>	<u>15,000</u>
61.5 Regional workshop to share experiences	<u>60,000</u>			<u>60,000</u>
61.6 national workshops to share experiences	<u>25,000</u>		<u>10,000</u>	<u>15,000</u>
61.7 Market information dissemination	<u>8,000</u>		<u>4,000</u>	<u>4,000</u>
61.8 Trade mission to target markets	<u>53,000</u>	<u>13,000</u>	<u>20,000</u>	<u>20,000</u>
61.9 Trade fair	<u>100,000</u>			<u>100,000</u>
61.10 National trade promotion	<u>25,000</u>		<u>10,000</u>	<u>15,000</u>
61.11 Inception workshop	<u>9,600</u>	<u>2,400</u>	<u>3,600</u>	<u>3,600</u>
61.12 Support package	<u>200,000</u>	<u>40,000</u>	<u>60,000</u>	<u>100,000</u>
61.13 Regional workshop on financing	<u>80,000</u>	<u>80,000</u>		
61.14 Investment forum	<u>160,000</u>		<u>80,000</u>	<u>80,000</u>
61.15 Bioenergy conference	<u>100,000</u>			<u>100,000</u>
61.16 Plantation workshop	<u>100,000</u>		<u>100,000</u>	
61.17 Other R&D	<u>80,000</u>		<u>40,000</u>	<u>40,000</u>
	-	-	-	-
Subtotal 1	<u>4,426,300</u>	<u>1,308,700</u>	<u>1,543,300</u>	<u>1,574,300</u>
80. ITTO Monitor. Evaluation. Costs				
81. Monitoring and Review Costs (effective estimation)	<u>30,000</u>			
	<u>30,000</u>			
82. Evaluation Costs (effective estimation)				
Subtotal 2	<u>4,486,300</u>			
83. Program Support Costs (15% of Overall Budget)	<u>672,945</u>			
ITTO TOTAL	<u>5,159,245</u>			

3.4.3 Other sources budget by budget component

Table 9 Yearly project budget by source- Government

Budget components	Annual Disbursements (USD)			
	Total	Year 1	Year 2	Year 3
10. Project personnel	177,000	60,000	76,000	41,000
11.4. National Coordinator	50,000	10,000	20,000	20,000
13. National Consultants (Short term)	-	-	-	-
13.1. Industry Planning Specialist	27,000		6,000	21,000
15. Fellowships and Training	-	-	-	-
15.2. Training 2 (Postgraduate students)	100,000	50,000	50,000	
-	-	-	-	-
60. Miscellaneous	120,000	12,000	49,000	59,000
61.2 Stakeholder workshop	10,000	2,000	4,000	4,000
61.3 Validation workshop	50,000	10,000	20,000	20,000
61.4 Thematic workshop stakeholder	20,000		5,000	15,000
61.14 Investment forum	40,000		20,000	20,000
-	-	-	-	-
TOTAL GOVERNMENT	297,000	72,000	125,000	100,000

Table 10 Yearly project budget by source - Private Sector

Budget Components	Annual Disbursements (USD)			
	Total	Year 1	Year 2	Year 3
10. Project personnel	501,000	97,000	202,000	202,000
13. National Consultants (Short term)	-	-	-	-
13.2. Industry Specialist, nat	445,000	89,000	178,000	178,000
15. Fellowships and Training	-	-	-	-
15.1. Training 1 (Companies and their associations)	56,000	8,000	24,000	24,000
-	-	-	-	-
30. Duty travel	4,800	1,400	1,700	1,700
33. Local Transport Costs	-	-	-	-
33.1 National Consultant	4,800	1,400	1,700	1,700
-	-	-	-	-
50. Consumable items	5,000	1,000	2,000	2,000
51 Trade promotion materials	5,000	1,000	2,000	2,000
-	-	-	-	-
60. Miscellaneous	307,500	21,500	61,000	225,000
61.6 National workshop to share experiences	25,000		10,000	15,000
61.8 Trade mission to target markets	37,500	7,500	15,000	15,000
61.9 Trade fair	150,000			150,000
61.10 National trade promotion	25,000		10,000	15,000
61.12 Support package	20,000	4,000	6,000	10,000
61.13 Regional workshop on financing	10,000	10,000		

<u>61.15 Bioenergy conference</u>	<u>10,000</u>			<u>10,000</u>
<u>61.16 Plantation workshop</u>	<u>10,000</u>		<u>10,000</u>	
<u>61.17 Other R&D</u>	<u>20,000</u>		<u>10,000</u>	<u>10,000</u>
-	-	-	-	-
<u>TOTAL PRIVATE SECTOR</u>	<u>818,300</u>	<u>120,900</u>	<u>266,700</u>	<u>430,700</u>

International consultants are used only in carrying out tasks for which national expertise in the region is not available. These tasks include carrying out analytical studies, advisory services for implementation of plans and development of enterprises and national industry and trade associations, and training. National consultants and other service providers are preferred in all tasks on which local competence can be identified.

In the ITTO budget the total allocation for training amounts US\$ 1,856,800 (33.5%) consisting of the costs of training events (including those reported under Miscellaneous), as well as the costs of training consultants.

The total budget of the three-year Project is US\$ 6.27 million of which ITTO finances 82.2%, national governments 4.7%, and the private sector 13.0%.

The government contributions are in-kind and payment of cash costs and national consultant fees of the planning process of national industrial development strategies in the pilot countries⁵⁶ Private sector participation in the budget is through participation by means of (i) in-kind contributions to business development in pilot enterprises, (ii) payment of travel costs of participants to workshop, training courses and other events, (iii) payment of travel costs in trade missions of enterprise representatives, and (iv) in-kind contributions of national associations strengthening of their activities.

3.5 Assumptions, risks, sustainability

3.5.1 Assumptions and risks

The ultimate success of the Project depends on the continued shared commitment and political will of the participating countries and their associated stakeholders, particularly the private sector. There is a risk that government agencies are not interested in implementing tariff reductions and trade facilitation measures. This risk is mitigated by (i) production and dissemination of information on economic losses in importing and exporting countries if measures are not taken to improve the situation, and (ii) engagement of responsible agency representatives in high-level workshops and follow-up activity consultations.

Policy adjustment and improvement of government services to the industry have proved to be difficult to implement in practice. One of the key constraints in earlier efforts has been lack of credible analysis of policy options and their outcomes. The Project addresses this risk by high quality of analytical work during the national strategy planning processes and provision of follow-up advisory services to policy implementation and the associated monitoring mechanism. Improved transparency on the performance of government services to the industry is also expected to contribute to their improvement reducing implementation risks.

It is assumed that the logistic needs of the forest sector and the timber industry in particular may not be duly taken into account in macro-level planning of infrastructure investments. This risk is mitigated through including actions to address logistic constraints in the national strategies for industrial and trade development in TTPs. The risk of lack of effective inter-sectoral coordination with the related ministries including finance, trade, industry, energy, transportation, and communication is addressed

⁵⁶ **The endorsement and commitment from the participating countries to their budget contribution will be obtained in the meeting of African Diplomatic Corps in Japan by March 2013.**

by their full involvement during the preparation of national strategies and follow-up support to implementation.

It is assumed that enterprises are willing to participate as pilots for the development of their business plans and management systems⁵⁷. The experience shows that co-financing (in this case mostly through in-kind inputs) is necessary to ensure practical usefulness of these efforts⁵⁸. As co-financing is likely to be a major constraint in the case of small enterprises, other measures may have to be applied to ensure their due participation in the Project.

In trade promotion measures, the main risk is lack of follow-up action by participating enterprises. Careful selection of participants based on pre-determined criteria with true capacity and commitment to export trade is therefore applied. Potential exporters are also made in advance fully aware of the implications of export trade for their operations (production planning, pricing, delivery capacity and logistics, communication, etc.) before including them in the support to trade development.

The Project's in-house training component is successful if competent trainers can be engaged.⁵⁹ Careful selection of consultants with in-depth practical experience is crucial as well as necessary measures to overcome the language barrier. Specialist training courses can be faced with the same risk. Training impacts tend to remain limited if a critical mass of staff is not trained in participating medium or large-sized companies. This is considered in the selection of training participants. Consultations with the management of participating enterprises are carried out to mitigate this risk, and establishing and supporting networks of timber industry associations in the region.

Strengthening of national associations is a long process and a few years' external support is not sufficient. The work is subject to several risks such as internal conflicts between members, personality clashes, lack of mutual confidence and changes in leadership. The Project attempts to mitigate these risks by supporting development of clear rules of procedure and transparency, preparation of operational plans for association services to members and other activities, effective communication.

Effective dissemination of project results and outputs assumes that beneficiaries have access to high-speed internet connection and that the language barriers can be overcome. In the case of national industry and trade associations participating in the Project, improvement of their computer and communication facilities is included in the support. Special measures need, however, to be included in the detailed work plans to ensure that improved information and knowledge reaches all the potential beneficiaries, i.e. association members and other enterprises.

In investment promotion and technology transfer, the main risk is that the improved information, even if effectively disseminated, does not lead to practical action by enterprises and institutions. The Project mitigates this risk by monitoring follow-up action to be taken and providing additional support, if deemed appropriate and possible within the resource limitations.

3.5.2 Sustainability

The Project's sustainability hinges on the impact on capacity of stakeholders and their awareness on potential benefits to continue with industrial and trade development. In view of the experience, national processes on policy, institutional and enterprise levels always take time and proceed at different speeds. The project strategy therefore provides support measures through Phase II to pursue and mainstream improvement in all the ITTO producing Member countries in the region.

Elements in the Project that contribute to sustainability of the impacts include:

- practical measures which can yield immediate or short-term benefits to the participating enterprises and their associations to ensure their continued interest in industrial and trade development
- transparency of the policy development and national planning processes and engagement of all relevant stakeholders

⁵⁷ Some enterprises have already indicated their interest in serving as pilot.

⁵⁸ ITTO (2012). Op cit.

⁵⁹ ITTO's experience in Papua New Guinea and Ghana indicates that this is possible.

- engagement of high-level decision makers in the public and private sectors in key project activities
- provision of advisory support to policy implementation process to ensure adoption of necessary measures
- in the selection of pilot enterprises to be supported, the focus is given to those which can grow from small to medium scale and from medium to large scale operations with export capability
- training of trainers and service providers who can continue to train and provide service in other contexts; the critical mass of trainers is enhanced by 5 post-graduate scholarships in wood technology and industry management abroad
- training of management and technical skills on all levels is targeted at a strong impact inside participating companies enhanced by spillover effects through staff rotation or other changes
- integration of the timber industrial training in the curricula of selected forestry and technical colleges to improve long-term training capacity in the region
- in financing, pursuance of the adoption of specific instruments and mechanisms by relevant financing institutions
- mobilization of complementary financing for priority activities and investment promotion which also need to be continued after the project completion

Social sustainability is aimed at through stakeholder participation in the national strategic planning processes to ensure that industrial and trade development is aligned with local traditions and social values. Specific activities to develop the micro and small-scale entrepreneurs operating in the informal sector are targeted at promoting their socio-economic development and integration with the formal economy.

Technical sustainability is ensured through consideration of alternative industrial development strategies with different technological levels compatible with local conditions, choice of appropriate machinery and working methods at enterprise-level business development and training, and careful analysis of alternative technologies in bioenergy, plantation wood utilization and R&D projects.

Institutional sustainability is addressed through building up capacity among national industry and trade associations, government agencies and regional economic development bodies that can pursue the activities initiated by the Project. The national strategic plans to be elaborated include design of elements for implementation arrangements by government agencies and other institutions, as well as appropriate monitoring and evaluation mechanisms.

Financial sustainability is specifically targeted at in the business development plans of pilot enterprises and investment and trade promotion measures.

Both national and enterprise level support measures are targeted at income and employment generation as part of the Project's contribution to *economic sustainability* in participating countries. Development of intra-African trade in TTPs would improve the balance of payment of exporting countries and result in consumer benefits in all the countries.

Environmental sustainability is contributed by improved efficiency in industrial operations with (i) reduced pressure on the forest resources and in particular, the main commercial species, (ii) reduced waste and associated emissions, and (iii) increased intra-regional trade with reduced emissions compared to long-distance transport of TTPs from outside the region.

Political sustainability is targeted at by measures to promote reduction of barriers to trade to which governments have committed themselves, and engagement of high-level decision-makers in the elaboration and implementation of national industrial and trade development strategies.

In view of the magnitude and complexity of the core problem of the Project, it is foreseen that Phase II will be needed as the main exit strategy of Phase I.

PART 4 IMPLEMENTATION ARRANGEMENTS

4.1 Organization structure and stakeholder involvement mechanisms

Upon the recruitment of the Project Coordinator, a Project Steering Committee (PSC) is established to supervise project activities and approve management guidelines. The organization includes a Project Manager and a Project Assistant in the Project Office to be located in the region. Consultants and subcontractors work under the Project Manager. In each pilot country embarking on the process of developing national industrial and trade development strategy, a National Coordinator (NC) is engaged (Figure 5). Cooperating partners are engaged through co-organizing project events and other relevant activities.

4.1.1 Executing agency and partners

The Executing Agency of the Project is the ITTO Secretariat. Partners in the project implementation include (i) national forest agencies, (ii) private sector organizations in the target countries, (iii) relevant international organizations such as ATIBT, FAO, IFC, etc., (iii) regional economic development organizations (ECOWAS, CEMAC) and regional forestry organizations (COMIFAC), (iv) forestry/industry training institutes in the region, and (v) international and national research organizations. Memorandums of Understanding are signed with key partners **such ATIBT and FAO. Their profiles to support the project are included in Annex 11 which also contains list of areas of cooperation. AITIBT is subcontracted to carry out, inter alia, relevant training events, laboratory tests of LUS and the regional trade fair which is organized in cooperation with ATIBT/RACEWOOD. Endorsement letters have been received by ITTO Secretariat. Work packages are subcontracted to selected other partners of the Project.**

Training activities are implemented in cooperation with national universities and technical training institutes, as appropriate. Their trainers are trained and they are contracted to provide facilities and support staff for training events. Those institutes committed to integrate the Project's training activities in their curricula are supported. The list of participating institutes include

- **Institut Polytechnique Rural Mali,**
- **Department of Eaux, Forêts et Environnement, Institut National Polytechnique Félix Houphouet-Boigny (Côte d'Ivoire)**
- **Faculty of Forest Resources Technology (Sunyani), College of Agriculture and Natural Resources, Kwame Nkrumah University of Science and Technology (Ghana)**
- **Department of Forest Resources Management, University of Ibadan (Nigeria)**
- **Faculty of Agriculture and Forest Engineering, Eduardo Mondlane University (Mozambique)**
- **Faculté d'agronomie et de sciences agricoles de l'Université de Dschang (Cameroun)**
- **Ecole Nationale des Eaux et Forêts de Mbalmayo (Cameroun)**
- **Centre régional d'enseignement spécialisé en agriculture forêt-bois (CRESA), (Cameroun)**
- **Ecole Nationale des Eaux et Forêts (Gabon)**
- **Institut de Développement Rural (IDR) (Congo)**
- **Institut Supérieur de Développement Rural (République Centrafricaine)**
- **Ecole régionale post-universitaire d'aménagement et de gestion intégrée des forêts tropicales (République Démocratique du Congo)**

The last six institutes belong to the subregional cooperating body, Réseau auprès des Institutions de Formation Forestière et Environnementale d'Afrique Centrale (RIFFEAC), with which close cooperation is established for coordinating training activities and further development of training in forest industry and trade.

Trade facilitation activities are implemented in cooperation with CEMAC, ECOWAS, UDEAC and UEMOA, in liaison with the World Customs Organization.

National level governments are partners in project implementation. They assign a focal point to coordinate project activities in countries and coordinate the development and implementation

of national industrial development strategies through the identified line ministries. National governments also provide support to the planning process and grants for post-graduate studies which are mainly financed by the Project.⁶⁰

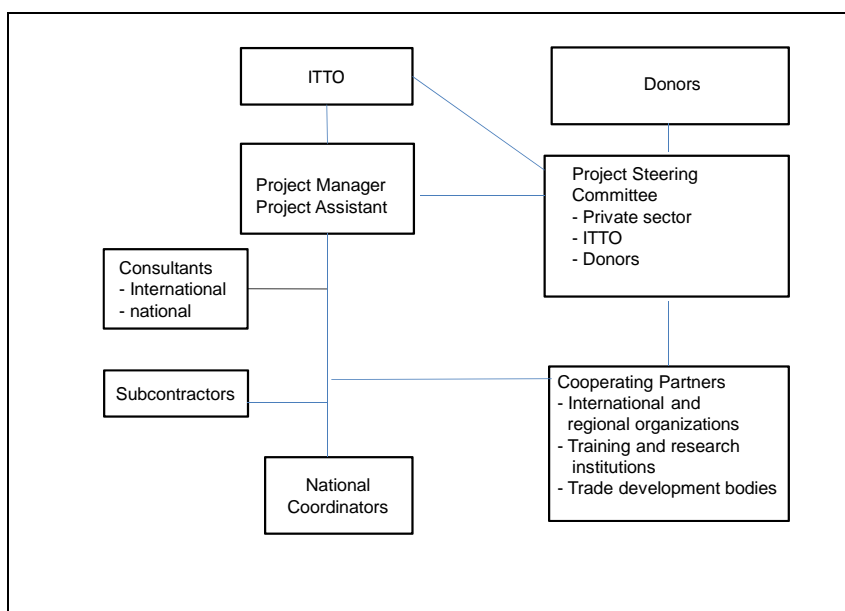
National level trade and industry associations are key private sector partners which receive direct support from the project and are key actors in mainstreaming the project results among enterprises. They also provide in-kind inputs to project implementation.

Close links are established with related initiatives in the region for enhancing synergies (on-going FLEGT projects, forest certification initiatives, trade promotion groups (e.g. GFTN), etc.).

4.1.2 Project management team

The project management team consists of a Project Manager (PM), Project Assistant, consultants, subcontractors and National Coordinators to execute and coordinate project activities in the pilot countries in accordance with the proposed organizational chart and the approval of ITTO. The team prepares annual detailed work plans, draft Terms-of-Reference for consultants and contractors, recruit them, and supervise and control the quality of their work.

Figure 5 Project organization chart



The Terms of Reference for project staff, consultants and subcontractors are given in Annex 10 in a summary form based on which the detailed TOR are developed during the inception phase.

4.1.3 Project Steering Committee

PSC members include (i) a representative of ITTO, (ii) a National Coordinator (rotating membership), as well as (iii) representatives of donors, and (iv) selected partner organizations. The PSC may invite external specialists as observers or as an Advisory Group, if deemed necessary. The first PSC meeting is organized no later than at the end of the third month after the start of the Project to approve the operational plan and the terms-of-reference for consultancies and subcontracts of the first year. Later on such terms-of-reference may be submitted for the approval by PSC members on a no-objection basis.

The Chair of the PSC are rotated. Specific functions of the PSC include the following duties:

^{60 60} **The endorsement and commitment from the participating countries to their budget contribution will be obtained in the meeting of African Diplomatic Corps in Japan by March 2013.**

- Meet at least once a year with venues and agendas to be drafted and consulted with the ITTO Secretariat and PSC members
- Oversee project implementation and approve work plans and budgets.
- Review project progress and provide guidelines.
- Secure collaborations with national governments of participating countries and project partners.

4.1.4 Stakeholder involvement mechanisms

In addition to the PSC, the project management team and participants collaborate with relevant stakeholders at regional, national and local levels through participatory processes and active dissemination of information on planned and realized project activities. Stakeholder involvement mechanisms include specific common guidelines for open and transparent active participation of interested stakeholders to be applied in (i) ensuring access to all non-confidential information on the project activities and outputs, and (ii) participation in policy processes related to national industrial and trade development.

Effective communication, cooperation, coordination and synchronization between the Executing Agency, formal national ITTO contact points in ITTO producer member countries in Africa and relevant bodies, entities and organizations are essential to ensure the smooth implementation of this regional Project. An appropriate strategy and arrangement to foster this enabling requirement is developed during the inception phase.

4.2. Reporting, review, monitoring and evaluation

During the initial eight weeks of project implementation, the Project Manager prepares an inception report for the first meeting of the PSC and the ITTO. Progress reports are submitted in accordance with the "ITTO Manual for Project Monitoring, Review and Evaluation." Progress reports are produced bi-annually during each year of project implementation. Technical reports prepared by consultants and contractors are produced and distributed according to those same guidelines.

ITTO monitoring missions are carried out bi-annually.

A mid-term evaluation is conducted at the end of the second year of implementation to provide recommendations for the elaboration of the Phase II project proposal. A final Phase I project report is submitted no later than three months after the completion of Phase I.

4.3. Dissemination and mainstreaming of project learning

4.3.1 Dissemination of project results

Several of the Project activities are directly targeted at dissemination of results (regional and national workshops, Market Information Service, etc.). In-house training and business development planning at enterprise level allow direct dissemination to beneficiaries and the lessons learnt are disseminated in national benefit-sharing workshops.

The Project establishes its own regularly updated website and produces a periodic newsletter for wide distribution among beneficiaries and interested stakeholders. All technical reports, not containing confidential information on individual companies, are posted on the website. Printed copies of key project output documents are distributed to potential beneficiaries of which a database is established and to be continually updated.

Key reports are produced in English and French. Specific reports with the detailed contents not of wider interest are produced in one of the two languages, with executive summaries in the other language.

ITTO and the Project Management Team disseminate project results and lessons learned through hard copies and digital transmission via the internet through the following channels:

- Scientific publications in national and international journals and bulletins, such as the International Forestry Review, Bois et Forêts des Tropiques, online forestry journals, and others;
- Dissemination of technical reports through the ITTO networks;
- Dissemination of brochures and leaflets to enterprises and potential buyers in export markets;
- A summary report on the lessons learnt in industrial and trade development in TTPs at the end of the Project to be disseminated to all ITTO Members, donor agencies and other stakeholders globally through electronic media.

4.3.2 Mainstreaming project learning

The framework of mainstreaming of project learning includes targeted activities for (i) change in policy and governance in pilot countries, (ii) adoption of best practices both in the private and public sectors in pilot and other enterprises, and (iii) sharing lessons beyond participating pilot countries (Table 10).

Table 10. Framework of mainstreaming project learning

<u>Strategy element</u>	<u>Target groups</u>	<u>Activities</u>
<u>Change in the policy and governance in pilot countries</u>	<u>Sectoral ministries and specialized agencies</u> <u>Cross-sectoral ministries</u> <u>Private sector, including the informal sector</u> <u>Other stakeholders</u>	<u>Participation measures in the planning and implementation of national industry and trade development strategies</u> <u>Provision of facilitated access to information on methods and results through a range of measures</u>
<u>Adoption of best practices</u>	<u>Private sector</u>	<u>Managerial and technical training in pilot and other enterprises</u> <u>Facilitated access to improved technologies in regional training and other events</u> <u>Adoption of new technologies in LUS utilization and other fields</u>
	<u>Training institutions</u>	<u>Adoption of industry training in curricula</u>
	<u>Government agencies</u>	<u>Production and dissemination of improved statistical information on trade and industry</u> <u>Participation in relevant training events of the project</u>
<u>Sharing lessons beyond host (pilot) countries</u>	<u>National industry and trade associations</u>	<u>strengthening of activities including dissemination of results to all member enterprises</u>
	<u>Government agencies</u>	<u>Participation in regional workshops on trade facilitation, industry and trade development, and innovative financing mechanisms in TTPs</u>
	<u>Private sector</u>	<u>Participation in regional workshops and training events</u> <u>Dissemination of market information and technical reports</u> <u>Support to networking between national industry and trade associations</u>
	<u>Other stakeholders</u>	<u>Participation in regional workshops</u> <u>Facilitated access to information</u>
	<u>International community</u>	<u>Facilitated access to information on lessons learned on policy and technical aspects of trade and industry development in TTPS</u>

The project's wider value derives from (a) applicability of trade facilitation development, (b) lessons learned from policy and governance improvements, (c) best practices developed

and tested for improving industrial and managerial capacity which can be shared by other TTP producing countries, (d) integration of the informal sector in the organized supply chains and related lessons that can be shared regionally and internationally, (e) broad engagement of stakeholders in national trade and industry development processes and related training, and (f) opening up of new opportunities for intra-African trade in TTPs benefiting both producing and consuming countries.

Elements of innovation in the project include (i) promotion of new trade facilitation procedures enabled by the WCO, (ii) participatory methods in planning and implementation of national strategies for industry and trade development, (iii) measures developed of integration of the informal sector in the organized supply chains, (iv) approaches used for business development of pilot enterprises, (v) application of the enterprise-level training strategy, (vi) capacity building measures for strengthening of national industry and trade associations, (vii) innovative financing mechanisms developed for industry and trade financing, and (viii) R&D outputs including utilization of new LUS.

REFERENCES AND LITERATURE CONSULTED

- Bassili, A. 2000. Further processing of tropical timber in ITTO's producing countries: Current situation, problems, their possible solutions and trends. Consultant report to ITTO. July 2000.
- Blackett, H., Gardette, E. 2008. Cross-border of timber and wood products in West Africa, Final Report. European Union. HTSPE Ltd. October 2008.
- Bolton, J., Cooper, R. 2001. The competitiveness of tropical timber and timber products vis-à-vis timber and non-timber substitutes. ITTO Document PPD 26/99 (M). Yokohama, Japan.
- Cerutti, P.O., Lescuyer, G. 2011 Le marché domestique du sciage artisanal au Cameroun : état des lieux, opportunités et défis. Document Occasionnel 59. CIFOR, Bogor, Indonésie
- Cerutti, P.O., Lescuyer, G., Nguieburi, J., Essiane, e., Ondua, J.P. 2009. The domestic timber sector in the Congo Basin. 14th Illegal Logging Update and stakeholder consultation. Chatham House. 23 June 2009. London.
- Chevallier, R., du Preez, M.-L- 2011. Timber trade in Africa's Great Lakes : The road from Beni DRC to Kampala, Uganda. Presentation in RACEWOOD 2011. Pointe Noire, Congo.
- Crehay, R. 2012. Mise en œuvre de cogénération dans les scieries du Bassin du Congo. La lettre de l'ATIBT No 34, 26-29.
- Deweese, P., Place, F., Scherr, S.J., Buss, C. 2011. Investing in trees and landscape restoration in Africa: What, where, and how. Washington, D.C. Program on Forests (PROFOR).
- Ducenne, Q. 2008. Étude des flux transfrontaliers de bois entre les pays de la COMIFAC actuellement impliqués dans le processus FLEGT. Rapport final. European Union. July 2008.
- FAO. 2001. Forestry Sector Outlook Studies - FOSA/WP/03 Document national de prospective - Bénin. Document de Travail FOSA - FOSA/WP/03 (2001), FR**
- FAO. 2003. Forestry outlook study for Africa. A view to African forests 2020. European Commission/ African Development Bank/FAO. Rome.
- FAO. 2009. State of the world's forests 2009. Rome.
- FAO. 2011. Global forest resources assessment 2010. FAO Forestry Paper 163. Rome.
- Favada, I.M. 2010. Study on intra-regional timber trade in Africa. In ITTO 2010b.
- FCPF. 2013. Readiness Preparation Proposal (R-PP) for Country: Mozambique, Date of revision: January 2013**
- IFIA/ITTO/FAO/PRO-INVEST. 2012. Projet de livre blanc. Vers une stratégie de développement de l'industrie de transformation du bois dans le Bassin du Congo. Congo, RD Congo, Cameroun, Gabon. Janvier 2012.
- ITTO 2010a. Annual Review and Assessment of the World Timber Situation. Yokohama.
- ITTO. 2010b. Good neighbors. Promoting intra-African markets for timber and timber products. ITTO Technical Series #35. Yokohama.
- ITTO. 2011a. Piloting applicability of the in-house training format for training on wood processing techniques in ITTO Member countries. Yokohama. November 2011.
- ITTO. 2011b. Status of tropical forest management 2011. ITTO Technical Series #38. Yokohama.
- ITTO. 2012. Meta-evaluation of previously ex-post evaluated projects. Prepared by Simula, M., El-Lakany, H., Tomaselli, I.

ITTO/ITC. 2002. Tropical timber products. Development of further processing in ITTO producer countries. Geneva.

Kanouté, S. 2010. Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries, An analytical report prepared by Indufor for the United Nations Forum on Forests Country Case Study: Mali.

La déforestation au Bénin . 2011. Enjeux et perspectives, Rapport d'Etude du Conseil Economique et Social, République du Bénin. Adopté par la plénière en sa séance du 22 décembre 2011.

Lescuyer, G., Yembe-Yembe, R. I., Cerutti, P. O. 2011. The domestic market for small-scale chainsaw milling in the Republic of Congo: Present situation, opportunities and challenges. Occasional Paper 74. CIFOR. Bogor, Indonesia.

OECD. 2012. The DAC list of ODA recipients factsheet. January 2012.

Oliver, R., Donkor, B. 2010. Leveling the playing field: Options for boosting the competitiveness of tropical hardwoods against substitute products. ITTO Technical Series 36. Yokohama.

Organisation Africaine du Bois. 2004. Promotion de la transformation plus poussée des bois tropicaux en Afrique. Plan d'action proposé par la Conférence ministérielle de l'Organisation Africaine du Bois. Elaboré dans le cadre de l'avant-projet OIBT PPD 15/98 Rev. 2.

Sales, C. 2007. Thématique de l'industrialisation locale des filières bois tropicales. Présentation dans le Forum ATIBT 2007. Belém, Brazil.

Schmidt-Soltau, K & Alimi, R.M.. 2008. Programme national de gestion durable des ressources naturelles, Rapport Final.

Simula, M. 2010. The pros and cons of procurement. Developments and progress in timber-procurement policies as tools for promoting the sustainable management of tropical forests ITTO Technical Series #34. Yokohama.

Terra/AfBois/Form International. 2011. Etude analytique préalable à la mise en place des stratégies pour développer de marché des produits bois certifiés du Bassin du Congo en France et Europe. Projet ECOFORAF. Présentation RACEWOOD 2011. Pointe Noire, Congo.

Yembe Yembe, R., Lescuyer, G., Cerutti, P. 2012 Les marchés domestiques du bois : un enjeu majeur pour la gestion durable des forêts du Bassin du Congo. Présentation RACEWOOD 2011. Pointe Noire, Congo.

<http://www.fao.org/forestry/country/57479/en/moz/> (consulted February 13, 2013)

<http://www.trademap.org/>

ANNEX 1. ITTO ACCRA ACTION PLAN FOR THE DEVELOPMENT OF INTRA-AFRICAN TRADE IN TROPICAL TIMBER AND TIMBER PRODUCTS

INTRODUCTION

The ITTO International Conference on the Promotion of the Intra-African Trade in Timber and Timber Products, held in Accra 30 June to 2 July 2009 concluded with the following Action Plan to make use of the significant opportunities offered by African markets and to remove the main constraints in trade development.

Potential for increased trade

The imports of African countries in timber and timber products is valued at about USD 4.4 billion of which only less than 10% originates from the region itself. The region represents a huge opportunity for the development of intra-African trade, particularly from the ITTO producing member countries. The medium and long-term market outlook is positive driven by economic and population growth in the region but the African producers need to improve competitiveness to increase their market shares. Most African countries are already net importers of timber and timber products, and the available supply will not be sufficient to meet the regional demand without concerted efforts in sustainable management of natural production forests and major investment in the establishment of planted forests.

Main constraints

The main constraints faced by African suppliers in the regional markets were identified both in the legal and policy framework and the capacity of the private sector. The former includes high tariff barriers in processed products, bureaucratic customs and inspection procedures and associated high transaction costs, corruption, inappropriate taxation and inadequate incentives, lack of sub-regional harmonization of the national regulatory frameworks, competition from illegal harvesting and trade, and deficient statistical information on production and trade. In the private sector the main constraints include lack of market information, weak marketing capability, high transaction costs of legal operations and competition from the illegal operations, multiplicity of documentation requirements in exporting and importing countries, limited access to trade finance; limited secondary processing capacity, low quality and design competitiveness of further processed products, and intense competition from outside the region. Among the buyers in importing countries, there is limited knowledge on African timbers and suppliers among potential buyers due to lack of necessary promotional activities and the image of African suppliers as reliable trading partners also needs improvement.

ACCRA ACTION PLAN

Private sector

1. In partnership with government agencies, organize market promotion missions, business roundtables and participation in trade fairs and exhibitions to establish direct contacts with potential buyers in selected key markets (Northern and Southern Africa, Nigeria, etc.); this activity should be preceded by the production of necessary promotional material and product samples and training in effective participation in trade fairs.
2. Trade and industry associations should establish a sub-regional/regional network for exchange of information and promoting common interests in trade facilitation and development as well as international policy issues
3. Trade and industry associations should develop self-regulation (e.g. by codes of conduct) and engage in improving legal compliance and sustainability of their forest and raw material procurement operations including certification and independent verification
4. Industry and trade associations to develop their own strong market information systems
5. In countries which have problems of raw material supply but available industrial capacity for developing exports of further processed products, engage in utilization of lesser used species and

importation of logs and primary processed products as an interim solution for the problem of raw material supply; for the long-term development invest in the establishment of plantations.

6. Enterprises to invest in retooling, processing of lesser-used species and value added manufacturing, and to promote associated innovations and transfer of technology

Governments

1. Reduce import tariffs of timber and timber products to the agreed levels and eliminate them in the long run to promote free movement of these products in Africa.
2. Strengthen monitoring of the cross-border trade between neighboring countries to improve legal compliance and to remove inappropriate practices such as double documentation for exportation and importation of timber and timber products
3. In partnership with the private sector, carry out trade promotion activities in the potential African markets.
4. Review the existing regulations and procedures as well as the taxes, fees and charges to reduce the transaction costs of trade in timber and timber products; and improve the incentives for further processed production to improve the competitiveness of export industries.
5. Streamline trade payment rules and establish ICT platform promoting introduction of electronic trade documentation with the purpose for unifying customs and other procedures to reduce potential misconduct and unnecessary delays.
6. Improve the legality assurance systems including timber tracking and appropriate control procedures (including control measurements of the loaded volumes in ships) and other aspects of legal compliance considering the entire supply chains, and engage in the FLEGT VPA process, involving all the relevant stakeholders.
7. Recognize information as a strategic area of forest sector management with specific reference to production and trade, and improve the information systems to provide up-to-date and reliable data for monitoring and policy design, including periodic surveys of the informal sector.
8. Through a participatory process involving various stakeholders, develop policies and strategies to remove illegal operations and to enhance the social and economic contribution of the informal sector in the supply chains of timber products based on legal and sustainable sources; this often requires studies on the size and characteristics of the domestic market and the role that the informal sector is playing in the supply chains.
9. Consider the needs of the trade of timber and timber products in the development of communication infrastructure as well as road, railway and river transportation and port facilities.
10. Invest in for R&D, including provision of appropriate incentives, specifically for utilisation of lesser-used species
11. Strengthen education and training in and other incentives for further processing, quality control and product design, marketing and market intelligence, including foreign language training, particularly in the education on forest products marketing.
12. Develop and implement appropriate public procurement policies for timber and timber products to promote markets for legal and sustainable products

ITTO, FAO and Other International Organizations

1. Co-sponsor trade promotional fairs and business-to-business roundtables in the region to be organized by the private sector organizations in ITTO producing member countries
2. Continue to organize capacity building workshops for improvement of statistical data on trade and production and specifically support the countries which do not yet have basic capacity to collect and produce necessary information such as Nigeria and Liberia

3. Improve the transparency of markets for tropical timber and timber products in the African region through (i) detailed studies on market opportunities in selected major African consuming countries (e.g. the Republic of South Africa, Nigeria, Egypt, Algeria, Morocco, etc.), (ii) inclusion of key African import markets in the bi-monthly ITTO Market Information Service, and (iii) improvement of statistical information on trade and trade flows in Africa.
4. ITTO to include in its website a special section containing information on African timber species, their physical, mechanical and chemical characteristics as well as their processing and utilization properties; and include links with information on potential supply sources.
5. Involving the ITTO Trade Advisory Group and in cooperation with FAO and ATIBT, organize a regional workshop on harmonization of (i) nomenclature of trade names of African timber species, (ii) timber measurement, (iii) grading rules, and (iv) timber and timber product standards; and design and implement a follow-up implementation process.
6. Strengthen market intelligence units in ITTO member countries by supporting the existing networks and encouraging industry and trade associations to develop their own strong market information systems.
7. Continue ITTO's work to promote lesser-used species by supporting R&D on their characteristics and applications
8. FAO, ITTO and WTO to carry out a comparative study on existing tariff barriers and reasons for the lack of implementation to reduce tariffs to agreed levels.

Regional organizations

1. Within their existing strategies, ECOWAS, CEEAC (with COMIFAC), SADC and Maghreb, in cooperation with ITTO and WCO, should organize workshops and follow-up implementation processes to improve customs procedures and cooperation between national customs agencies in order to facilitate trade, and to strengthen staff skills related to timber and timber products as these require specialized knowledge on products (identification of species, measurement, etc.).
2. Sub-regional economic organizations should (i) support detailed studies on tropical timber trade (particularly in Western and Central Africa) to identify trade opportunities and measures to facilitate trade between their member countries in order to improve governance and legality of the supply systems of timber and timber products; and (ii) organize technical validation of the recommendations with relevant partners, including the private sector, government agencies and international organizations such as ITTO and FAO.
3. ECOWAS, CEEAC and SADC should develop strategies and policies and action plans for sub-regional cooperative action to effectively remove tariffs and reduce other trade barriers of trade in timber and timber products between their member countries in order to promote legal trade of timber and timber products from sustainable sources
4. Seek for technical cooperation with the European Union to share knowledge and experience in timber trade facilitation (harmonized documentation, digitalized procedures, etc.)
5. Explore appropriate mechanisms to increase high-level political will in regional and sub-regional organizations and their member states to reform the regulatory and policy framework of tropical timber trade in the region.

Implementation and monitoring mechanism

In order to follow and support the implementation of this Accra Action Plan the following arrangement will be put in place

1. ITTO was called to act as the coordinating monitoring body to pursue the implementation of this Accra Action Plan for the Development of the Intra-African Trade in Tropical Timber and Timber Products and liaise with FAO and other international, regional organizations and other actors on specific activities.

2. Ghana Timber Millers' Association and IFIA (in cooperation with chambers of commerce, as appropriate) were called for to make contacts with their sister organizations in the region to set up the private sector network for exchange of information and to promote common interests, and in due course, explore the feasibility of formalizing such an arrangement under rotating leadership
3. ECOWAS and CEEAC were called to establish a committee of experts including representatives of governments, private sector and other stakeholders to prepare the terms-of-reference for the strategic study on free movement of forest products in the sub-region and prepare a roadmap for the implementation of its recommendations
4. Governments were called to establish a multi-stakeholder working group to follow up the implementation of recommendations made for the private sector and governments and periodically report on progress to ITTO.

ANNEX 2 LIST OF PROJECTS FINANCED BY THE ITTO FOR AFRICA SINCE 41ST SESSION OF ITTC

Project title	Project number	Project country
Promotion of Sustainable Management of African Forests	PD 124/01 Rev.2 (M) Phase II and III	Africa
The Development, Application and Evaluation of Biomass Energy through Briquetting, Gasification and Combustion of (Wood and Agricultural) Residues (Cameroon)	PD 39/93 Rev.4 (I) Phase II	Cameroon
Participatory Rehabilitation and Management Project for Mangroves and Watersheds in the Coastal Area of the Douala/Edéa Wildlife Reserve – “Douala-Edéa Mangrove Project” (Cameroon)	PD 492/07 Rev.3 (F)	Cameroon
Identification of a Project for the Regeneration and Management of Mangrove Forests Surrounding the Douala/Edéa Reserve, Department of Sanaga Maritime, Cameroon	PPD 130/06 Rev.1 (F)	Cameroon
Development of Marketing Chains for Eucalyptus Citriodora Essential Oils – a Processed Forest Product with High Added Value – by Village Communities in Congo	PD 364/05 Rev.4 (I)	Congo
Promotion of the Sustainable Management of Tropical Planted Forest in Congo’s Tropical Forest Plantations	PD 367/05 Rev.2 (F)	Congo
Multispectral three-dimensional aerial digital imagery for monitoring forest management and conservation in the Republic of Congo	PD 360/05 Rev.2 (F)	Congo
Building the Capacities of Forestry Training Institutions Members of the Network of Central African Forestry and Environmental Training Institutions (RIFFEAC) for Providing SFM Training for Forest Concessions : “Capacity Building for Sustainable Management of Tropical Rainforests and Biodiversity Conservation in the ITTO Congo Basin Countries” (ITTO)	PD 456/07 Rev.4 (F)	Congo Basin
Forest Seeds Management and Conservation (Côte d’Ivoire)	PD 419/06 Rev.3 (F)	Côte d’Ivoire
Development of Cloning for Samba (Obéché), West African Mahogany and Tiokoué Tree Species (Côte d’Ivoire)	PD 377/05 Rev.3 (F)	Côte d’Ivoire
International Workshop on Innovations in Tropical Forestry and Forest Product Industries (Innovations for Tropical Timber)	PD 268/04 Rev.3 (I)	Côte d’Ivoire
Controlling the dieback phenomenon in plantation species	PPD 123/06 Rev.1 (F)	Côte d’Ivoire
Zoning and Sustainable Development of the Minkebe Protected Area towards the Protection of Transboundary Conservation Corridors between Gabon, Cameroon and the Congo	PPD 147/10 Rev.1 (F)	Gabon
Operational Supportive System for Promoting the Further Processing of Timber in Five Countries of the Congo Basin (Gabon)	PD 457/07 Rev.5 (I)	Gabon
Community Forest Development in Gabon	PD 383/05 Rev.2 (F)	Gabon
Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes	PD 620/11 Rev.1 (M)	Germany
Capacity Building for CDM Forestry in the Framework of SFM Emphasizing Community Forests and Poverty Alleviation in Ghana (Ghana)	PD 450/07 Rev.2 (F,I)	Ghana
Phase II of ITTO Project [PD 30/97 Rev.6 (F)] Management of Forests Established through Rehabilitation of Degraded Forests by Local Communities in Ghana	PD 530/08 Rev.3 (F)	Ghana

Project title	Project number	Project country
Small-Scale Private Mixed Plantations Development plus Nutrition Promotion: The Case of Six Rural Community Women's Groups in the Eastern and Ashanti Regions of Ghana: Phase II	PD 534/08 Rev.1 (F)	Ghana
Towards Sustainable Indigenous Mahogany Timber Production in Ghana: Phase II, Refining the Silvicultural "Tool Kit" and Practical Training for Industrial-Foresters and Community Farmers (Ghana)	PD 528/08 Rev.1 (F)	Ghana
Timbers of Tropical Africa Part 2: Group 7(2) within the PROTA Programme	PD 479/07 Rev.2 (M)	Ghana
Conservation and Utilization of Medicinal Plants in Ghanaian Forests Fringe Communities (Ghana)	PD 424/06 Rev.2 (F)	Ghana
Independent Validation of Legal Timber in Ghana	PD 487/07 Rev.1 (M)	Ghana
Processing and Utilization of Trees on Farmlands and Logging Residues through Collaboration with Local Communities	PD 431/06 Rev.1 (I)	Ghana
Village-Level Reforestation Plus Nutrition Promotion by Self-Motivated Community Women's Groups	PD 393/06 Rev.1 (F)	Ghana
Sustainable management of non-timber forest products (NTFPs) in Cameroon, Congo, Gabon and Central African Republic	PPD 19/01 Rev.2 (I)	Cameroon, Congo, Gabon and CAR
Reviving Forestry Education in Liberia (Liberia)	PD 506/08 Rev.1 (I)	Liberia
Development of the National Reforestation Policy and Afforestation Strategy Consistent with the Liberian 3C-Approach (Liberia)	PD 507/08 Rev.1 (F)	Liberia
Implementing the Cooperative Framework between ODEF and the Stakeholders for the Effective Participatory and Sustainable Management of the Eto-Lilicope Forest Complex (Togo)	PD 584/10 Rev.2 (F)	Togo
Study for the Conservation, Land Management and Sustainable Mountain Biodiversity Management in the Centre North Region of Togo (Togo)	PPD 136/07 Rev.1 (F)	Togo
Note: The list does not include projects funded under various Thematic Programmes.		

ANNEX 3. STATISTICAL DATA ON PRODUCTION AND EXPORTS OF TROPICAL TIMBER AND TIMBER PRODUCTS IN AFRICA

Production of industrial roundwood, sawnwood and wood based panels

Region/sub-region	Industrial roundwood	Sawnwood	Wood-based panels	Total primary processed wood products*	Total primary processed wood	Total processed wood % of industrial roundwood
	10 ³ m ³ (r)	10 ³ m ³ (s)	10 ³ m ³ (s)	10 ³ m ³ (s)	10 ³ m ³ (r)	%
Western Africa	17.3	3 505.0	1 048.8	4 553.8	9 818.7	56.7
Central Africa	15.6	1 420.6	456.4	1 877.0	4 069.1	26.0
Eastern Africa	17.8	1 219.4	319.4	1 538.8	3 178.1	17.9
Southern Africa	19.3	1 977.6	698.3	2 675.9	4 932.3	25.5
Northern Africa	3.2	209.9	247.9	457.8	789.9	24.3
Total Africa	73.3	8 332.5	2 770.9	11 103.4	22 788.0	31.1
ITTO Africa**	26.0	4 714.0	1 422.5	6 136.5	13 252.1	50.9
World	1 533.8	39 0141.1	278 982.8	669 123.9	1 166 996.4	76.1
Africa, % of World	4.8	2.1	1.0	1.7	2.0	

(r) – roundwood, (s) finished product

* Total processed wood includes sawnwood, veneer, plywood and other wood based panels. The conversion factor from m³(s) to m³(r) are 0.45, 0.5, 0.5 and 1.7, respectively.

** Includes Cameroon, CAR, Congo, Côte d'Ivoire, DRC, Gabon, Ghana, Liberia, Nigeria, Togo only

Source: FAO 2009

Exports of TTPs, 2010 (10⁶ US\$)

Region	Industrial roundwood	Sawnwood	Wood based panels (WBP)	Sawnwood & wood-based panels	Secondary processed wood products (SPWP)	Total TTPs	Industrial roundwood % of total TTPs	Sawnwood & wood- based panels, % of TTPs	SPWP, % of TTPs
Western Africa	284.1	238.7	197.4	436.1	39.5	759.7	37.4	57.4	5.2
Central Africa	964.0	546.2	239.2	785.4	9.4	1758.8	54.8	44.7	0.5
Eastern Africa	62.5	89.3	29.0	118.3	0.0	180.9	34.6	65.4	0.0
Southern Africa	11.0	11.6	39.6	51.2	0.0	62.2	17.7	82.3	0.0
Northern Africa	7.6	2.5	20.3	22.9	0.0	30.5	24.9	75.1	0.0
Total Africa	1329.3	888.4	525.5	1413.9	538.2	3281.4	48.6	49.6	1.7
ITTO Africa**	1060.1	802.8	417.6	1221.2	41.5	2460.0	40.5	43.1	16.4
World	12762.4	28985.2	30005.0	58990.3	79986.0	151738.7	8.4	38.9	52.7
Africa, % of World	9.4	2.8	1.4	2.1	0.1	1.6			

Sources: International Trade Center TRADEMAP for SPWP; other products from FAO ForesSTAT

Benin

Forest policy and legislation⁶²

The Government of Benin developed a forest policy in 1994 and an Environmental Action plan in 1993 to sustainably manage its resources. The key legislation governing land, forests and forest resources in Benin include: (1) Law No. 93-009 of 2 July 1993 laying down forest regime in the Republic of Benin; (2) Decree No. 96-271 of 2 July 1996 laying down detailed rules for the application of Law No. 93-009 of 2 July 1993; (3) Ministerial decree No. 96-008 laying down detailed rules for the export of processed wood teak and other forest species; and (4) Ordinance No. 74-26 of 22 March 1974 fixing the rates of taxes and charges levied on the issuance of permits for logging. The first two laws mentioned above are the basic documents governing the forest sector in Benin. Forest laws and decrees of its enforcement concern management, protection, trade and forest products industry and related areas.

Article 53 of the Act 93-009 prohibits the use of chainsaw for sawing of logs; Article 1 of the Ministerial decree No. 96-008 prohibits the export of teak in the form of logs, pole, cants, boules, and charcoal. The law places particular emphasis on the integration of local communities in the planning and management of forest ecosystems. Finally, the Ordinance No. 74-26 determining rates of forest charges has not been updated since 1974.

Cameroon

Forest policy and legislation

Cameroon's Forestry Code was adopted in 1994. The forest policy and strategic framework centres on the following aspects relevant to this proposal:

- The sustainable management of forests, with the creation of a PFE and the setting up of FMUs to replace forest permits;
- Contributing to economic growth and poverty alleviation by ceding part of the income from tax revenue to village councils, creating jobs and allocating community forests;
- Building the capacity of the public sector in the performance of its key functions and the transfer of productive functions to the private sector;
- Putting in place a legal framework conducive to the development of the private sector, based on long-term conventions and industrialization; and
- The improvement of governance through increased transparency and the systematic dissemination of information to the public.

Cameroon is a signatory of the EU FLEGT-VPA (May 2010) and the Yaoundé Declaration and a member of the Commission in Charge of Forests in Central Africa (COMIFAC).

Central African Republic

Forest policy and legislation

The new Forest Code (*Code Forestier*, Law 08-022) was prepared through a participatory approach that involved various stakeholders and was promulgated by the Head of State on 17 October 2008. Several reforms have been undertaken, among other things:

- Two decrees that appointed border control inspectors and created mobile 'forestry and wildlife' intervention and verification brigades. The main purpose of these inspectors and brigades is to control the movement of timber, secure forestry and wildlife revenues, and strengthen monitoring and control capacities; and

⁶¹ This Annex is based on ITTO (2011b) on Cameroon, CAR, Congo, Côte d'Ivoire, DRC, Gabon, Ghana, Liberia, Nigeria, Togo.

⁶² **Source: FAO (2001)**

- Another decree, issued in 2008, created the Forest Industry Observatory within the Ministry of Water, Forests, Hunting, Fishing and which will support decision making and supply reliable and relevant economic information on the industry.

The Government of Central African Republic is a member of COMIFAC and signed the EU FLEGT-VPA in November 2011.

Republic of Congo

Forest policy and legislation

The Forest Code, the law on fauna and protected areas and all other laws developed after the United Nations Conference on Environment and Development in 1992 integrate wider concerns to ensure the economic, environmental and social sustainability of natural resources (land, forest, water and fauna).

National standards for additional studies (e.g. socioeconomic and environmental) were added by decree in 2005. The forest policy is linked with the wider development agenda of the country. The National Land Planning Scheme (2005), the Poverty Reduction Strategy Paper (2008) and the National Action Plan (2008) all include forests as an important element in the country's development.

The Republic of Congo is a signatory to the Treaty on the Conservation and Sustainable Management of Forest Ecosystems in Central Africa and the EU FLEGT-VPA (May 2010). Congo participates in COMIFAC.

Côte d'Ivoire

Forest policy and legislation

The Forest Code (Law 65/425) dates back to 1965. A process to revise the Forest Code began in 2002 with support from FAO and was finalized in 2005. Since then, a series of stakeholder workshops have been held and a process to finalize the new forest code is under way prior to its introduction to the National Assembly for adoption.

Systematic improvements in forest management were hindered up to 2008 by severe socio-political crises and the division of the country into two parts. After the signing of the Ouagadougou Peace Accord in 2007 the country gradually re-formulated its state policies and re-organized its institutions. The forest policy was revised in 2010 and a strategic plan for its implementation in 2010–15 approved. This plan includes, among other things, the creation of a forest development fund (*Fonds de Développement Forestier*), the continuation of the revision of the forest code, a new direction for reforestation and new prescriptions for management of the rural forest estate/domain.

Democratic Republic of Congo

Forest policy and legislation

The 2002 Forest Code, which succeeded colonial legislation dating from 1949, became law in August 2002. DRC's new Constitution (2006) reorganized the country's administrative structure. Twenty-five provinces and the town of Kinshasa are provided with legal status and are able to exercise local authority. Designing forest-sector activities of national interest (e.g. forest conservation) remains the responsibility of the national government, but the design of natural resource programs, including forestry, agriculture and mining, are now the responsibility of the provinces. The Forest Code describes the institutions and responsibilities regarding forest management and lays down prescriptions for national forest planning and forest management.

The Democratic Republic of Congo is a member of COMIFAC and has started in October 2010 EU FLEGT-VPA negotiations.

Gabon

Forest policy and legislation

Forest and wildlife management are governed by the Forest Code (Law 16/01), which was enacted in December 2001. The Code contains two major elements: SFM, and forest industry development. Gabon's forest policy was adopted in May 1996. It focuses on maximizing the economic contribution of forests while ensuring a lasting resource base through the implementation of forest management programs and national capacity-building.

Phase 1 of the policy (1998–2002) focused on the preparation of forest management plans and the establishment of sustainable management standards. Phase 2 (2002–10) focuses on the nationwide implementation of the plans. The initial aim to have 4 million hectares under management plans by 2010 was almost achieved; there is a further aim that 5 million hectares will be under SFM by 2025. Under the forest policy the government also plans to have a total of 200 000 hectares of private-sector and state-managed plantations by 2025. Gabon is a member of COMIFAC and has started EU FLEGT-VPA negotiations in September 2010.

Ghana

Forest policy and legislation

The first forest policy was established in 1947; this was revised in line with Ghana's 1992 Constitution and approved in 1994 as the Forest and Wildlife Policy.

Two laws have been enacted recently by Parliament with potential implications for forests. These are the:

- Minerals and Mining Act, 2006 (Act 703), which may have a bearing on national objectives for forests and on the control of illegal activities in forests.
- Lands Commission Act, 2008 (Act 767), which established the Lands Commission to integrate, subject to the Constitution, the operations of public-service land institutions under the Commission in order to secure effective and efficient land administration and to provide for related matters. This Act may have implications for national forest objectives, forest tenure and property rights, and the control of illegal activities in forests.

Ghana has ratified the EU FLEGT VPA in March 2010.

Liberia

Forest policy and legislation

A new forest law, the National Forestry Reform Law, was approved by Parliament and enacted in October 2006. The Government of Liberia has adopted a new conceptual approach to the development of the forest sector, referred to in the Liberian forest policy (adopted in 2006) as the principles of the three Cs – commercial, conservation and community forestry. The policy aims to conserve and sustainably manage all forest areas so that they continue to produce a complete range of goods and services for the benefit of all Liberians and contribute to national poverty alleviation, while maintaining environmental agreements and conventions.

The four strategies for implementing Liberia's forest policy – as spelt out in the National Forest Management Strategy of 2007- are:

- Strategy for commercial forestry: this focuses on improving forest concession management, reforestation and forest plantation development and the modernization of the wood-processing industry.
- Strategy for community forestry: this strategy acknowledges the need for the greater involvement of local people in all aspects of the forest sector and pays special attention to the potential for forests to contribute more to local people and communities. It focuses on the production of bush meat, woodfuel and other NTFPs, as well as the management of forests by local communities to meet differing objectives.

The Government of Liberia signed a VPA with the European Union in July 2011, committing it to develop and implement a legality assurance system to ensure that all timber products specified in the VPA are produced legally.

Mali

Forest policy and legislation⁶³

In Mali, natural resource management is based on three policy documents and one strategy: (1) the 1995 National Forest Policy, (2) the 1998 National Environmental Protection Policy, (3) the 2005 National Wetlands Policy, and (4) the 2001 National Biological Diversity Strategy. Since then new strategies have been proposed to deal with natural resource management, including: (1) the National Protected Area Management Strategy, (2) the National Arid Area Development Strategy, and (3) the National Climate Change Strategy. The forest policy was drawn up in 1982, first updated in 1995 and then in 2007. It includes, amongst others, principles of action adopted by the authorities which are in harmony with other sectoral policies designed to guide future decisions relating to forest resource management to meet society's needs.

The main instrument of forest legislation is Law n°95 – 004 classifying the national forest estate into state forest estate, local authority forest estate, and private forest estate. The conditions of forest resource management are set by this law and its regulations (decrees and orders), which are complemented by Law n°95 – 003 governing the exploitation, transportation and trade of wood. The establishment and management of local authority estate is governed by Law n°96 – 050. Forest management is also dealt with in the Agricultural Framework Law (Law n° 06 – 045). At the international level, Mali is a signatory of various international legal instruments, including the Convention on Biological Diversity, the United Nations Convention on Desertification and the United Nations Framework Agreement on Climate Change.

Mozambique

Forest policy and legislation⁶⁴

The National Directorate of Forests and Wildlife (DNFFB) of the Ministry of Agriculture and Rural Development governs forest matters in Mozambique. The Government's strategy in the National Programme of Forestry and Wildlife (1988-2002) hinges on two broad lines of action: (1) strengthening of the functional and operational capabilities of the official instruments and (2) expansion of field-based and conservation activities. The revised Forest and Wildlife Act (No. 10/1999) institutes the basic principles and norms for the protection, conservation and sustainable utilization of forest and wildlife resources under an integrated management framework for the economic and social development of the country.

The Act categorizes the national forest heritage according to potential, location and mode of utilization. It proclaims that the State promotes reforestation for commercial, industrial or energy purposes and for restoration of degraded areas, preferably on dunes, in watersheds and fragile ecosystems. The wildlife heritage is classified based on rarity, economic and socio-cultural value for species listed under a separate decree. The law identifies different types of protected areas. It states that any illegal activity (e.g. fires in forests) shall be condemned with up to one year of imprisonment and a corresponding fine. The Act gives the Council of Ministers the power to create, modify or proclaim protected areas and allows communities to apply for the right to manage forests and wildlife.

⁶³ Source: Kanouté (2010)

⁶⁴ Source: <http://www.fao.org/forestry/country/57479/en/moz/>

Nigeria

Forest policy and legislation

Nigeria's national agricultural policy, adopted in 1988, set forth a national policy on forest management and the sustainable use of forest resources. The goal was to achieve self-sufficiency in all aspects of forest production. Major goals included:

- Expansion of the forest estate and its management for sustained yield,
- Promotion of forest regeneration at rates higher than harvesting,
- Protection of forest resources from fire and grazing, and
- Development of forest industry.

A forest law that has been in preparation for several years to provide legal backing to the new policy is yet to be passed, however (in August 2010 it was before the Federal Ministry of Justice before going to the National Assembly for approval). The policy review took into account changes in the present state of the forest sector in Nigeria and also addressed emergent global issues. The overall objective of the new policy is "to achieve sustainable forest management that would ensure sustainable increase in economic, social and environmental benefits from forests and trees for the present and future generation including the poor and vulnerable groups.

Togo

Forest policy and legislation

Until 2008, forest use was regulated by the 1938 forest code and the 1988 environmental code. A new forest code was approved by parliament in June 2008 (Law 2008/009), as was a new law on the environment (Law 2008/005).

The 2008 Forest Code addresses issues of participation, SFM, ecological security and the role of the forest industry in the framework of sustainable development. The national environmental policy of 1998, completed in 2001 as the National Environmental Action Plan (*Plan National d'Action pour l'Environnement* – PNAE), is the most important policy framework for forests.

The new forest policy was to be prepared through a consultative approach in 2010. In December 2009 the Government of Togo approved a declaration on a national policy for land-use management (*Politique Nationale d'Aménagement du Territoire*) that encompasses environmental management, rural economic development, and social integration.

ANNEX 5

SOCIO-ECONOMIC AND ENVIRONMENTAL INDICATORS OF THE ITTO AFRICAN PRODUCING MEMBER COUNTRIES

Country	Population ^a			Forest area ^a		GDP Per capita (PPP) (US\$) ^a		Employment ^B		Gross value added ^b		Export of TTPs ^c	Deforestation ^a	
	Total population (1000)	Annual growth rate (%)	Rural (% of total)	1000 ha	% of land area	GDP Per capita (PPP) (US\$)	Annual growth rate (%)	1000 FTE	% of labor force	mill. US\$	% of GDP	1000 US\$	Annual change rate (%)	Annual change rate (%)
	2008	2008	2008	2010		2008	2008	2006	2006	2006	2006	2010	2000-2005	2005-2010
Benin	8662	3.2	59	4561	41	1473	5.1	1	0	108	2.6	38288	-1.01	-1.06
Cameroon	19088	2.3	43	19916	42	2195	3.9	20	0.3	324	1.9	1027345	-1.02	-1.02
Central African Republic	4339	1.9	62	22605	36	741	2.2	4	0.2	144	11.1	80842	-0.13	-0.13
Congo	3615	1.8	39	22411	66	3949	5.6	7	0.5	72	1.1	321929	-0.08	-0.05
Côte d'Ivoire	20591	2.3	51	10403	33	1652	2.2	28	0.4	801	5	287411	0.15	n.s.
Democratic Republic of the Congo	64257	2.8	66	154135	68	314	6.2	6	0	186	2.3	176298	-0.2	-0.2
Gabon	1448	1.8	15	22000	85	14575	2.3	12	1.9	290	3	742063	0	0
Ghana	23351	2.1	50	4940	22	1463	7.3	43	0.4	754	7.2	256610	-1.97	-2.19
Liberia	3793	4.6	40	4329	45	388	7.1	2	0.1	121	17.7	3573	-0.66	-0.68
Mali	12706	2.4	68	12490	10	1129	5.0	1	0	102	1.9	371	-0.60	-0.62
Mozambique	22383	2.4	63	39022	50	838	6.8	15	0.1	224	3.1	129301	-0.54	-0.53
Nigeria	151212	2.4	52	9041	10	2099	6	45	0.1	1819	1.4	47200	-3.33	-4
Togo	6459	2.5	58	287	5	830	1.1	1	0	33	1.6	46541	-4.5	-5.75
Sub-total	341904			326140				185		4978		2459998		
Africa	987280	2.3	61	674419	23	2787	5.2	530	0.1	13908	1.3	3281354	-0.49	-0.5
Sub-total % of Africa total	34.6			48.4				34.9		36		75.0		

Sources:^a FAO Global Forest Resource Assessment 2010 (FAO 2011); ^b State of World's Forests 2009 (FAO 20096), ^c ITC TradeMap

Abbreviations: FTE - Full Time Employment , PPP – Purchasing Power Parity

ANNEX 6 SOCIO-ECONOMIC SITUATION IN THE ITTO AFRICAN PRODUCING MEMBER COUNTRIES

Benin

In 2008, the rural population of Benin was 59% of the total population (FAO 2010). Forests are source of many benefits for local communities (e.g. firewood and charcoal). Forests also have a major spiritual value for many ethnic groups in the south of Benin. There are about 2940 sacred forests covering 18,360 hectares (i.e. 0.16% of national territory) Schmidt-Soltau & Alimi 2008).

In 2008 the Gross Domestic Product (GDP) per capita was US\$ 1,473 (growth rate of about 5.1%). In 2006 the forest sector contributed about US\$ 108 million to GDP representing 2.6%. The export value of TTPs was about US\$ 38.2 million in 2010 (ITC TradeMap).

Deforestation is a problem in Benin. The annual rate of deforestation has increased from 1.01% in 2000-2005 to 1.06% in 2005-2010. The direct causes of deforestation include agriculture, animal husbandry, uncontrolled harvesting, charcoal production and wildfires. The indirect causes are population growth, climate change, weak capacity of the forest administration exacerbated by the institutional inefficiency, laxity in enforcement and corruption.(La deforestation au Bénin 2011).

Cameroon

In 2008, the rural population of Cameroon was 43% of the total population. Forests are source of many benefits for local communities (foods, medicines and locally traded goods). Forests also have a major spiritual value for many ethnic groups. Forestry is major component of country's poverty reduction strategy.

In 2008 the Gross Domestic Product (GDP) per capita was US\$ 2195 (growth rate of about 4%). In 2006 the forest sector contributed about 2% to GDP representing US\$ 342 million and 0.3% to the total labor force (20 000 FTE). Forest products are a principal source of export income in Cameroon. The export value of TTPs was about 1 billion US\$ in 2010 (ITC TradeMap).

Deforestation is a problem in Cameroon. In 2000-2010, the annual rate of deforestation remained constant but high (1.02%, 220 000 ha/yr). The main direct and indirect of deforestation and forest degradation are: the development of agricultural activities – both slash-and-burn subsistence agriculture and cash crops (e.g. cocoa); the illegal exploitation of timber outside the PFE; the exploitation of fuelwood, particularly around major urban centres; and the development of the mining sector (bauxite, cobalt).

Central African Republic

The population of Central African Republic (CAR) was an estimated at 4.3 million people in 2008, with more than half residing in the rural areas (62%). CAR is one of the world's least developed countries ranking at 179th out 182 countries in UNDP's Human Development Index in 2009. Forest-dependent communities, especially the pygmy communities consume bush meat and nuts, edible fruits, insects and roots gathered from forest.

In 2008, the GDP per capita grew 2.2% amounting to US\$ 741. In 2006, the forest sector contributed about 11% to GDP representing US\$ 144 million and to the total employment about 0.3% (4,000 FTE). The export value of TTPs was close to a US\$ 80 million.

In 2000-2010, deforestation rate was constant (-0.13%/yr). Deforestation and forest degradation are mainly caused by expansion of subsistence and cash crop agriculture, which particularly affects gallery forests along waterways, and savannah wildfires largely induced by people. Another reason is wood-gathering around human settlements and mining (for gold, diamonds, and uranium).

Congo

In 2008, the rural population of Congo was 39% of the total population. For livelihood, communities especially pygmies in closed forest are engaged in hunting for bush meat and gathering of edible fruits, nuts, and roots. Leaves of *Gnetum spp*, fruits of *Irvingia gabonensis*, and *Gambeyana africana* are also being eaten.

In 2008, GDP per capita was US\$ 3,949 (growth 5.6%). The forest sector contributed 1% to GDP representing US\$ 72 million, 0.2% to the total labor force (7,000 FTE). The export value of TTPs was about US\$ 318.9 million.

Deforestation rate had decreased from -0.08% in 2000-2005 to -0.05% in 2005-2010. The main causes of deforestation are slash and burn practices, fuelwood production, illegal logging, and urban development. These causes, together with underlying factors like population growth, poverty, lack of alternative sources of energy, and the lack of common vision on land-use planning among stakeholders, continue to damage the forest resources.

Côte d'Ivoire

In 2008, the rural population of Cote d'Ivoire was 51% of the total population. Forests are important for maintaining their livelihoods. Edible and medicinal plants are collected in large quantities. Bush meat remains a major source of protein in rural areas, even though hunting regulations are very restrictive; the cropped volume of meat is estimated at more than 120 tons per year. The consumption of fuelwood, including charcoal, is estimated at more than 20 million m³ per year (ITTO 2008, Government of Côte d'Ivoire 2009).

In 2008, GDP per capita was US\$ 1,652 (2.2% growth). In 2006, the forest sector contributed about 5% of total or US\$801 and 0.4% to the total employment (28 000 FTE). TTPs export value was about US\$ 283.7 million.

In 2000-2005 the annual deforestation rate was 0.15%. Deforestation is mainly caused by land-use change to agriculture. Approximately 7.5 million hectares of forest land are being used for swidden agriculture and close to 3.3 million hectares of forest land are used for production of cash crops like coffee, palm oil, cocoa, pineapple, and rubber.

Democratic Republic of Congo (DRC)

In 2008, the rural population is estimated at 66% of the total population. According to Aquino et al. (2010), 70% of the people in DRC live in rural areas with less than US\$1 a day. Forests are crucial for their livelihoods being the main source of food and energy.

In 2008, GDP per capita was at US\$ 314 (6.2% growth). In 2006, the forest sector contributed 2.3% to GDP representing US\$186 million. The recorded sectoral employment was only 6,000 people which is a gross underestimate due to most of employment effect going unrecorded as in all the other countries of the region. The TTPs export value was US\$ 175.3 million.

The deforestation rate remained constantly moderate from 2000-2010 (-0.2%). Deforestation and forest degradation are not distributed homogeneously over the country: deforestation hot spots occur near large cities in the savannah belt, the Basin and the Albertin Rift zone (Government of DRC 2010). Countrywide, slash-and-burn agriculture and fuelwood harvesting are the most important drivers of deforestation. Commercial logging and mining cause forest degradation and also facilitate migration into forest areas.

Gabon

In 2008, the rural population was 15% of the total population. Forests are the main source of subsistence for indigenous peoples living in the forests. The law stipulates that local people have free access to all forests as long as they possess appropriate customary rights and do not jeopardize the sustainability of the forest products they collect. Industrial forest management requires the consent of local population. Bush meat and edible fruits such as aïéle, leaves of *Gnetum* species, and nuts and roots (igname) are of great importance for forest-dependent local communities, particularly pygmies. Bush meat availability may be threatened locally because of over-hunting.

In 2008, GDP per capita was at US\$ 14,575 (2.3% growth). In 2006, the forest sector contributed 3% to GDP representing US\$ 290 million and 1.9% to the total labor force (12,000 FTE). TTPs export value is estimated at about US\$ 740 million.

Gabon has not recorded deforestation in 2000-2010 which is a good sign. The main problem is forest degradation driven by industrial mining and illegal logging in opened-up areas.

Ghana

In 2008, the rural population comprised 50% of the total population. An estimated 2 million people depend on forests for subsistence uses and traditional and customary lifestyles. Forest-adjacent communities undertake a wide range of forest related activities, including fuelwood and charcoal production, wood-carving, canoe-carving, rattan production and chewstick-gathering.

In 2008, GDP per capita was US\$ 1,463 (7.3% growth). In 2006, the forest sector contributed 0.4% to the labor force or 43000 FTE and 7.2% to GDP representing US\$ 754 million. The export value of TTPs was US\$ 242.7 million.

In 2000-2005, deforestation rate was -1.97%/yr but increased to -2.19% in 2005-2010. Deforestation in Ghana usually begins with degradation of well-stocked forests through excessive logging, slash and burn agriculture, mining and quarrying, and fuelwood collection. Wildfire, illegal occupation, and land-use changes often completely deforest the degraded areas. Usually, the underlying triggers are poverty and economic development.

Liberia

In 2008, the rural population of Liberia was 40% of the total population. About one third of the population lives in forested areas and depends on forests for housing and furniture materials, a variety of foods and traditional medicines, healthy watersheds for fish, clean water and soil, microclimate stabilization and some cash income. Rural communities were particularly dependent on forests for subsistence during the recent civil strife. Thousands of people make their living from supplying charcoal and fuelwood to urban centres (ITTO 2005). The traditional 'Sande' (females) and 'Poro' (male) (secret) societies that are of significant importance in rural communities conduct their rituals in certain groves and rivers within isolated forest areas.

In 2008, GDP per capita was US\$ 388 (7.1% growth). In 2006, the forest sector contributed 17.7% to GDP representing US\$ 121 million and 0.1% to the labor force (2,000 FTE). In relative terms, the forest sector's importance to the national economy is highest in Liberia among the ITTO producing Member countries in Africa (The position has traditionally been held by CAR). Liberia's TTPs export value was US\$ 3.5 million.

The deforestation rate was -0.66%/yr in 2000-2005, but increased to -0.68% in 2005-2010. Almost all clearing is in the form of numerous small clearings (<10 hectare) around towns and along main roads near towns due to shifting cultivation and conversion to single-crop plantations.

Mali

In 2008, the rural population of Mali was 68% of the total population (FAO 2010). Forests provide products such as firewood, charcoal, construction wood and timber. Main non-timber forest products for export include tamarind, shea, nere and gum Arabic. In 2008 the export earnings of these products totaled US\$ 2 million. (Kanouté 2010).

In 2008 the Gross Domestic Product (GDP) per capita was US\$ 1,129 (growth rate of about 5%). In 2006 the forest sector contributed US\$ 102 million to GDP representing about 2%. In 2010 Mali exported TTPs totaling US\$ 371 million (ITC TradeMap).

The annual rate of deforestation has slightly increased from 0.60% to 0.62% between the period 2000-2005 and 2005-2010 (loss of 79 000 ha/yr). The main causes of deforestation and forest degradation include land-clearing operations estimated at about 100 000 ha/yr, overgrazing and bush fires. (Kanouté 2010).

Mozambique

In 2008, the rural population of Mozambique was 63% of the total population (FAO 2010). In the same year the Gross Domestic Product (GDP) per capita was US\$ 838 (growth rate of about 6.8%). In 2006 the forest sector contributed US\$ 224 million to GDP representing about 3% and 0.1% to the total labor force (15 000 FTE). The export value of TTPs was about US\$ 129 million in 2010 (ITC TradeMap).

In 2000-2010, the annual rate of deforestation was about 0.5%. The main direct sources of forest loss and degradation include (i) subsistence and commercial agriculture due to unsustainable land use practices including use of fire in land clearing and hunting, (ii) increasing demand for biomass energy in the urban areas, (iii) illegal harvesting of timber, (iv) non-implementation of management plans, (v) mining associated with land clearing for settlement (in particular artisan miners), and (vi) infrastructure development including roads, railways and expansion of urban areas. The main indirect causes include (a) limited access to high productivity technologies for the majority of smallholders, (b) poor governance and weak enforcement of land, forests and environmental legislation, (c) demand for food and wood products in the domestic and international markets, and (d) lack of employment opportunities in the rural areas. (FCPF 2013).

Nigeria

In 2008, Nigeria's rural population was 52% of the total population. Forest products, particularly NTFPs, support the subsistence of local communities: an estimated 48 million people depend significantly on forest resources for their livelihoods. Sustainable rural-based programs to stabilize ecosystems and diversify products in order to meet the continuing needs and livelihoods of forest-dependent communities are being carried out in some states as pilot projects, although no information on these is available.

In 2008, GDP per capita was US\$ 2,099 (6% growth). In 2006, the forest sector contributed 1.4% to GDP representing US\$1.8 million and 0.1% to labor force (45,000 FTE). TTPs export value was at US\$ 31,463.

In 2000-2005, the deforestation rate was -3.33%/yr but increased to 4% in 2005-2010, among the highest levels among the countries included here. The main causes of forest degradation and deforestation in Nigeria are oil and gas exploitation, shifting cultivation, gathering of fuelwood, charcoal making, urbanization, and illegal logging.

Togo

In 2008, Togo's rural population was 58% of the total population. The few existing forests are often considered by rural people as the only available reserves of land. Therefore they are heavily encroached upon and claimed for subsistence production. Forest reserves provide an important source of protein for people living in rural areas. Forests are also a place of ritual and spiritual significance for many ethnic groups.

GDP per capita in 2008 was US\$ 830 (growth 1.1%). In 2006, the forest sector contributed 1.6% to GDP or US\$ 33 million. The recorded sectoral employment was marginal (1,000 FTE). TTPs timber export value was at US\$ 45,540.

In 2000-2005, the deforestation rate was -4.5%/yr and in 2005-2010 staggering -5.75%. The major threats to the scarce remaining dense forests include uncontrolled fire (the main cause of deforestation in non-PFE forest), excessive fuelwood harvesting, shifting cultivation, and illegal cutting of the few remaining forests.

ANNEX 7 STAKEHOLDER SURVEY

1. Survey design and method

A survey was conducted with timber enterprises and their associations in order to identify their needs and priority areas for support regarding industry and trade development. An email list was compiled from various sources, including ATIBT directory of members, Ghana Timber Millers' Organization (GTMO) member list, Furniture and Wood Products Association of Ghana (FAWAG) member list, list of participants at the West and Central Africa Tropical Investment Forum held in Ghana in 2007, list of participants at the International Conference on the Promotion of Intra-African trade in timber and timber products, held in Accra in 2009, list of participants at RACEWOOD meeting at Point Noire in 2011, and other sources such as Global Wood Marketplace (www.globalwood.org). Industry and trade associations in Cameroon, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Ghana, and Liberia were contacted (by email and telephone). A questionnaire was sent to more than 184 recipients representing enterprises, trade/industrial associations, relevant government agencies, to participate in the survey or forward it to relevant companies in their countries (Table 1).

The survey was administered using an online survey system of QuestionPro (www.questionpro.com) in conjunction with a traditional method (a Word document of the survey was also attached).

2. Survey results

The response rate was very low (6%). The online survey through QuestionPro showed that only 24 recipients that started the survey, 8 completed and 16 dropped out. Apparently several participants were not familiar with using an on-line survey and had problems. Unfortunately they did not use the alternative way to respond which was offered through an attached Word.doc file.

On the other hand three industry associations replied to the survey and therefore its representativeness is therefore much higher than the response rate indicates. However, further work is needed during the project to clarify support needs of the African TTP industry and trade.

Level of survey participation

Country	Number of emails sent	Response received*	Response rate (%)
Cameroon	24	1	4
Central African Republic	5	0	0
Congo, The Republic	17	0	0
Côte d'Ivoire	13	0	0
Democratic Republic of Congo	7	1 ^a	14
Gabon	18	1	6
Ghana	79	7 ^b	9
Liberia	10	1 ^c	10
Nigeria	8	0	0
Togo	3	0	0
Total	184	11^d	6

^a This response came from an industry association representing the whole membership.

^b The responses came from Ghana Timber Millers' Organization (GTMO) and Furniture and Wood Production Association of Ghana (FAWAG) members.

^c The response came from the Forestry Association of Liberia's member.
2 responses were discarded because of incompleteness.

2.1. Key problems

The respondents identified the following key problems of the industry:

- Lack of professionally trained staff [Gabon, Ghana]
- Lack of efficient machinery [Ghana, Liberia]
- High cost of production (fuel & lubricants, machinery parts, labor, etc.) [Ghana]

- Government agency lacks adequate staff, hence unable to provide needed services on time. [Ghana, Liberia]
- High interest rates charged by banks [DRC, Gabon, Ghana]
- Lack of financial support [Ghana]
- Reduced market trends due largely to world economic crisis especially the EURO Zone which imports more than 50% of total exports. [Ghana]
- Dwindling forest and other timber related resources. [Cameroon, Ghana]
- High taxation / other fees [DRC]
- High cost of forest planning [DRC]
- High port charges and sea freight for import and export [DRC]
- Power supply failures to the processing units [DRC, Liberia]
- Infrastructure problems (roads, port, river transport) [DRC, Gabon]
- Multitude of unknown species in the forests [DRC, Gabon]
- Lack of investment and support from banks [Ghana, Liberia]
- The country has no track record in exports based on national production and export statistics [Liberia]
- Weaknesses in marketing [Ghana, Liberia]
- Non-functional domestic market [Cameroon]
- Lack of market information [Cameroon]
- Competition from China and others [Ghana]
- No action from government to protect and support local industries [Ghana]
- Outdated production techniques and machining [Ghana]
- Promotion/selling of LUS [Gabon]

2.2. Areas of support needs and their priority in timber companies and industry association

The respondents identified the following priorities for their support needs:

1. TRAINING					
Priority	1	2	3	4	5
Sawmilling	37.5	0	37.5	0	25
Veneer and plywood production	37.5	12.5	25	0	12.5
Value added processing	0	0	12.5	25	12.5
Waste reduction and utilization	12.5	0	0	12.5	25
Marketing	0	0	0	12.5	12.5
Forest management	50	0	0	12.5	12.5
Logistics	25	25	25	25	25
Business management	12.5	12.5	12.5	12.5	12.5
2. TECHNICAL ASSISTANCE					
Industrial processing	12.5	12.5	12.5	12.5	12.5
Marketing	0	0	0	0	0
Forest management and plantations	50	50	50	50	50
Innovative technologies and technology transfer	12.5	0	0	12.5	12.5
Business management	0	0	12.5	25	12.5
South-South cooperation	25	0	0	0	25
3. TRADE PROMOTION AND MARKETING					
Trade missions to :	50	0	12.5	0	25
• Other African countries	12.5	0	0	37.5	25
• Gulf States	25	12.5	12.5	12.5	25
• Other Asia	12.5	12.5	12.5	12.5	25
• Europe and North America	25	0	0	12.5	25
• Elsewhere	25	25	25	0	12.5
Participation in external trade fairs and exhibitions	12.5	12.5	0	0	37.5
Organization of trade fairs, business roundtables and exhibitions in your own country	12.5	12.5	0	0	50
Preparation/printing of promotional materials	25	0	12.5	25	12.5
Harmonization of timber product nomenclature and standards	12.5	25	0	25	12.5

4. REDUCING BARRIERS TO TRADE					
Reduction of tariffs	0	0	0	25	25
Simplification of export procedures in your own country	12.5	0	12.5	12.5	25
Simplification of import procedures in export countries	0	0	0	37.5	12.5
Elimination of unnecessary government charges	0	0	0	25	25
Specific customs arrangements for the timber sector	0	0	0	25	25
Meeting requirements of legality and sustainability	0	0	0	25	25
5. MARKET INFORMATION					
Regular monthly/bimonthly report on market and price changes (ITTO Market Information Service)	12.5	0	12.5	12.5	50
Studies on market potential in:	62.5	0	0	0	12.5
• Africa	12.5	0	12.5	0	50
• Gulf States	25	12.5	0	12.5	25
• Other Asia	25	12.5	12.5	0	25
• Europe and North America	25	0	0	0	37.5
• Else where	12.5	0	25	12.5	25
Statistics on production and trade of timber and timber products in Africa	25	0	12.5	0	12.5
Promotion of Lesser-Used species (LUS)	12.5	0	0	0	37.5
6. INVESTMENT					
Industry retooling	0	0	12.5	12.5	37.5
Value added processing	0	0	0	12.5	37.5
Logging and road transportation	50	0	0	12.5	12.5
Plantations	37.5	0	12.5	25	0
Port facilities	25	0	0	50	0
Specific financing mechanisms of forest and timber enterprises	0	0	0	12.5	25

Key: 0=no need, 1= low priority, 2 = some need, 3=necessary, 4 = significant need, 5 = urgent priority

2.3. Stakeholder comments on specific areas with support needs

The respondents provided the following additional comments on their support needs:

TRAINING
<ul style="list-style-type: none"> • Reduced Impact Logging • Felling techniques • Wood Tracking Technologies (CoC) • Health & Safety Procedures • Classification of sawnwood • Possibility of recovery of planks (boards) not in compliance with export quality • Business management • Marketing of timber and timber products • Production techniques (e.g. Joining , Machining and Finishing{Sanding and Spraying}). • System of mass production in flat pack / modular furniture

TECHNICAL ASSISTANCE

- South-South Cooperation requires market access and a program of exemption from import and export duties between countries.
- Techniques et méthodes de rédaction des accords de partenariat
- Techniques and methods of writing of partnership agreements
- Management of SMEs
- Market prospecting/outlook
- Preparation of raw material (Lumber) for production, machining and product finishing, e.g. sanding and spraying
- Industrial processing through innovative technologies and technology transfer

TRADE PROMOTION AND MARKETING

- Marketing of LUS
- Exposure to foreign trade , i.e., further training abroad
- Quality tests / performance of LUS
- Participation in trade fairs and external exhibitions
- Preparation of marketing materials and business cards
- Importation of other types of raw material (MDF) into the local market.

REDUCING BARRIERS TO TRADE

- In spite of actions taken by our labor union, the Government of DRC fails to sets up measures against illegal logging.
- Complexity and the choking procedures of the still virgin ECOWAS protocols simply do not facilitate regional trade.
- There is the question of trucking across borders of perhaps three countries and the possibility of paying taxes and duties as you go across each one.
- Lack of shipping infrastructure in the region (West Africa) for example, let alone to the rest of Africa, inhibits buyers and shipping charges are very high.
- Support in exerting pressure on the Government and more particularly the Ministry in charge of forests in DRC to end the anarchy which reigns in the sector.
- Special customs system for the timber sector
- Promote international networking.

MARKET INFORMATION

- ITTO need to encourage a change in taste for the primary species as they are now almost depleted
- Information on production and trade statistics
- Participation in international trade fairs.
- Information on the availability of raw material as well as alternative materials to save the forest
- Market information service is highly needed.
- Une autre priorité c'est la promotion des essences peu utilisées, une nécessité absolue en vue de la régression de volumes encore disponibles dans les forêts concernant les essences traditionnelles
- The promotion of LUS is absolutely necessary since there is a decline in the availability of traditional species.

INVESTMENT

- Specific areas of priority:
- Improvement of the port facilities of Matadi (DRC), requiring collaboration / partner support
- All of these areas are in urgent need in Liberia , e.g. roads and port infrastructure
- Introduction of CNC machines for the production of modular FlatPack Furniture to meet the ever increasing demand of general furniture for both local and export market

ADDITIONAL COMMENTS

- It is vital to have the banking sector to participate in training to assist the industry.
- Project is very interesting for African producers of tropical wood because it will allow to reduce the deficit of the trade balance and to create local jobs.
- To vigorously pursue the policy of value addition to our timber products
- There should be a paradigm shift from our present analogue system of production of general furniture to computer numerical control system so as to enable Ghana to export to any market of the world.
- Sufficient port capacities and facilities for the loading (boarding) / export of finished products

(in the medium term also transport capacities by train SETRAG) in Gabon.

- Support for on-the-job Training or recruitment of qualified professionals.
- In light of increasing shortage of the forest resource base for traditional species (primary), LUS must be promoted
- Access to affordable and attractive financing opportunities
- Reduction of the tax burden

ANNEX 8
CHARACTERIZATION OF VALUE ADDED PROCESSING ENTERPRISES (JOINERY AND FURNITURE)

Group	Technology	Personnel	Location	Type of operation	Management and organization	Cooperation arrangements	Export
Micro (skilled craftsmen)	Basic portable tools, universal woodworking machines	Less than 10 Family members and some hired workers Low level of education	Urban areas, along main roads, specialized villages,	Low cost products for middle class High quality products for affluent clientele	Owner and family members Direct sales	Usually not formally organized, some work as cooperatives, some local networking	No capability (apart from direct sales to tourists)
Small (nascent industrialists)	Basic woodworking machines (bandsaw, planer, thicknesser, spindle moulder, boring machine, small lathe etc.). Plant layout based on individual machines	Less than 50 Low/medium level of education Apprenticeships	Mostly in or around urban areas	Production of small batches of basic joinery and furniture products, client's design	Owner and secretary Marketing through direct contacts	No formal associations Some networking	No capability (apart from direct sales to tourists)
Medium (industrialists)	As in small enterprises, low cost mechanization, jigs for serial production standardized components Process-based layout	Less than 200 Skilled on-the-job trained workers Medium and high level education	Urban areas	Standardized components and products Serial specialized production Some own design Contract manufacturing for large export customers	Management: owner or hired. Production planning, inventory and quality control, showrooms, non-consumer marketing	Established associations in some countries, some subcontracting	Export capability for small and medium-scale customers
Large (fully industrialized)	Special purpose machines, integrated machining lines, standardized products, robots for painting Process-based layouts, advanced automated machinery	More than 200 Medium and high level education	Vicinity of urban areas with good transportation access	Standardized products and specialized production Own designs Contract manufacturing for large export customers	Professional management Specialized functional departments incl. for marketing	Established associations, advocacy participation, sub-contracting	Export capability for large- and medium scale customers

Source: Partly based on Bassili, A. 2000. Further processing of tropical timber in ITTO's producing countries: current situation, problems, their possible solutions and trends. July 2000.

Note: This is a generic classification for joinery and furniture industries in all tropical regions and the descriptions are indicative. The groups refer to independent units. In the African producing member countries only a few medium or large-scale enterprises exist in these industries. Industrial scale value added processing for moldings, tongue & grooved products, parquet flooring, decking, etc. are typically integrated with sawmilling which have export capability.

ANNEX 9 RECENT AND ON-GOING RELATED PROJECTS AND INITIATIVES IN SELECTED AFRICAN PRODUCING MEMBER COUNTRIES

Country/region	Title	Period	Funding	Executing agency
Congo Basin	ECOFORAF Supporting eco-certification of forest concessions in Central Africa	2010-14	FGEF, AFD, KfW, ATIBT	ATIBT
Congo Basin	DYNAFOR: Improving the sustainability of forest management plans	2011-16	FGEF, AFD	ATIBT/CIRAD
Congo Basin	Energy recovery from sawmill waste through the implementation of cogeneration in Central African forest companies	2010-13	FGEF, AFD	ATIBT/ CRAW, TFT, ONFI
Congo Basin	Congo Basin Programme for certification of forest concessions	2011-15	Dutch Initiative of Sustainable Trade	FORM International (Gabon)
Africa	GFTN Forest & Trade Network for legal and sustainable forest management	2005-10	EU	WWF
Cameron, Congo, Gabon	Timber trade action plan for good governance in tropical forestry	2005-10	EU	TFT
Congo Basin	Capacity building in the Congo Basin and independent monitoring in Congo	2006-09	EU	Forests Monitor/ Resource Extraction Monitoring (REM)
Ghana	Developing alternatives for illegal chainsaw lumbering through multi-stakeholder dialogue.	2007-12	EU	Tropenbos
DRC, Ghana	Strengthening voices for better choices	2005-09	EU	IUCN
Africa	FLEGT process in developing countries	2006-10	EU	EFI FLEGT Facility
Central Africa	Observatoire des forêts d'Afrique (FORAF)	2005-08	EU	CIRAD, Forêt Ressources Management, Université catholique de Louvain.
Gabon	Développement d'alternatives communautaires à l'exploitation forestière illégale	2005-08	EU	WWF, Dacefi
Africa	ACP/FLEGT	2012-16	EU	FAO

ANNEX 10 TERMS OF REFERENCE FOR PERSONNEL AND CONSULTANTS AND SUB-CONTRACTS FUNDED BY ITTO

Position and qualifications	Man-months and responsibilities
Project Manager	36 months
<ul style="list-style-type: none"> • <i>University degree in wood technology, forestry or natural resources (minimum M.Sc. degree).</i> • <i>A minimum of 7 years of experience in tropical timber industry/trade/forest management and project management.</i> • <i>Practical experience in working in/with private sector organizations</i> • <i>Knowledge of institutional analysis and proven leadership and team work.</i> • <i>Bilingual in English and French preferred, minimum fluent in one and good working knowledge in the other</i> 	<ul style="list-style-type: none"> • Overall responsibility for project implementation. • Day-to-day project administration. • Works closely with project partners and project staff to ensure effective implementation. • Procurement of consultancy and subcontracting services and equipment. • Prepare progress reports and work plans as required by the ITTO and PSC. • Present results to the PSC. • Monitor the progress of project activities. • Coordinate with related initiatives in the region • <u>Participate in training and analytical work in her/his area of specialty</u>
Project Assistant	36 months
<ul style="list-style-type: none"> • <i>University degree</i> • <i>A minimum of 2 years of experience in timber industry/forest organizations.</i> • <i>Experience in travel logistics and meeting arrangements.</i> • <i>Good understanding of institutions.</i> • <i>Proven ability to project administrative tasks.</i> • <i>Fluency in English/French and minimum working knowledge in French/English</i> 	<ul style="list-style-type: none"> • Assist the PM in day-to-day project administration. • Collaborate with consultants and contractors to ensure effective project implementation. • Assist the PM in arranging meetings and workshops. • Overall responsibility for travel and other project logistics. • Gather information on the progress of project activities and report to the PM. • Compile reports and documentation on project accounts
Trade facilitation specialist (International consultant)	2.5 months
<ul style="list-style-type: none"> • <i>University degree in economics or business administration</i> • <i>A minimum of 10 years of experience in customs and trade facilitation</i> • <i>Proven knowledge of African trade barriers and customs administrations</i> • <i>Proven knowledge on emerging WCO rules</i> • <i>Fluency/good working knowledge in English and French</i> 	<ul style="list-style-type: none"> • Review the current information on trade barriers related to timber and timber products in West and Central Africa and prepare a discussion paper with recommendations for trade facilitation • Facilitate two high-level regional workshops on reduction of trade barriers • Provide advisory services to pilot country authorities to implement pilot customer strategies in the timber industry sector including field visits and preparation of reports on progress • Prepare a final report with recommendations for follow-up activities
Timber Sector Industrial Planning Specialist (International consultant)	<u>7 months</u>
<ul style="list-style-type: none"> • <i>University degree in forest industry/forest economics</i> • <i>A minimum of 10 years of experience in industrial and sectoral planning</i> • <i>Analytical skills to assess policy options</i> • <i>Experience on national industrial and trade development strategy preparation</i> • <i>Fluency/good working knowledge in English and French</i> 	<ul style="list-style-type: none"> • Develop a process and methodological approach for the elaboration of national industrial and trade development strategies on national level • Facilitate the planning process in consultations with decision makers and stakeholders including in workshops • Provide on-the-job training to the national coordinator of the planning process • Carry out analytical work related to assessment of policy options • Review drafts of working papers and plan documents and assist in their finalization

Position and qualifications	Man-months and responsibilities
	<ul style="list-style-type: none"> • Advise and facilitate the implementation of the national strategies • Based on the experience in the pilot countries participate as a resource person in training for national coordinators in other countries • Prepare a synthetic final report on lessons learned and recommendations for follow-up action
Timber Sector Industrial Planning Specialist (National consultant)	30 months
<ul style="list-style-type: none"> • University degree in forest industry/forest economics • A minimum of 5 years of experience in industrial and sectoral planning • Analytical skills • Experience on national programme preparation in the forestry sector • Good facilitation and writing skills • Fluency in English or French • 	<ul style="list-style-type: none"> • Be responsible for the elaboration process of national timber industry and trade development strategy assisted by the International Consultant, including • organize workshops and meeting and acting as the focal point of the planning process • ensure broad participation in the planning process • organize and participate in data collection and analysis • arrange a website for the planning process • prepare plan documentation • prepare progress reports and final report of the plan process and implementation
Timber Industry Business Development Specialist (International consultant)	10 months
<ul style="list-style-type: none"> • University degree in forest industry/forest economics/business administration/other relevant fields • A minimum of 10 years of experience in timber industry management/national associations/consultancy work • Analytical skills • Experience in management training with proven track record • Good facilitation and writing skills • Fluency/good working knowledge in English and French 	<ul style="list-style-type: none"> • Prepare instructions for pilot enterprise business diagnosis • In consultation with pilot enterprise management elaborate business plans • Provide on-the-job management training in identified areas • Serve as trainer in selected training courses • Provide advisory service to national associations to develop their advocacy capacity and services to member enterprises
Timber Industry Business Development Specialist (National consultant)	55 months
<ul style="list-style-type: none"> • University degree in forest industry/forest economics/business administration/other relevant fields • A minimum of 5 years of experience in timber industry management/consultancy work • Analytical skills • Experience in training with proven track record • Good facilitation and writing skills • Fluency English or French 	<ul style="list-style-type: none"> • Carry out pilot enterprise business diagnosis • In consultation with pilot enterprise management and under the supervision of the international consultant contribute to elaboration of business plans • Provide on-the-job management training in identified areas • Serve as trainer in selected training courses • Provide advisory service to follow up implementation of the business plans
Market Information Specialist (International consultant)	24 months
<ul style="list-style-type: none"> • University degree in Forest Economics/Marketing, Forest Industry or Business Administration • A minimum of 5 years of experience in timber products market information service • Analytical and writing skills 	<ul style="list-style-type: none"> • Review the operational arrangements of the ITTO Market Information Service (MIS) and distribution and data collection network in Africa • Design and test with users the MIS for Africa product • Identify necessary sources of information and contract persons providing updates on market situation in their countries

Position and qualifications	Man-months and responsibilities
<ul style="list-style-type: none"> • Knowledge on data sources and networking techniques for data collection • Fluency/good working knowledge in English and French 	<ul style="list-style-type: none"> • Establish and update the distribution list of MIS users • Prepare and disseminate the periodical MIS products • Establish a data base on key indicators which can be used by ITTO for analytical purposes • Prepare analytical short reports on the use and users of the MIS for Africa service
Market Research Specialist (International consultant)	5 months
<ul style="list-style-type: none"> • University degree in Forest Economics/Marketing, Forest Industry or Business Administration • A minimum of 7 years of experience in timber industry, marketing and market research on timber products • Analytical and writing skills • Knowledge on data sources and survey techniques • Fluency/good working knowledge in English and French 	<ul style="list-style-type: none"> • Carry out desk research on available market information in the target export market • Design and carry out a field survey to collect necessary information • Compile the results and analyze the results • Prepare a draft report for review by PM and ITTO • Finalize the report with annexes on details on persons interviewed, contact data on potential buyers and intermediaries, and statistical information on production, consumption and trade of TTPs. • Prepare a targeted summary for dissemination to exporting enterprises • As appropriate, assist in local organization of follow-up trade mission to the country by ITTO exporters
Market Research Specialist (National consultant)	5 months
<ul style="list-style-type: none"> • University degree in Forest Economics/Marketing, Forest Industry or Business Administration • A minimum of 5 years of experience in timber industry, marketing and market research on timber products • Analytical and writing skills • Knowledge on data sources and survey techniques • Fluency in English or French 	<ul style="list-style-type: none"> • Carry out desk research on available market information in the domestic market • Design and carry out a field survey to collect necessary information • Compile the results and analyze the results • Prepare a draft report for review by PM, NC and ITTO • Finalize the report with annexes on details on persons interviewed, contact data on potential buyers and intermediaries, and statistical information on production, consumption and trade of TTPs. • Prepare a targeted summary for dissemination to TTP producers • Participate in relevant project events as a resource person to report on the main results
Forest Sector Information Specialist (International consultant)	3 months
<ul style="list-style-type: none"> • University degree in forest/natural resource economics, forestry or other relevant field • Minimum 7 years of experience in the forest statistics and information system • Experience in data analysis and training • Knowledge of the reporting procedures to ITTO and other international organization based on national forest statistics • Fluency in English or French and good working knowledge in the other 	<ul style="list-style-type: none"> • Review national forest information systems and operational arrangements with particular reference to production and trade statistics in selected countries • Identify measures for improvement and how they can be implemented in the current statistical information including a costed action plan. • Train national specialists in data collection, verification, analysis and dissemination • Prepare a report on each country's status in national statistics on production and trade in TTPs and recommendations to improve the situation
Timber Industry Training Specialist (International consultant)	12 months
<ul style="list-style-type: none"> • University degree in wood technology/ industrial processing • Minimum 10 years of experience in 	<ul style="list-style-type: none"> • Compile the available training packages on timber industry and marketing with relevance to African enterprises

Position and qualifications	Man-months and responsibilities
<p><i>the wood industry enterprises in technical and managerial positions</i></p> <ul style="list-style-type: none"> • <i>Experience in training on wood technology, timber industry, and or marketing of TTPs</i> • <i>Practical experience on African timber industry</i> • <i>Fluency in English or French and good working knowledge in the other</i> 	<ul style="list-style-type: none"> • Carry out a survey among enterprises on training needs and willingness to send participants in the specialist training courses • Design assigned training courses and compile supporting training packages • Identify teachers to be recruited • Participate as trainer in the training courses • Prepare implementation and evaluation reports of the training events
<p><i>In-house Enterprise Level Training Specialist (International consultant)</i></p>	12.5 months
<ul style="list-style-type: none"> • <i>University or technical college degree in wood technology/ industrial processing</i> • <i>Minimum 7 years of experience in the wood industry enterprises in technical and managerial positions</i> • <i>Practical experience on in-house training of factory staff on vocational and technical levels</i> • <i>Fluency in English or French</i> 	<p>Implementation of specialist technical and management training in selected enterprises with a national assistant including</p> <ul style="list-style-type: none"> • meetings with management • review of operations in the log yard, processing, maintenance, products, waste, storage and logistics • group training on practical measures to improve efficiency, product quality and productivity • preparation of a report on main findings and recommendations to the management
<p><i>Forest Sector Investment Specialist (International consultant)</i></p>	3 months
<ul style="list-style-type: none"> • <i>University degree in financing, economics, business administration or other relevant field</i> • <i>Minimum 10 years of experience in financing institutions/forest industry/TIMOs or other relevant organizations</i> • <i>Practical experience in investment analysis and design/operation of financing instruments with reference to forestry, industry and trade</i> • <i>Practical experience on African conditions industry</i> • <i>Fluency in English or French and good working knowledge in the other</i> 	<ul style="list-style-type: none"> • Compile a review of the existing and emerging specific financing mechanisms on international, regional and national levels applicable to timber industry, and analyze their applicability in the African conditions with elaboration preliminary recommendations for their implementation in the region • Identify speakers and other participants for the regional workshop on timber industry investment, act as resource person and assist in the organization of the event • Prepare a prefeasibility report on the proposed financing mechanisms to adopted by the targeted financing institutions • Carry out consultations with the targeted financing institutions to facilitate adoption of the proposals • Assist as a resource person in national investment forums • Prepare a final report on the development of necessary financing mechanisms for the African timber industry to be disseminated by the Project
<p><i>LUS laboratory tests</i></p>	Subcontract
<p><i>Qualified wood technology laboratory</i></p>	<p>Mechanical testing of 5 lesser used species which is necessary for their CE marking and inclusion in the European standards for structural timber (average estimated cost US\$ 2500/species if organized for a group of species)</p>

ANNEX 11 PROFILES OF THE EXECUTING AGENCY AND KEY PARTNERS

1. Profile of the Executing Agency (ITTO)

ITTO is an intergovernmental organization promoting the conservation and sustainable management and utilization of tropical forest resources and associated trade. Its members represent about 80% of the world's tropical forests and 90% of the global tropical timber trade.

ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation, and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects. In addition, ITTO collects, analyses and disseminates data on the production and trade of tropical timber and funds projects and other actions aimed at developing industries at both community and industrial scales. All projects are funded by voluntary contributions, mostly from consumer member countries. Since it became operational in 1987, ITTO has funded more than 940 projects, pre-projects and activities valued at more than US\$340 million.

The governing body of the ITTO is the International Tropical Timber Council, which is composed of all the Organization's members. ITTO has two categories of membership: producing and consuming. The Council is supported by four committees, which are open to all members and observers and provide advice and assistance to the Council on policy and project issues. Three of the committees deal with key areas of policy and project work: economics, statistics and markets; reforestation and forest management; and forest industry. These committees are supported by the Expert Panel for the Technical Appraisal of Projects and Pre-projects, which reviews project proposals for technical merit and relevance to ITTO's objectives. The fourth committee, on Finance and Administration, advises the Council on matters related to the budget and other funding and administrative issues concerning the management of the Organization.

Non-member stakeholders have established two advisory groups to facilitate their participation in the Council and to provide input to the Council's decision-making process. These are the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG).

ITTO's secretariat of about 35 staff is based in Yokohama, Japan. It is headed by an Executive Director, who is responsible to the Council for the administration and operation of the Agreement in accordance with decisions made by the Council. The Headquarters of ITTO is located in Yokohama, Japan. There are two (2) regional offices based in Libreville, Gabon for the African Region and Brasilia, Brazil for the Latin American and Caribbean Region.

2. Profile of FAO Forestry Department

1. General information

Food and Agriculture Organization of the United Nations (FAO) was established in 1945. As of 1 July 2012, FAO employed 1,847 professional staff and 1,729 support staff. The FAO regular budget for the 2012-2013 biennium is US\$ 1 billion. In 2010-2011, FAO implemented programmes and projects with a total value of US\$1.707 million.

An intergovernmental organization, FAO has 191 Member Nations, two associate members and one member organization, the European Union.

FAO's Mission is to help build a food-secure world for present and future generations.

FAO's Mandate reads as follows:

Achieving food security for all is at the heart of FAO's efforts – to make sure people have regular access to enough high-quality food to lead active, healthy lives. FAO's mandate is to raise levels of nutrition, improve agricultural productivity, better the lives of rural populations and contribute to the growth of the world economy.

2. Fields of Expertise in FAO Forestry Department in relation to ITTO Project

Forest management, planted forests, forest products and services, forest products statistics and related training, wood energy, harvesting, industries, trade and markets, biodiversity, climate change, forests in poverty reduction, small-scale enterprises, forest governance and law compliance, FLEGT, institutions, national forest programmes, forest finance and investments, forest monitoring and assessment, global forest resources assessment, and forest sector outlook studies.

3. Number of experts and their expertise

FAO Forestry Department is a prime forest sector knowledge institution, entrusted with the global leadership in fostering sustainable forest management. Today we have 121 staff and 53 non-staff people working in different areas of forest-based development. In addition we work in close cooperation with FAO Investment Centre (TCIN) which is the contractual partner with IFIs (International Financial Institutions) like WB, EBRD, etc.

For IFIs the key asset of collaborating with FAO is in achieving a greater leverage with the government, and attaining access to FAO's capabilities in forest sector analyses.

4. Experience in forest sector

FAO Forestry Department does both normative and field projects all over the world. More specifically our recorded references are as follows:

- 204 on-going projects (2012 situation in our on-line Field Programme Management Information System).
 - In addition, there are around 945 activities in forest sector studies, missions, projects and joint activities with various International Financial Institutions. Most of these have been funded by the World Bank.
- ## 5. Relevance of FAO experience with the specific Outputs / Activities of the ITTO Project

Output 4: Measures to improve market transparency

Activity A4.1: Market studies

FAO has carried out domestic timber market studies e.g. in Sierra Leone, Nigeria, Chad, Cameroon and Zambia. A global teak market study has been completed in 2012. FAO has two Trade and Marketing experts (in Rome and Geneva). They have already been involved in many market development studies in tropical countries, particularly in Africa. More market reports have been produced under the FAO FLEGT Programmes, and FAO Forest & Farm Facility, based on proposals received from the countries. Trade and Markets officer in HQ has authored two publications with ITTO on further processing and furniture markets in the past. He was also helping to formulate the Accra Action Plan in the Ghana ITTO/FAO conference in 2009.

Activity A4.3: Advisory and training on improving statistics

In the VPA countries, FAO works with ITTO to support statistical capacity building (small projects and joint statistics workshops held twice a year): next one in West Africa in 2013-2014. FAO has four statisticians and four economists for a powered analysis and capacity building.

Activity A4.5: Dissemination of market information

FAO can work in collaboration with ITTO MIS, trade websites and other channels to disseminate timber markets information effectively. FAO is increasingly adopting more diverse channels and techniques available in the Internet and in social media. Global Timber Forum may develop into an efficient exchange platform of such information, by bringing the world's timber trade associations into a closer collaboration.

Output 5: Trade promotion

Activity A5.1: Trade promotion materials

FAO can work in collaboration with ITTO Project recipients in designing new trade promotion tools and materials (including E-marketplaces and social media).

Activity A5.2: Trade missions and trade fair participation

FAO Forestry Department staff has experience in organizing buyers-sellers meetings, business networking days, and training on effective participation of delegations from producer countries.

Activity A5.3: Regional trade fair

Our Forestry Officer (Forest Industries) has collaborated with ATIBT on RACEWOOD meetings in Central Africa, and in a series of workshops on intra-African trade and domestic processing of timber. FAO will be organizing in October 2013 a major international wood products and green building event in South Africa, followed by the 14th World Forestry Congress (2015) with the government of South Africa, which will accommodate also private sector events.

Output 7: Strengthening national trade/industry associations

Activity A7.1: Development needs and pilots for support

Activity A7.2: Delivery of support packages

Activity A7.3: TA and coaching on association services and advocacy

FAO's Advisory Committee on Sustainable Forest-based Industries meets annually in the presence of about 30 world's leading industry associations and major companies. Their engagement offers a mechanism for capacity building and twinning between strong international associations and African emerging associations. Especially their advocacy skills for enabling policy frameworks and highlighting the sustainable development options through forest industries would be sought for.

FAO Forest & Farm Facility has a long experience in supporting better organizations and institutions in the forest sector. Increasingly the attention is turning to capacitate private

forest sector associations and producers groups, and integrate these better to the formal economy. Twinning arrangements are also supported.

Output 8: Innovative financing mechanisms

Activity A8.1: Suitable financing models for African timber industry

Activity A8.2: Regional workshop on industry financing

Activity A8.3: Investment Forums

In the 13th World Forestry Congress FAO organized a Business Roundtable for companies and an Investment and Financing Forum, which was repeated on a national scale one year later in Argentina. FAO Investment Centre organizes regularly investment seminars in agribusiness and forestry, often joint ones with International Financial Institutions. Forest financing events are held, including with the private and institutional forest investors, forest investment funds and TIMOs.

Output 9: Technology transfer

Activity A9.1: Regional bio-energy conference

FAO Forestry Department has a dedicated Officer on Wood Energy who works in close collaboration with bio-energy colleagues in the Natural Resources Management and Environments Department. FAO bio-energy events and seminars have been held e.g. in South America and Eastern Europe and the CIS region.

Activity A9.2: Regional workshop on utilization of plantation species

FAO Planted Forests Officer has e.g. organized in collaboration with ITTO and local partners regional events on planted forests, and the World Teak Conference. FAO has regularly contributed to other international conferences on planted forests.

FAO staff members are involved in assessing industry opportunities in Zambia, in combination with green jobs creation with ILO and other partners in a UN Joint Programme. He is also starting a training center assessment in Southern Africa (SADC) with a purpose of upgrading their functions and curricula to better meet today's requirements (with UNIDO). These activities will largely focus on adjusting the training to facing up the challenges in moving towards processing of planted species in Africa.

6. Other relevant experience and on-going work of FAO

Outlook studies and other relevant studies

- State of the World's Forests (SOFO 2010, 2012, 2014 with socio-economic benefits in forestry)
- FRA (Forest Resources Assessment Report) 2010 (latest)
- Sustainable Forest Industries: Opening Pathways to Low-carbon Economies (2013)
- FAO Regional Outlook Study: Africa (up-coming 2013-2014)
- ITTO/FAO: Raising the Standards: Monitoring the technical and environmental standards of tropical timber products in international markets
- FAO Forestry Paper 159: Impact of the global forest industry on atmospheric greenhouse gases

- UNECE/FAO Forest Products Annual Market Reviews (annual), which provides an update on policies affecting the timber trade (including FLEGT, public procurement, etc.).

VPA/FLEGT processes

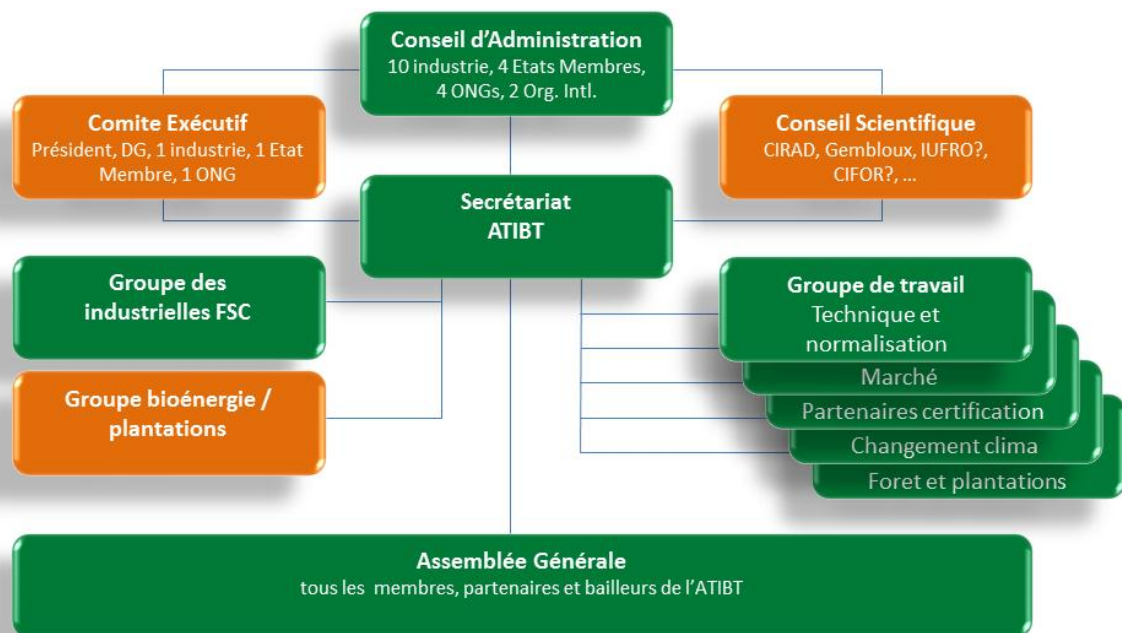
The FAO Forestry Department is responsible for implementing the EU funded ACP FLEGT and EU FAO FLEGT Programmes. They have supported over 100 FLEGT related projects in 33 countries. Half of the projects have directly supported VPA processes in West and Central African VPA countries including Liberia, Ghana, Cameroon, Central African Republic, and Republic of Congo. The programme has also supported projects and the negotiation process in the Democratic Republic of Congo and is poised to support the process in Gabon. The experience of the FAO staff would serve as a resource to ensure that the Project approach is consistent with the requirements of the VPA countries.

Using FAO's global timber market projection model, specific studies can be made to examine how policy changes (FLEGT, REDD+) will affect international trade in forest products. At the micro-level, FAO's Forest Economists have analytical and appraisal skills that can be found in many organizations, but they have experience of applying those skills in the forestry sector in developing countries in particular. This combination of capacity in global analysis and modeling along with analytical experience gained in nearly every African ITTO country would be very difficult to find elsewhere.

3. Profile of ATIBT

Background

- Name of the organization: Association Technique Internationale des Bois Tropicaux.
- Headquarter address: 6, Avenue de St Mandé, 75012 Paris, France.
- Year of establishment: 1951 with the support of FAO and OECD.
- Institutional status: Industry federation (France-based NGO) in transition to becoming an international organization based on an international treaty ratified by Member States.
- Mission statement (provisional, not yet approved by the Board): ATIBT supports the development of a sustainable tropical timber sector and trade that is economically viable, socially equitable and conserves forest ecosystems.
- Fields of expertise: (i) Market access of legal and certified tropical timber products, (ii) industrialization in producer countries, (iii) responsible management of forests.
- Organizational chart:



- List of the main projects or studies conducted in the previous three years, indicating, if applicable, donor agencies:
 - Strengthening of industry board capacities in various African countries, funded by the EU Commission,
 - Supporting voluntary partnership agreement (VPA) processes in various African countries and supporting EU Timber Trade Regulation (EUTR) implementation in Europe , funded by the EU Commission, French Global Environment Fund (FFEM), FAO, European Forest Institute (EFI), European Timber Trade Federation (ETTF),
 - Fostering the use of cogeneration by timber industry in central Africa, funded by the French Global Environment Fund (FFEM),
 - Fostering forest certification, funded by the French Global Environment Fund (FFEM), German development bank (KfW), Dutch sustainable trade initiative (IDH),
 - Further development of forest management plans, funded by the French Global Environment Fund (FFEM),
 - Contributing to tropical timber normalization processes in the EU, supported by ATIBT membership fees,
 - Preparation of a white book on timber industrialization in central Africa, funded by FAO and ITTO.
- List of projects and pre-projects submitted to ITTO: None.

Budget

Annual budget during last three years: EUR 2 million / year.

Personnel

- Current staff: 2 PhD, 3 MSc, 1 administrative staff.
- Planned recruitments in 2013: 6 senior technical specialists

ANNEX 12 SUMMARY RESPONSES TO THE RECOMMENDATIONS OF THE 45TH EXPERT PANEL.

A) Overall Assessment

The panel noted the importance of the proposal to the development of forestry sector in the African Region, especially for the promotion of trade and further processing in timber and timber products. This regional proposal will provide opportunities for African countries to build strong networking for solving their common problems in achieving sustainable forest management. The proposal will also give ways to consolidate efforts that have been carried out in the Region to solve the said problems. The panel recognized the comprehensiveness of the problems encountered in the proposal. Therefore, it is strongly recommended that ITTO Manual for Project Formulation is fully referred to some aspects elaborated in the specific recommendation below. The Panel realized the importance of commitments for participating countries and credible collaborators to ensure successful implementation of the project. However one of the main concerns of the EP is the unclear situation regarding the regional and national counterparts for the execution of the project.

B) Specific Recommendations

<u>No.</u>	<u>Recommendations of the^h Expert panel of ITTO</u>	<u>Modifications</u>	<u>Pages</u>
<u>1</u>	<u>In Section 1.1 Origin, add discussion on efforts that had been taken place in the ITTO African Member Countries in developing intra-African timber trade and further processing.</u>	<u>The discussion on efforts was included.</u>	<u>1</u>
<u>2</u>	<u>In Section 1.3 Target area, identify selected countries for pilot activities and include information of all countries while three new African member countries are missing; and explain the operational strategy for the implementation of the project at the regional level, considering relevant counterparts.</u>	<u>Tentatively selected countries for pilot activities were identified. Information on the three African member countries was included in Annexes 4, 5, and 6.</u>	<u>4-5 70, 73, 75-76, 78-79</u>
<u>3</u>	<u>In section 1.4 Expected outcomes after project completion, revise the paragraphs into more focus and practical sentences.</u>	<u>The text in Section 1.4 on Expected outcomes was revised accordingly.</u>	<u>5</u>
<u>4</u>	<u>In Section 2.1.2 Stakeholder analysis, include local training institutions in the discussion</u>	<u>In the stakeholder analysis the discussion on local training institutions has been included. Their role was also explained in Section 4.1.1.</u>	<u>7</u>
<u>5</u>	<u>In section 2.1.3 Problem analysis and relevant sections, avoid 'indicative' statements, instead include specific and concrete activities, budget, parties involved, etc.;</u>	<u>In section 2.1.3 Problem analysis and relevant sections the text was revised to include specific and concrete activities, budget and parties involved.</u>	<u>9-10, 15, 25, 27-30, 52</u>
<u>6</u>	<u>Reformulate the outputs and activities in full compliance with the objective tree</u>	<u>To have consistency, the problem tree and the objective tree were revised to have full compliance with the outputs and activities. The corresponding text in section 2.1.3 was revised.</u>	<u>11-12, 15</u>

<u>7</u>	<u>Revise ambitious key assumptions presented in the Logical Framework Matrix, especially key assumptions for development and specific objectives.</u>	<u>The key assumptions were revised in the Logical Framework Matrix .</u>	<u>16-19</u>
<u>8</u>	<u>In Section 3.2 Implementation approaches and methods, avoid duplication and redundancy paragraphs with Section 2.1.3 Problem analysis</u>	<u>The text in Sections 2.1.3 and 3.2 was revised to avoid duplication and redundancy with the other parts of the document.</u>	<u>13-15, 25-30</u>
<u>9</u>	<u>Rearrange the budget to ensure balance allocation for personnel, activities and capital items. Priority must be given to activity-based expenses. Explain into detail the budget allocation for personnel</u>	<u>The budget was revised for improved balance allocation for personnel activities and capital items. Priority was given to activity-based expenses. Budget allocation for personnel was explained. A new table 7 was included for project budget by output, activity and budget component.</u>	<u>22-23, 31, 33-52</u>
<u>10</u>	<u>In Section 4.1.1 Executing agency and partners, elaborate profiles of ITTO and collaborators in the region and explain their roles in the project implementation, and provide evidences of their endorsements to the project proposal</u>	<u>Profiles were elaborated of ITTO and key partners and collaborators and their roles in implementation were explained. Profiles were included as Annex 11 including letters of their endorsement to the project proposal. The roles of partners were explained in Section 4.1.1.</u>	<u>55-56 91-96</u>
<u>11</u>	<u>Revise Section 4.3.2 Mainstreaming project learning, in full compliance with the ITTO Manual</u>	<u>Section 4.3.2 has been expanded to include explanation of the framework for mainstreaming of project learning and explanation of the project's wider value and innovation. Respective changes were also made in the LFM (Table 2).</u>	<u>58-59</u>
<u>12</u>	<u>Include TORs of personnel of the Executing Agency, key experts, consultants and sub-contractors</u>	<u>The summary TOR for personnel of the Executing Agency, key experts, consultants and sub-contractors is included in Annex 10. Detailed TOR are developed during the inception phase of the project.</u>	<u>56, 87-90</u>
<u>13</u>	<u>Include an Annex that shows the overall assessment and specific recommendations of the 45th Expert Panel and respective modifications in tabular form. Modifications should also be highlighted (bold and underline) in the text.</u>	<u>This is the requested Annex.</u>	<u>97-98</u>

C) Conclusion

Category 1: The Panel concluded that the proposal could be commended to the Committee with the incorporation of amendments.